



廣發證券股份有限公司  
GF SECURITIES CO., LTD.

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

Stock Code: 1776.HK 000776.SZ

# Annual Report 2023

年|度|報|告



## Important Notice

The Board of Directors, Supervisory Committee and the Directors, Supervisors and senior management of the Company confirm the truthfulness, accuracy and completeness of the contents of this annual report and there is no misrepresentation, misleading statement or material omission from this annual report, and they accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

Mr. Lin Chuanhui (the Chairman), Ms. Sun Xiaoyan (the Chief Financial Officer) and Ms. Yu Lihong (the head of the accounting department of the Company) hereby declare that they confirm the truthfulness, accuracy and completeness of the financial report contained in this annual report.

***Save for the following Directors, other Directors attended the board meeting in respect of considering and approving this annual report in person***

<b><i>Name of the Director who has not attended in person</i></b>	<b><i>Position of the Director who has not attended in person</i></b>	<b><i>Reason for failing to attend the meeting in person</i></b>	<b><i>Name of proxy</i></b>
Hu Bin	Independent non-executive Director	Other business engagement	Fan Lifu

The 2023 annual financial report of the Company prepared in accordance with the International Financial Reporting Standards has been audited by Ernst & Young, who has issued a standard unqualified audit report. Unless otherwise indicated, the financial data stated in this report is denominated in RMB.

Forward-looking statements included in this annual report, including future plans, do not constitute a substantive commitment to investors by the Company. Investors and the parties concerned should maintain sufficient knowledge of the underlying risks and understand the differences among plans, projections and commitments.

The Company faces various risks in its operations, which mainly include compliance risk, liquidity risk, market risk, credit risk, operation risk, information technology risk, reputational risk, etc.. In response to the risks mentioned above, the Company has established and maintained a comprehensive internal control system, and a compliance and comprehensive risk management system to ensure that the Company operates healthily within an extent of controllable, predictable and tolerable risks. Investors are advised to read the “Management Discussion and Analysis” as set out in Section 5 of this report carefully and to pay particular attention to the above risk factors.

The proposed profit distribution plan of the Company was considered and passed by the Board of Directors: based on the number of the shares as at the dividend distribution registration date after deducting 15,242,153 shares deposited in the special account for securities repurchase of the Company, a cash bonus of RMB3.00 (tax inclusive) per 10 shares will be paid to all shareholders. No bonus shares will be distributed and no capital reserves will be converted into share capital.

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# DEFINITIONS

<b>Term</b>	<b>Definition</b>
Articles of Association	Articles of Association of GF Securities Co., Ltd.
Reporting Period	Year 2023 (January 1, 2023 to December 31, 2023)
the Company, Company, parent company, GF Securities	GF Securities Co., Ltd.
the Group, Group	the Company and its subsidiaries which fall within the scope of the consolidated financial statements
Jilin Aodong	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
Liaoning Cheng Da	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)
HKSCC Nominees	HKSCC Nominees Limited
GF Fund	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
GFHK	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
GF Securities (Hong Kong)	GF Securities (Hong Kong) Brokerage Limited (廣發証券(香港)經紀有限公司)
GF Asset Management (Hong Kong)	GF Asset Management (Hong Kong) Limited (廣發資產管理(香港)有限公司)
GF Investments (Hong Kong)	GF Investments (Hong Kong) Company Limited (廣發投資(香港)有限公司)
GF Capital (Hong Kong)	GF Capital (Hong Kong) Limited (廣發融資(香港)有限公司)
GF Global Capital	GF Global Capital Limited (廣發全球資本有限公司)
GF Futures	GF Futures Co., Ltd. (廣發期貨有限公司)
GF Futures (Hong Kong)	GF Futures (Hong Kong) Co., Limited (廣發期貨(香港)有限公司)
GF Financial Markets (UK)	GF Financial Markets (UK) Limited

# DEFINITIONS

GF Xinde	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
GF Qianhe	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
GF Asset Management	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
GFFL	Guangfa Financial Leasing (Guangdong) Co., Ltd. (廣發融資租賃(廣東)有限公司)
Guangdong Equity Exchange	Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司)
E Fund	E Fund Management Co., Ltd. (易方達基金管理有限公司)
GF Charity Foundation	GF Securities Social Charity Foundation in Guangdong Province
ECT	E-Capital Transfer Co., Ltd. (證通股份有限公司)
CSF	China Securities Finance Corporation Limited (中國證券金融股份有限公司)
the PRC	Mainland China
CSRC	the China Securities Regulatory Commission
CIRC	the former China Insurance Regulatory Commission
Guangdong Bureau of the CSRC	Guangdong Bureau of the China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
SZSE	the Shenzhen Stock Exchange
BSE	the Beijing Stock Exchange
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Company Law	Company Law of the PRC (《中華人民共和國公司法》)
Securities Law	Securities Law of the PRC (《中華人民共和國證券法》)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

# DEFINITIONS

SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
CG Code	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
Margin financing and securities lending	the operating activities engaged by the Company in which loans are provided to customers for purchasing listed securities (margin financing) or listed securities are borrowed by customers for sale (securities lending) with collaterals provided by customers
Stock Index Futures	a financial futures contract using stock price index as the subject matter, that is, a standard form of contract to be entered into by both parties which stipulates the performance of a transaction on stock price index at an agreed price on a specific date in future, and in which the stock price index of a stock market is the subject matter of the transaction
Stock Pledged Repo Transaction	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Security Transactions with Repurchase Agreement	a transaction in which a qualified customer sells the subject securities at an agreed price to the securities company which is the custodian of such securities, and agrees to purchase the subject securities from the securities company at another agreed price on a future date, and the securities company will return the relevant yields generated by the subject securities during the period pending for repurchase to the customer pursuant to the agreement signed with the customer
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as new third board (新三板)
QDII	Qualified Domestic Institutional Investors

# DEFINITIONS

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QFII	Qualified Foreign Institutional Investors
RQFII	RMB Qualified Foreign Institutional Investors
ETF	Exchange Traded Funds, an open index fund available for trading, commonly known as Exchange Traded Fund, which is an open fund listed for trading on a stock exchange with variable portions of the fund components
FICC	Fixed Income, Currencies & Commodities
ISDA Agreements	the standard agreement text and ancillary documents for international OTC derivatives transactions provided by International Swaps and Derivatives Association
GMRA Agreements	Global Master Repurchase Agreement
VaR	Value at Risk
A Share(s)	domestic shares of the Company with a nominal value of RMB1.00 each, which are listed on the domestic stock exchange and traded in Renminbi
H Share(s)	foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
CPA, auditor, Ernst & Young	Ernst & Young Hua Ming LLP and Ernst & Young, accounting firms appointed by the Company
WIND	Wind Information Co., Ltd, a financial terminal which provides the customers with financial data and analytic tools

In this 2023 annual report, some total figures may be slightly deviated in the last digit from the sum of direct aggregation of all amounts. Such discrepancy is due to the rounding up calculation of decimal places.





# SECTION 1 COMPANY PROFILE



# COMPANY PROFILE

## I. COMPANY INFORMATION

<b>Stock Name</b>	GF SEC	<b>Stock Code</b>	000776 (SZSE); 1776 (Hong Kong Stock Exchange)
<b>Listing venues of the Shares</b>	SZSE and Hong Kong Stock Exchange		
<b>Name in Chinese</b>	廣發證券股份有限公司		
<b>Short Name in Chinese</b>	廣發証券		
<b>Name in English</b>	GF Securities Co., Ltd.		
<b>Short Name in English</b>	GF SECURITIES		
<b>Legal Representative of the Company</b>	Lin Chuanhui		
<b>General Manager of the Company</b>	Lin Chuanhui		
<b>Registered Address</b>	Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong		
<b>Postal Code of the Registered Address</b>	510555		
<b>Historical Changes of the Company's Registered Address</b>	On February 9, 2010, "Yan Bian Road" was renamed as "GF Securities" and its registered address was changed to 43rd Floor (Room 4301-4316), Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou. On May 15, 2017, the registered address of the Company was changed to Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong		
<b>Business Address</b>	GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong		
<b>Postal Code of the Business Address</b>	510627		
<b>Principal Business Address in Hong Kong</b>	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong		
<b>Company Website</b>	www.gf.com.cn		
<b>Company E-mail</b>	gfzq@gf.com.cn		
<b>Tel</b>	0086-20-66338888		
<b>Customer Service Hotline</b>	0086-95575		
<b>Registered Capital of the Company</b>	RMB7,621,087,664		
<b>Net Capital of the Company</b>	RMB93,165,503,102.87		

## II. CONTACT PERSONS AND CONTACT INFORMATION

### Secretary of the Board/Securities Affairs Representative

<b>Name</b>	Xu Youjun
<b>Address</b>	59th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong
<b>Tel</b>	0086-20-87550265/0086-20-87550565
<b>Fax</b>	0086-20-87554163
<b>E-mail</b>	xuyj@gf.com.cn

# COMPANY PROFILE

## III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Website of the A-share stock exchange where the Company discloses its annual report	the website of SZSE (www.szse.cn)
Website of the H-share stock exchange where the Company discloses its annual report	the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
Media name and website address where the Company discloses its annual report	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and www.cninfo.com.cn
Place where the annual report of the Company is available for inspection	51st Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong

## IV. CHANGES IN REGISTRATION INFORMATION

Unified social credit code	91440000126335439C
Changes in the principal business of the Company since the listing of the Company	The Company's principal business has not changed since its listing.
Changes in controlling shareholders	Not applicable

## V. QUALIFICATIONS OF INDIVIDUAL BUSINESSES

No.	Type of License	Approval Authority	Issue Date
1	Permit for Operations of Securities and Futures Business	CSRC	November 1998
2	Qualification for entry into the national inter-bank market (conducting interbank lending, sales and trading of bonds, spot bonds transactions and bond repurchase businesses)	PBOC	September 1999
3	Membership of the national interbank lending market	China Foreign Exchange Trading System & National Interbank Funding Center	November 1999
4	Qualification for online entrusted securities trading business	CSRC	February 2001
5	Qualification for entrusted investment management business	CSRC	May 2002
6	Qualification for open-end securities investment fund distribution business	CSRC	August 2002
7	Pilot securities firm to carry on relevant innovative activities	Securities Association of China	December 2004

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
8	Qualification as an eligible clearing participant for purchasing warrants (Qualification for warrants clearing business of China Securities Depository and Clearing Corporation Limited)	China Securities Depository and Clearing Corporation Limited	August 2005
9	Short-term financing bill underwriting business	PBOC	September 2005
10	Qualification for quotation transfer business	Securities Association of China	January 2006
11	Clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	March 2006
12	Membership of SSE	SSE	April 2007
13	Membership of SZSE	SZSE	April 2007
14	Qualification of level one dealer on the SSE Integrated Electronic Platform for Fixed Income Securities	SSE	July 2007
15	Class A clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	August 2007
16	Qualification for providing intermediary services for futures companies	CSRC	May 2008
17	Qualification of qualified investor of block trade system	SSE	June 2008
18	Qualification for margin financing and securities lending	CSRC	March 2010
19	Membership of Chongqing Share Transfer Center	Chongqing Share Transfer Center	July 2011
20	License for Operating Foreign Exchange in Securities Business	State Administration of Foreign Exchange	August 2011
21	Qualified Domestic Institutional Investor (QDII) qualification for overseas securities investment management business	Guangdong Bureau of the CSRC	November 2011
22	Qualification for bond-pledged repo business authorization	SSE	November 2011
23	Alternative investment business (conducted through GF Qjanhe)	Guangdong Bureau of the CSRC	January 2012
24	Qualification for provision of marketing unit for insurance institutional investors	CIRC	January 2012
25	Pilot business to underwrite SME private bonds	Securities Association of China	June 2012

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
26	Qualification for the participation in proprietary business of securities firms in the interest rate swap investment and transaction	Guangdong Bureau of the CSRC	July 2012
27	Qualification for the first batch of pilot work for refinancing business of China Securities Finance Corporation Limited	CSF	August 2012
28	Trading permission for Security Transactions with Repurchase Agreement	SSE	September 2012
29	Qualification for entrusted management insurance fund	CIRC	October 2012
30	Qualification for main underwriting business of debt financing instruments for non-financial businesses	National Association of Financial Market Institutional Investors	November 2012
31	Qualification for OTC trading business	Securities Association of China	December 2012
32	Qualification for the swap transaction business of equity income	Securities Association of China	January 2013
33	Trading authorization for Security Transactions with Repurchase Agreement	SZSE	January 2013
34	Qualification for stock index futures business of China Financial Futures Exchange	China Financial Futures Exchange	January 2013
35	Authorization for lending transaction of refinancing securities	SSE	February 2013
36	Business qualification as a lead brokerage (sponsorship business and brokerage business)	National Equities Exchange and Quotations Co., Ltd.	March 2013
37	Member of Guangzhou Financial Association	Guangzhou Financial Association	March 2013
38	Qualification of the sales agent for financial products	Guangdong Bureau of the CSRC	May 2013
39	Membership certificate of the Asset Management Association of China	Asset Management Association of China	May 2013
40	Authorization for Stock Pledged Repo Transaction	SSE	June 2013
41	Authorization for Stock Pledged Repo Transaction	SZSE	June 2013
42	Membership of Zhejiang Equity Exchange	Securities Association of China	August 2013
43	Qualification for proprietary business of Shanghai Futures Exchange	Shanghai Futures Exchange	September 2013

## COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
44	Qualification for ETF liquidity service provider business (Bosera S&P 500ETF, E Fund SSE & SZSE 300ETF, HuaAn SSE 180ETF, HuaAn SSE Gold ETF)	SSE	September 2013
45	License for part-time insurance agency	CIRC Guangdong Bureau	November 2013
46	Securities fund consumption payment services for clients	CSRC	December 2013
47	Qualification for pilot work of comprehensive custody business of private equity	CSRC	January 2014
48	Qualification for pledged repo business authorization	SZSE	April 2014
49	Qualification for pilot work of receipt certificates	Securities Association of China	May 2014
50	Qualification for custody business of securities investment funds	CSRC	May 2014
51	Qualification on the Dalian Equity Exchange	Securities Association of China	June 2014
52	Qualification for the mutual swap and central clearing of Renminbi interest rates	Shanghai Clearing House	June 2014
53	Qualification on the Gansu Equity Exchange Center	Securities Association of China	July 2014
54	Qualification for market-making business on the National Equities Exchange and Quotations	National Equities Exchange and Quotations Co., Ltd.	July 2014
55	Qualification for the swap transaction business of OTC equity income	Securities Association of China	July 2014
56	Qualification for pilot work of Internet securities business	Securities Association of China	September 2014
57	Qualification for Hong Kong Stock Connect business authorization	SSE	October 2014
58	Qualification for agency services business for gold and other precious metal spot contracts and proprietary trading for spot gold contract	CSRC	January 2015
59	Qualification for stock option market-making business	CSRC	January 2015
60	Qualification for options settlement business	China Securities Depository and Clearing Corporation Limited	January 2015
61	Qualification as a stock options trading participant	SSE	January 2015

## COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
62	Qualification for the SSE 50ETF options market-making business	SSE	January 2015
63	Qualifications for financing-oriented option exercise business and restricted securities lending business with respect to share incentive schemes of listed companies	SZSE	January 2015
64	Membership certificate of the Shanghai Gold Exchange	Shanghai Gold Exchange	April 2015
65	Member of China Futures Association (ordinary member)	China Futures Association	May 2015
66	Opening accounts through one-way video	China Securities Depository and Clearing Corporation Limited	June 2015
67	Filing Certificate of Private Equity Outsourcing Institutions	Asset Management Association of China	June 2015
68	Qualification as a market maker in the national interbank bond market	PBOC	January 2016
69	Interbank Market operations clearing membership	Shanghai Clearing House	September 2016
70	Qualification for Hong Kong Stock Connect business authorization under Shenzhen-Hong Kong Stock Connect	SZSE	November 2016
71	Membership of foreign currency funding in interbank funding market	China Foreign Exchange Trading System	March 2017
72	“Bond Connect” quotation bureau qualification	National Interbank Funding Center	July 2017
73	Qualification to issue credit-linked notes	National Association of Financial Market Institutional Investors	August 2017
74	Qualification to issue credit risk mitigation certificates	National Association of Financial Market Institutional Investors	August 2017
75	Qualification of core dealer of credit risk mitigation instruments	National Association of Financial Market Institutional Investors	August 2017
76	Qualification for interbank gold inquiry business	Shanghai Gold Exchange	December 2017
77	Pilot cross-border business	CSRC	April 2018
78	Qualification for regular clearing membership for central clearing businesses of credit default swaps	Shanghai Clearing House	June 2018
79	Qualification for sale and purchase of foreign exchange	CSRC	July 2018
80	Qualification as a primary dealer for over-the-counter options business	Securities Association of China	August 2018

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
81	Qualification for credit derivative business	CSRC	December 2018
82	Qualification as a dealer for commodity swap business	Dalian Commodity Exchange	December 2018
83	Qualification of core dealer of credit protection contract	SSE	February 2019
84	Qualification for business as lead market maker of listed funds	SSE	February 2019
85	Qualification for membership of the China Banking Association	China Banking Association	September 2019
86	Authorization for opening stock options business	SZSE	December 2019
87	Qualification for primary market maker of CSI 300ETF Options business	SSE	December 2019
88	Qualification for primary market maker of CSI 300ETF Options business	SZSE	December 2019
89	Qualification for creating credit protection certificate	SSE	December 2019
90	Qualification for participating in securities refinancing business on ChiNext	CSF	August 2020
91	Qualification for accessing into the China's commercial paper trading system	Shanghai Commercial Paper Exchange Corporation Ltd.	August 2020
92	First batch of forward quoters for The Agricultural Development Bank of China standard bonds	National Interbank Funding Center	October 2020
93	Qualification for market-oriented agreed application of securities refinancing business on the STAR Market	CSF	July 2021
94	Membership of BSE	BSE	November 2021
95	Qualification for pilot work of virtual position QFII model	SZSE	December 2021
96	SSE E-interactive Platform Information Reprinting License	Shanghai Stock Exchange Information Network Co., Ltd.	December 2021
97	Qualification for market maker of the Fund Access Platform of the Shenzhen Stock Exchange	SZSE	February 2022
98	Qualification for pilot work of corporate counsel	Guangdong Department of Justice	May 2022



# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
99	Qualification for primary market maker of CSI 500ETF Options business	SSE	September 2022
100	Qualification for market maker of ChiNext ETF Options business	SZSE	September 2022
101	Qualification for market maker of CSI 500ETF Options business	SZSE	September 2022
102	Qualification for pilot account management function optimization business	CSRC	November 2022
103	Qualification for pilot work of national blockchain innovation application	China Central Depository & Clearing Co., Ltd.	December 2022

**The qualifications of individual business that the Company has obtained in 2023 include:**

1	Qualification for stock index options	CSRC	January 2023
2	Pilot qualification for liquidity foreign exchange management	CSRC	April 2023
3	Qualification of main market maker of China AMC STAR 50ETF options	SSE	June 2023
4	Qualification of main market maker of E Fund STAR 50ETF options	SSE	June 2023
5	Qualification of account opening agency for China Insurance Insurance Asset Registration Trading Company	China Insurance Insurance Asset Registration Trading Company	September 2023
6	Qualification of carrying out lead underwriting business independently	National Association of Financial Market Institutional Investors	November 2023

# COMPANY PROFILE

**Membership and qualifications of individual business that the controlling subsidiaries of the Company have obtained include:**

No.	Type of License	Approval Authority	Issue Date
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**Membership and business qualifications obtained by GF Fund and its subsidiaries**

1	Permit for Operations of Securities and Futures Business	CSRC	July 2003
2	Client-specific asset management	CSRC	February 2008
3	Qualified Domestic Institutional Investor (QDII)	CSRC	January 2009
4	Entrusted Domestic Investment Manager of National Social Security Fund	National Council for Social Security	December 2010
5	Type 4: advising on securities	SFC	September 2011
6	Type 9: asset management	SFC	September 2011
7	RMB Qualified Foreign Institutional Investor (RQFII)	CSRC	August 2012
8	Entrusted investment managers of insurance funds	CIRC	October 2012
9	Permit for Operations of Securities and Futures Business (Client-specific asset management)	CSRC	June 2013
10	Entrusted asset management investment managers of Insurance Security Fund	China Insurance Security Fund Co., Ltd.	August 2013
11	Qualified Foreign Institutional Investors (QFII)	CSRC	September 2013
12	Financial Services Commission of South Korea – investment consulting business license (Foreign Investment Adviser)	Financial Services Commission of South Korea	November 2013
13	Type 1: dealing in securities	SFC	March 2014
14	Investment advisory (US Investment Adviser)	U.S. Securities and Exchange Commission (SEC)	May 2014
15	Basic pension insurance fund securities investment management agency	National Council for Social Security	December 2016
16	Hong Kong Shares Investment Advisory Institution	Asset Management Association of China	October 2018
17	Fund investment advisory business	CSRC	June 2021
18	Qualified domestic limited partnership qualification for pilot business of overseas investment enterprises	Financial Development Bureau of Guangdong-Macao In-Depth Cooperation Zone in Hengqin	December 2021
19	Qualified domestic limited partnership (QDLP) qualification for pilot overseas investment fund management enterprises	Joint Meeting Office on Pilot Overseas Investment of Qualified Domestic Limited Partnership of Guangdong-Macao In-Depth Cooperation Zone in Hengqin	January 2023

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
<b>Membership and business qualifications obtained by GF Futures and its subsidiaries</b>			
1	Qualification for commodity futures brokerage business	CSRC	March 1993
2	Exempted Membership	National Futures Association (NFA)	November 1993
3	Membership	Intercontinental Exchange, Inc.	March 2005
4	Type 2: dealing in futures contracts	SFC	February 2007
5	Futures Exchange Participant	Hong Kong Futures Exchange Limited (Hong Kong)	May 2007
6	HKCC Participant	HKFE Clearing Corporation Limited (Hong Kong)	May 2007
7	Qualification for financial futures brokerage business	CSRC	August 2007
8	Membership	China Financial Futures Exchange	February 2008
9	Membership	Shanghai Futures Exchange	June 2008
10	Membership	ICE Clear Europe	September 2008
11	Membership	Dalian Commodity Exchange	December 2008
12	Membership	Zhengzhou Commodity Exchange	March 2009
13	Membership	Metal Material Circulation Association of Guangdong Province	July 2011
14	Qualification for futures investment consulting business	CSRC	August 2011
15	Trading membership	Singapore Exchange Derivatives Trading Limited	August 2011
16	Qualification for asset management business	CSRC	November 2012
17	Pilot business filed for record: warehouse financing services and basis trading business	China Futures Association	March 2013
18	Membership	Sugar Association of London	June 2013
19	Membership	Futures Industry Association (FIA)	August 2013
20	Category 1, ring dealing membership	London Metal Exchange	January 2014
21	Non-trading membership	London Stock Exchange	February 2014
22	Qualification for fund sales business	Guangdong Bureau of the CSRC	February 2015
23	Pilot business filed for record: OTC derivatives business	China Futures Association	April 2015
24	Membership	China Futures Association	May 2015
25	Associate membership	Insurance Asset Management Association of China	December 2015

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
26	Qualification for RMB Qualified Foreign Institutional Investor (RQFII)	CSRC	April 2016
27	Asset management license	Financial Conduct Authority (FCA) of the UK	October 2016
28	Membership	National Association of Financial Market Institutional Investors	November 2016
29	Membership	Shanghai International Energy Exchange	May 2017
30	Pilot business filed for record: market-making business	China Futures Association	October 2017
31	Membership	Guangzhou Headquarters Economy Association	February 2018
32	Membership	Asset Management Association of China	July 2018
33	Membership	Shanghai Futures Association	August 2018
34	Participant of stock option trading on the Shanghai Stock Exchange	SSE	December 2018
35	Qualification for options clearing business	China Securities Depository and Clearing Corporation Limited	December 2018
36	Membership	China Rubber Industry Association	May 2019
37	Trading participant of the Shenzhen Stock Exchange	SZSE	January 2020
38	Hazardous chemical products business permit	Emergency Management Bureau of Pudong New Area, Shanghai	August 2020
39	Membership	Guangzhou Futures Exchange	June 2022
40	Administrative license for directory registration of importers	Shanghai Branch of the State Administration of Foreign Exchange	June 2022

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
<b>Membership and business qualifications obtained by GFHK and its subsidiaries</b>			
1	Type 1: dealing in securities	SFC	January 2007
2	Type 6: advising on corporate finance	SFC	January 2007
3	Stock Exchange Participant	Hong Kong Stock Exchange	February 2007
4	Type 4: advising on securities	SFC	November 2007
5	Type 9: asset management	SFC	November 2007
6	Business license for securities investment	CSRC	December 2011
7	RMB Qualified Foreign Institutional Investor (RQFII) Qualification	CSRC	December 2011
8	Approval for RMB Qualified Foreign Institutional Investor (RQFII) investment quota	State Administration of Foreign Exchange (PRC)	January 2012
9	Account opening license	PBOC Shenzhen Central Sub-branch (PRC)	February 2012
10	Qualified Foreign Institutional Investor Qualification	CSRC	January 2015
11	Approval for QFII investment quota and related account opening	State Administration of Foreign Exchange (PRC)	March 2015
12	Options Trading Exchange Participant	Hong Kong Stock Exchange	November 2015
13	Direct Clearing Participant	The SEHK Options Clearing House Limited	November 2015
14	System account	Beijing Financial Assets Exchange	October 2020
15	Membership	National Association of Financial Market Institutional Investors	October 2020
16	Business license for insurance brokerage: (general & long term (including Linked Long-Term Insurance))	Hong Kong Insurance Authority	June 2021
17	SPAC Exchange Participants	Hong Kong Stock Exchange	March 2022

# COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
<b>Membership and business qualifications obtained by GF Asset Management</b>			
1	Qualified Domestic Institutional Investor (QDII) qualification for overseas securities investment management business	CSRC	December 2013
2	Permit for Operations of Securities Business (securities asset management)	CSRC	March 2014
3	Member of National Association of Financial Market Institutional Investors	National Association of Financial Market Institutional Investors	July 2015
4	Investment Manager Qualification for Management of Entrusted Investment of Insurance Funds	CIRC	March 2016
<b>Membership and business qualifications obtained by GF Qianhe</b>			
1	Membership	Securities Association of China	May 2017
<b>Membership and business qualifications obtained by GFFL</b>			
1	Membership	Guangdong Financial Leasing Association	April 2016
2	Membership	Guangzhou Financial Leasing Industry Alliance	April 2016
3	Membership	Guangzhou Nansha Financial Industry Association	November 2018
<b>Membership and business qualifications obtained by GF Xinde</b>			
1	Membership	Securities Association of China	April 2017
2	Membership	Asset Management Association of China	March 2018

# COMPANY PROFILE

## VI. COMPANY HISTORY AND DEVELOPMENT

With the approval of the PBOC, Guangdong Development Bank (廣東發展銀行) (currently known as China Guangfa Bank Co., Ltd.) established a securities department on April 9, 1991. On May 21, 1993, the Guangdong Administration for Industry and Commerce approved the due establishment of the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部). On January 25, 1994, the Company was converted into Guangdong Guangfa Securities Company (廣東廣發證券公司) whose capital was contributed by Guangdong Development Bank with its own funds.

On December 26, 1996, the Company was converted into a limited liability company and its name was changed to Guangfa Securities Limited Liability Company (廣發證券有限責任公司). On August 26, 1999, the Company was spun off from Guangdong Development Bank as required by the sectoral regulations applicable to the financial industries under the PRC laws. On July 25, 2001, the Company was converted into a joint stock company and its name was changed to GF Securities Co., Ltd. (廣發證券股份有限公司) (the “Original Guangfa”).

On February 12, 2010, the Company became listed on the SZSE by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) (“Yan Bian Road”), a company listed on the SZSE with the stock code of 000776 (the “Reverse Takeover”). The key steps of the Reverse Takeover were as follows:

The repurchase by Yan Bian Road of 84,977,833 shares from one of its then shareholders, Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司);

The issuance of 2,409,638,554 shares by Yan Bian Road to shareholders of the Original Guangfa in exchange for all the then existing shares of the Original Guangfa;

As a result of the Reverse Takeover, the Original Guangfa transferred all of its assets and employees to Yan Bian Road and was deregistered on February 10, 2010.

As part of the Reverse Takeover, the name of Yan Bian Road was changed to “GF Securities Co., Ltd.”

# COMPANY PROFILE

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## MAJOR INCREASES IN SHARE CAPITAL

Upon its establishment on May 21, 1993, the Company's registered capital was RMB10,000,000.

On January 25, 1994, the Company increased its registered capital to RMB150,000,000.

On November 1, 1995, the Company increased its registered capital to RMB200,000,000.

On December 26, 1996, the Company increased its registered capital to RMB800,000,000.

On December 14, 1999, the Company increased its registered capital to RMB1,600,000,000.

On July 25, 2001, the Company was converted into a joint stock company with registered share capital of RMB2,000,000,000.

On February 10, 2010, as a result of the Reverse Takeover, the Company's share capital increased to RMB2,507,045,732.

On August 17, 2011, the Company issued 452,600,000 A Shares to 10 investors by way of private placement. As a result, the Company's share capital increased to RMB2,959,645,732.

On September 17, 2012, the Company increased its share capital to RMB5,919,291,464 through the capitalization of its capital reserves on the basis of 10 shares for every 10 shares.

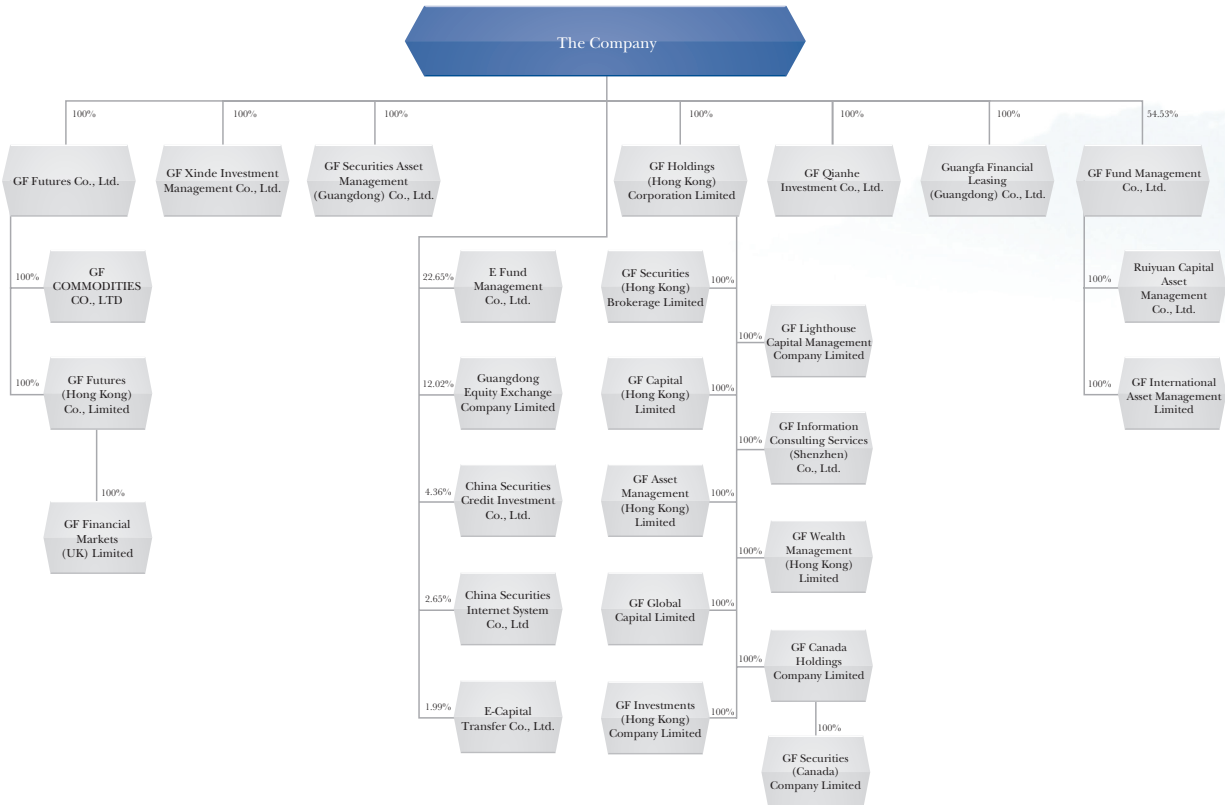
On April 10, 2015, the Company was listed for trading on the Main Board of the Hong Kong Stock Exchange. Upon full exercise of the over-allotment options, the Company issued a total of 1,701,796,200 H Shares and increased its share capital to RMB7,621,087,664.



# COMPANY PROFILE

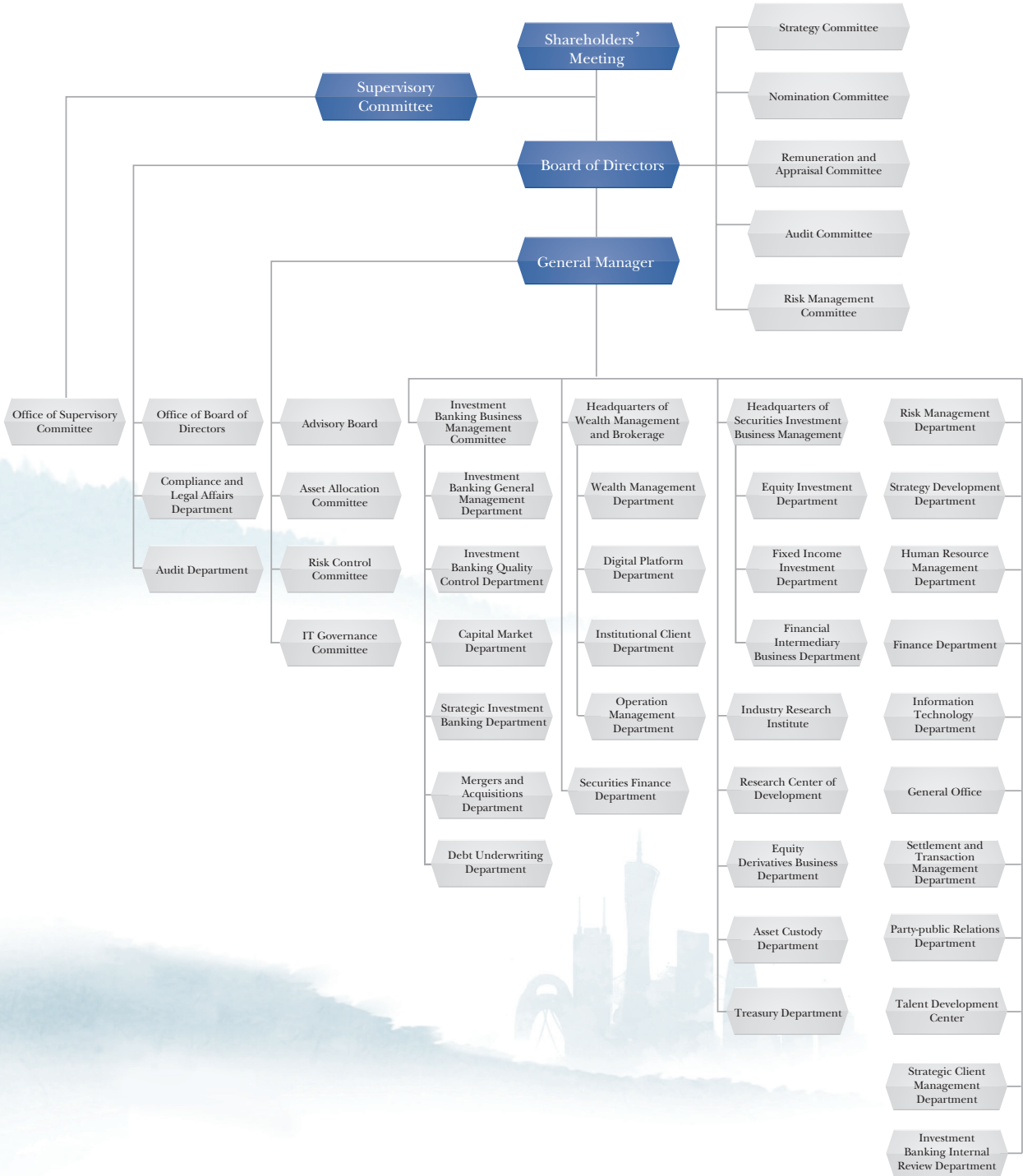
## VII. ORGANIZATION STRUCTURE OF THE COMPANY

### 1. Organization Structure of the Company



# COMPANY PROFILE

## 2. Organization Structure of the Company



# COMPANY PROFILE

## 3. Domestic and Overseas Principal Branch Companies

Names of Branch Companies	Registered Address	Date of Establishment	Responsible Person	Contact No.
GF Securities Co., Ltd. Guangxi Branch	Offices 1, 2 and 5, the east side of the 2nd floor, Xinda Building, 19 Fengxiang Road, Qingxiu District, Nanning	December 2000	Xiang Yingying	0771-5313688
GF Securities Co., Ltd. Shanxi Branch	Rooms 1205-1208, 12th Floor, Block A, Building 3, Shanxi International Finance Center, 426 South Zhonghuan Street, Taiyuan Xuefu Park, Shanxi Comprehensive Reform Demonstration Zone	October 2001	Li Jiaying	0351-4940300
GF Securities Co., Ltd. Anhui Branch	15th Floor, Renhe Building, Changjiang Middle Road, Hefei, Anhui Province	February 2007	Ran Xiang	0551-62636568
GF Securities Co., Ltd. Suzhou Branch	Units 03, 04 and 05, 3rd Floor, 289 Suzhou Avenue East, Industrial Park, Suzhou, Jiangsu Province	June 2007	Chen Lifeng	0512-65156868
GF Securities Co., Ltd. Hunan Branch	Room 301, Hexie Xiaoxiang Building, 158 Wuyi Avenue, Furong District, Changsha, Hunan Province	July 2008	Qiao Ying	0731-85287218
GF Securities Co., Ltd. Jiangxi Branch	1st and 2nd Floors, 132 Beijing West Road, Xihu District, Nanchang, Jiangxi Province	September 2008	Li Lin	0791-86303229
GF Securities Co., Ltd. Shenzhen Branch	Units 2001 and 2002, Shum Yip Center Building, 5045 Shennan East Road, Xinwei Community, Guiyuan Street, Luohu District, Shenzhen	July 2009	Wu Yudong	0755-82083898
GF Securities Co., Ltd. Shanghai Branch	Units 05, 35th Floor (nominal floor, actually 32/F), 429 Nanquan North Road, China (Shanghai) Pilot Free Trade Zone	July 2009	Wang Xindong	021-68818808
GF Securities Co., Ltd. Hebei Branch	Rooms 610, 611, 612, 613 and 615, 6th Floor, Block A, Yuyuan Plaza, 9 Yuhua West Road, Qiaoxi District, Shijiazhuang	July 2009	Zhu Shuaiqi	0311-85278887
GF Securities Co., Ltd. Shandong Branch	West Wing of the 10th Floor and rooms 905 and 908 of the 9th Floor, Comprehensive Building, 3 Luoyuan Street, Lixia District, Jinan	July 2009	Zhuang Wei	0531-86993666
GF Securities Co., Ltd. Hubei Branch	No. 4, 5, 6 and 7, 27th Floor, Office Building Unit, Block A, Tian Yue Xing Chen, 8 Sanyang Road, Jiangan District, Wuhan	July 2009	Peng Tao	027-82800767
GF Securities Co., Ltd. Guangzhou Branch	Zibian No. 201, Room 201, 101 Tianhe Road, Tianhe District, Guangzhou	July 2009	Han Chang	020-83863518
GF Securities Co., Ltd. Jiangsu Branch	272 Jiqingmen Avenue, Gulou District, Nanjing	August 2009	Liu Zhengyi	025-86899227

## COMPANY PROFILE

Names of Branch Companies	Registered Address	Date of Establishment	Responsible Person	Contact No.
GF Securities Co., Ltd. Chengdu Branch	Room 1901, Level 19, Building 3, No. 1199, North Section of Tianfu Avenue, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone	August 2009	Liang Yanjun	028-85972529
GF Securities Co., Ltd. Zhejiang Branch	Rooms 3704, 3705 and 3706, Building 3, Qianjiang International Times Plaza, 290 Fuchun Road, Shangcheng District, Hangzhou, Zhejiang Province	August 2009	Chen Xiaoyu	0571-86566651
GF Securities Co., Ltd. Xi'an Branch	Rooms 1202, 1204 and 1205, COLI Building, 3 Furong South Road, Qijiang New District, Xi'an, Shaanxi Province	August 2009	He Xiaoshe	029-65655877
GF Securities Co., Ltd. Beijing Branch	Level 18, Yuetan Building, 2 Yuetan North Street, Xicheng District, Beijing	August 2009	You Haiyang	010-59136868
GF Securities Co., Ltd. Zhuhai Branch	Room 302, Hengqin Smart Finance Industrial Park, West Side of Building 17, Hengqin Creative Valley, 1889 Huandao East Road, Hengqin New District, Zhuhai	February 2011	Liao Weifeng	0756-8286229
GF Securities Co., Ltd. Foshan Branch	Flat A, B, C, J and K, actually 18/F (nominally 20/F), Block 2, Youbang Financial Center, 1 Denghu East Road, Guicheng Street, Nanhai District, Foshan, Guangdong Province	May 2011	Zheng Zhixiong	0757-83789698
GF Securities Co., Ltd. Changchun Branch	Rooms 503 and 505, 5th Floor, Shengrong Building, 438 Jiefang Road, Nangan District, Changchun City	August 2011	Li Chao	0431-88634077
GF Securities Co., Ltd. Fujian Branch	Unit 05, Level 34, Yuyang Zhongyang Jinzuo Office Building, 118 Shuguang Road, Taijiang District, Fuzhou, Fujian Province	April 2012	Zheng Lu	0591-83055872
GF Securities Co., Ltd. Yuedong Branch	9 Yingbin Road, Shantou	June 2014	Huang Bin	0754-88280098
GF Securities Co., Ltd. Yuxi Branch	Second of 201, 45 Tianchang Road, Pengjiang District, Jiangmen, Guangdong Province	June 2014	Liu Guangchen	0750-3488001
GF Securities Co., Ltd. Dongguan Branch	Rooms 505, 506, 507 and 508, Building 1, 6 Hongmian Road, Songshan Lake Park, Dongguan, Guangdong Province	June 2014	Ju Guoxian	0769-28331886
GF Securities Co., Ltd. Hainan Branch	Area A, Level 3, Lantian Building, 19 Heping Avenue, Meilan District, Haikou, Hainan Province	September 2015	Li Junhua	0898-66288660
GF Securities Co., Ltd. Liaoning Branch	16th Floor, 227 Qingnian Street, Shenhe District, Shenyang, Liaoning Province	November 2019	Wen Yinghui	0411-84355166

# COMPANY PROFILE

## 4. Domestic and Overseas Controlled Subsidiaries and Invested Companies

### (1) Domestic Principal Controlled Subsidiaries and Invested Companies

Company Name	Registered Address	Date of Establishment	Registered Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF Fund	Room 2608, 3018 Huandao East Road, Hengqin New District, Zhuhai, Guangdong Province	2003.08	RMB14,097.80	54.53	Sun Shuming	020-83936666
GF Futures	Flat 1002, 12 Junxian Street, Huangpu District, Guangzhou, Guangdong Province	1993.03	RMB190,000	100	Luo Mansheng	020-88838016
GF Xinde	Room B607, Building 1, 275 Xintuo Road, Daxie Development Zone, Ningbo, Zhejiang Province	2008.12	RMB280,000	100	Xiao Xuesheng	020-66338790
GF Qianhe	Room 206, 3 Xingfu West Street, Beifang Town, Huairou District, Beijing	2012.05	RMB710,350	100	Ao Xiaomin	010-83948182
GF Asset Management	Room 2005, Office Building, 191 Rongzhu Road, Hengqin New District, Zhuhai	2014.01	RMB100,000	100	Qin Li	020-66338701
GFFL	Room 612, 36 Jintao West Street, Nansha District, Guangzhou	2015.06	RMB80,000	100	Zhang Wei	020-66335038
E Fund	Level 6, 188 Rongyue Road, Hengqin New District, Zhuhai, Guangdong Province	2001.04	RMB13,244.20	22.65	Liu Xiaoyan	020-38797888
Guangdong Equity Exchange	Zibian Room 898, 333 Jiufu Jianshe Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province	2018.07	RMB31,098.31	12.02	Wu Shaoqiu	020-82196295
China Securities Credit Investment Co., Ltd.	Unit 2, 8B Office Building, Hongyi Building, 1 Financial Street, Nanshan Subdistrict, Qianhai SZ-HK Cooperation Zone, Shenzhen	2015.05	RMB458,598	4.36	Feng Ci	0755-84362888
China Securities Internet System Co., Ltd.	8-10/F, Building 4, Financial Street, Xicheng District, Beijing	2013.02	RMB755,024.45	2.65	Li Yalin	010-83897816
ECT	Building 1, 27 Xinqiniao Road, China (Shanghai) Pilot Free Trade Zone	2015.01	RMB251,875	1.99	Fan Yu	021-20538888

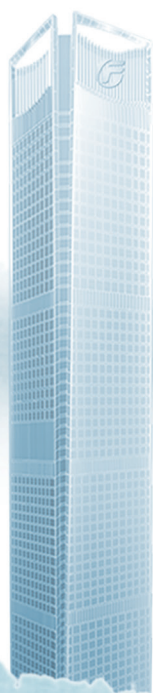
# COMPANY PROFILE

GF Fund established Ruiyuan Capital Asset Management Co., Ltd.

Name of Subsidiary	Registered Address	Date of Establishment	Registered Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
Ruiyuan Capital Asset Management Co., Ltd.	Office 2607, 3018 Huandao East Road, Hengqin New District, Zhuhai	2013.06	RMB7,500	100	Duan Xijun	020-89188990

GF Futures established GF COMMODITIES CO., LTD.

Name of Subsidiary	Registered Address	Date of Establishment	Registered Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF COMMODITIES CO., LTD.	Room A-805, 188 Yesheng Road, Lin-Gang Special Area, China (Shanghai) Pilot Free Trade Zone	2013.04	RMB40,000	100	Xu Yanwei	020-88830888



# COMPANY PROFILE

## (2) Overseas Principal Wholly-owned Subsidiaries (as of the date of this report)

Name of Subsidiary	Registered Address	Date of Establishment	Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GFHK	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2006.06	HK\$560,000	100	Liu Zhongyuan	(852) 37191111

GFHK has the following principal wholly-owned subsidiaries: GF Securities (Hong Kong), GF Capital (Hong Kong), GF Asset Management (Hong Kong), GF Global Capital, GF Investments (Hong Kong), GF Lighthouse Capital Management Company Limited, GF Information Consulting Service (Shenzhen) Company Limited, GF Wealth Management (Hong Kong) Limited, GF Canada Holdings Company Limited and GF Securities (Canada) Company Limited.

Name of Subsidiary	Registered Address	Date of Establishment	Registered/ Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF Securities (Hong Kong)	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2006.07	HK\$280,000	100	Wang Yue	(852) 37191111
GF Capital (Hong Kong)	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2006.07	HK\$13,000	100	Yan Ming	(852) 37191111
GF Asset Management (Hong Kong)	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2006.07	HK\$37,500	100	Sun Bo	(852) 37191111
GF Global Capital	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2015.11	HK\$160,000	100	Zeng Chao	(852) 37191111
GF Investments (Hong Kong)	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2011.09	HK\$500	100	Mai Xiaoying	(852) 37191111
GF Lighthouse Capital Management Company Limited	Ritter House, Wickhams Cay II, P.O. Box 3170, Road Town VG1110, Tortola, British Virgin Islands	2014.09	US\$0.01	100	Mai Xiaoying	(852) 37191111
GF Information Consulting Service (Shenzhen) Company Limited	Room 201, Building A, 1 Qianwan 1st Road, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen	2014.04	RMB1,000	100	Wang Yue	0755-88263107
GF Wealth Management (Hong Kong) Limited	27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong	2014.11	HK\$2,500	100	Wang Yue	(852) 37191111
GF Canada Holdings Company Limited	Suite 2270 — 1055 West Georgia Street, Vancouver BC V6E 3P3 Canada	2018.02	CAD456.03	100	Wen Huiqing	(778) 2975888
GF Securities (Canada) Company Limited	Suite 2270 — 1055 West Georgia Street, Vancouver BC V6E 3P3 Canada	2014.03	CAD1,640	100	Liao Zhanhua	(778) 2975888

The Company has related transactions with GFHK and its overseas subsidiaries, which will be strictly carried out and regulated under the Measures for the Administration of the Formation, Acquisition and Purchase of Non-controlling Shares of Overseas Business Institutions by Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司境外設立、收購、參股經營機構管理辦法》).

# COMPANY PROFILE

GF Fund established GF International Investment Management Limited.

Name of Subsidiary	Registered Address	Date of Establishment	Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF International Investment Management Limited	Suite 3503-3505, 35th Floor, Two International Finance Center, 8 Finance Street, Central, Hong Kong	2010.12	HK\$50,000	100	Shangguan Peng	(852) 36952868

GF Futures established GF Futures (Hong Kong) which in turn established GF Financial Markets (UK).

Name of Subsidiary	Registered Address	Date of Establishment	Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF Futures (Hong Kong)	Unit 08, 28th Floor, The Center, 99 Queen's Road Central, Hong Kong	2006.05	HK\$102,100	100	Liu Boya	(852) 38937799
GF Financial Markets (UK)	1 Finsbury Square, London, EC2A 1AE, United Kingdom.	1976.02	GBP5,596.9014	100	Luo Mansheng	020-88838016

## 5. Numbers and Distribution of Securities Brokerage Branches

As of December 31, 2023, the Company had established 323 securities brokerage branches. The numbers and distribution of securities brokerage branches are set out below:

Province/Municipality or Region	Number of Brokerage Branches	Province/Municipality or Region	Number of Brokerage Branches	Province/Municipality or Region	Number of Brokerage Branches
Guangdong Province (of which: Shenzhen)	131 (13)	Shaanxi Province	7	Heilongjiang Province	2
		Sichuan Province	6	Inner Mongolia Autonomous Region	2
Shanghai	23	Henan Province	5	Hunan Province	2
Zhejiang Province	18	Hainan Province	4	Gansu Province	1
Hubei Province	17	Chongqing	4	Guizhou Province	1
Hebei Province	15	Anhui Province	3	Ningxia Hui Autonomous Region	1
Fujian Province	14	Jilin Province	3	Tibet Autonomous Region	1
Jiangsu Province	14	Jiangxi Province	3	Shanxi Province	1
Liaoning Province	14	Yunnan Province	3	Xinjiang Uygur Autonomous Region	1
Shandong Province	11	Guangxi Zhuang Autonomous Region	3	Qinghai Province	1
Beijing	10	Tianjin	2	-	-



# COMPANY PROFILE

## VIII. OTHER RELEVANT INFORMATION

### (1) Auditors engaged by the Company

PRC Auditor	Ernst & Young Hua Ming LLP
Office Address of PRC Auditor	Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Changan Ave. Dongcheng District, Beijing, PRC
Name of Signing Auditor	Chang Hua, He Mingzhi
Name of International Auditor	Ernst & Young ( <i>Certified Public Accountants and Registered Public Interest Entity Auditors</i> )
Office Address of International Auditor	27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

### (2) Legal Advisors

PRC Legal Advisor	Jia Yuan Law Offices, Beijing
Overseas Legal Advisor	Latham & Watkins LLP

### (3) Share Registrars

A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shenzhen Branch 22-28/F, Shenzhen Stock Exchange Building, 2012 Shennan Blvd, Futian District, Shenzhen, Guangdong, PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

### (4) The sponsor engaged by the Company to perform the continuous supervision obligation during the Reporting Period

Not applicable.

### (5) The financial advisor engaged by the Company to perform the continuous supervision obligation during the Reporting Period

Not applicable.



**SECTION 2**  
**KEY**  
**ACCOUNTING**  
**DATA AND**  
**FINANCIAL**  
**INDICATORS**



# KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

## I. KEY ACCOUNTING DATA (CONSOLIDATED STATEMENTS)

(Accounting data and financial indicators set out in this report have been prepared in accordance with the International Financial Reporting Standards)

Unit: RMB in millions

	<b>2023</b>	2022	Variance in comparison with last year	2021
Total revenue and other income	<b>33,298</b>	33,256	0.13%	41,915
Profit before income tax	<b>8,744</b>	10,388	-15.82%	14,964
Net profit attributable to owners of the Company	<b>6,978</b>	7,929	-12.00%	10,854
Net cash (used in)/from operating activities	<b>(2,352)</b>	40,163	-	(50,836)
Basic earnings per share (RMB/share)	<b>0.83</b>	1.02	-18.63%	1.42
Return on weighted average net assets (%)	<b>5.66</b>	7.23	decrease by 1.57 percentage points	10.67

	<b>December 31, 2023</b>	December 31, 2022	Variance in comparison with the end of last year	December 31, 2021
Total assets	<b>682,182</b>	617,256	10.52%	535,855
Total liabilities	<b>541,506</b>	492,463	9.96%	425,054
Equity attributable to owners of the Company	<b>135,718</b>	120,146	12.96%	106,625
Total share capital	<b>7,621</b>	7,621	0.00%	7,621
Equity per share attributable to owners of the Company (RMB/share) (note 1)	<b>17.81</b>	15.76	13.01%	13.99
Gearing ratio (%) (note 2)	<b>74.43</b>	73.98	increase by 0.45 percentage point	72.92

Notes: 1. In calculating equity per share attributable to owners of the Company as indicated in the table above, the perpetual subordinated bonds issued by the Company was included. After excluding such impact, equity per share attributable to ordinary shareholders of the Company as at the end of the Reporting Period was RMB14.86.

2. Gearing ratio = (Total liabilities - Accounts payable to brokerage clients)/(Total assets - Accounts payable to brokerage clients)

## KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

### II. ACCOUNTING DATA DIFFERENCE UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

The net profits in the years of 2023 and 2022 and the net assets as of December 31, 2023 and December 31, 2022 as stated in the consolidated financial statements of the Company disclosed in accordance with International Financial Reporting Standards (IFRS) are consistent with those in accordance with China's Accounting Standards (CAS).

### III. NET CAPITAL OF THE PARENT COMPANY AND THE RELEVANT RISK CONTROL INDICATORS

Unit: RMB

Item	At the end of 2023	At the end of 2022	Variance in comparison with the end of last year
Core net capital	<b>65,515,503,102.87</b>	62,597,245,139.87	4.66%
Supplementary net capital	<b>27,650,000,000.00</b>	17,250,000,000.00	60.29%
Net capital	<b>93,165,503,102.87</b>	79,847,245,139.87	16.68%
Net assets	<b>120,245,734,494.60</b>	104,797,351,217.89	14.74%
Total risk capital reserves	<b>39,923,953,172.20</b>	42,795,474,589.61	-6.71%
Total on- and off-balance sheet assets	<b>554,044,315,596.83</b>	487,887,860,986.32	13.56%
Risk coverage ratio	<b>233.36%</b>	186.58%	Increase of 46.78 percentage points
Capital leverage ratio	<b>12.03%</b>	13.04%	Decrease of 1.01 percentage points
Liquidity coverage ratio	<b>222.43%</b>	213.79%	Increase of 8.64 percentage points
Net stable funding ratio	<b>129.57%</b>	147.26%	Decrease of 17.69 percentage points
Net capital/Net assets	<b>77.48%</b>	76.19%	Increase of 1.29 percentage points
Net capital/Liabilities	<b>24.99%</b>	24.29%	Increase of 0.70 percentage point
Net assets/Liabilities	<b>32.25%</b>	31.88%	Increase of 0.37 percentage point
Proprietary equity securities and securities derivatives/Net capital	<b>31.10%</b>	47.87%	Decrease of 16.77 percentage points
Proprietary non-equity securities and securities derivatives/Net capital	<b>294.25%</b>	311.13%	Decrease of 16.88 percentage points

Note: The above relevant data were based on the Administrative Measures for Risk Control Indicators of Securities Companies issued by the CSRC and China's Accounting Standards, and expressed on a non-consolidated basis.

As at the end of the year, the parent company had net capital of RMB93,166 million and total risk capital reserves of RMB39,924 million. Risk coverage ratio, net capital/net assets ratio and net capital/liabilities ratio were 233.36%, 77.48% and 24.99%, above the regulatory requirements of 100%, 20% and 8%, respectively. The Company possesses high-quality assets, and each of its risk control indicators is in compliance with the relevant requirements under the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》).

# KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

## IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE LAST FIVE YEARS

### 1. Earnings (Unit: RMB '000)

	2023	2022	2021	2020	2019
Total revenue and other income	33,298,353	33,255,892	41,914,753	35,983,218	30,076,891
Total expenses	25,269,060	23,807,917	28,378,705	23,247,144	20,265,060
Profit before income tax	8,744,436	10,387,788	14,963,846	13,599,297	10,276,222
Net profit attributable to owners of the Company	6,977,800	7,929,282	10,854,116	10,038,135	7,538,921

### 2. Assets (Unit: RMB '000)

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total assets	682,181,679	617,256,282	535,855,324	457,463,686	394,391,064
Total liabilities	541,505,969	492,463,442	425,053,981	355,190,100	300,254,468
Equity attributable to owners of the Company	135,717,648	120,145,632	106,624,510	98,162,197	91,233,985
Share capital	7,621,088	7,621,088	7,621,088	7,621,088	7,621,088

### 3. Key financial indicators

	2023	2022	2021	2020	2019
Basic/diluted earnings per share (RMB/share)	0.83	1.02	1.42	1.32	0.99
Return on weighted average net assets (%)	5.66	7.23	10.67	10.60	8.48
Gearing ratio (%)	74.43	73.98	72.92	71.15	70.09
Equity per share attributable to owners of the Company (RMB/share)	17.81	15.76	13.99	12.88	11.97

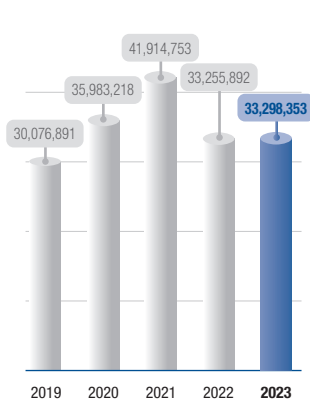
Notes: 1. Gearing ratio = (Total liabilities - Accounts payable to brokerage clients)/(Total assets - Accounts payable to brokerage clients)

2. In calculating equity per share attributable to owners of the Company as indicated in the table above, the perpetual subordinated bonds issued by the Company were included. After excluding such impact, equity per share attributable to ordinary shareholders of the Company as at the end of the Reporting Period was RMB14.86.

# KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

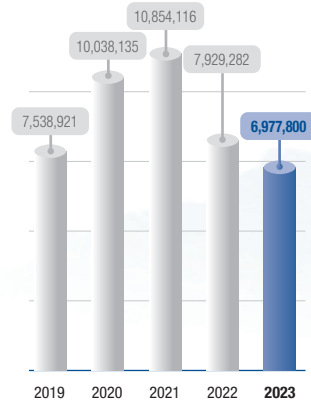
## Total revenue and other income

(Unit: RMB '000)



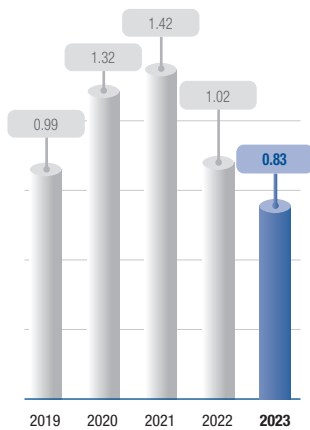
## Net profit attributable to owners of the Company

(Unit: RMB '000)

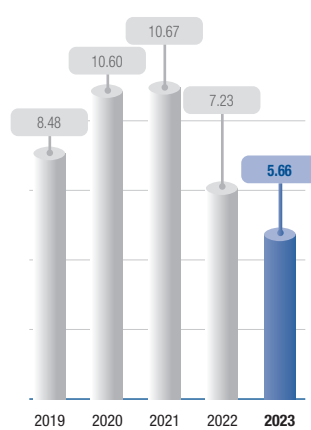


## Basic earnings per share

(RMB/share)

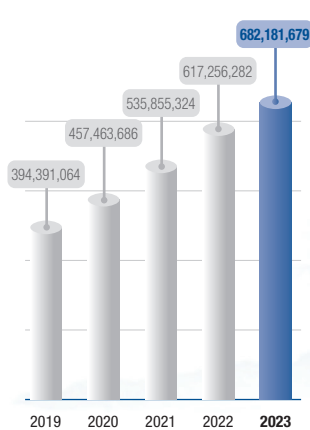


## Return on weighted average net assets (%)



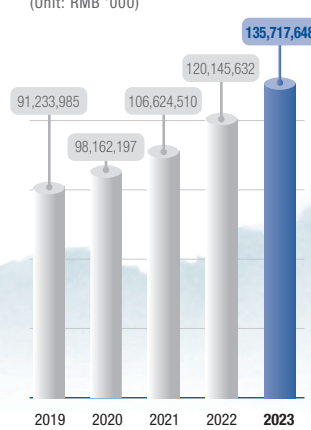
## Total assets

(Unit: RMB '000)



## Equity attributable to owners of the Company

(Unit: RMB '000)







# SECTION 3 CHAIRMAN'S STATEMENT



# CHAIRMAN'S STATEMENT

Dear Shareholders,

2023 was the inaugural year of fully implementing the spirit of the Party's 20th National Congress. Faced with complex domestic and international situations, the CPC Central Committee has overcome difficulties with multiple measures to expand domestic demand, boost confidence, guard against risks, and successfully achieved the goals of economic and social development. These achievements were hard-won, and high-quality development has been steadily promoted. The Central Financial Work Conference comprehensively managed the situation, set the direction, and for the first time proposed the goal of accelerating the construction of a financial superpower, outlining the roadmap for the high-quality development of finance. Regulatory departments have systematically planned and promoted the construction of a modern capital market with Chinese characteristics, successfully completed major reforms such as the full implementation of the registration-based IPO system, and continuously improved the quality and efficiency of securities industry services for the real economy.

During the year, we have persistently worked hard and achieved new achievements in high-quality development. The Company has focused on our principal businesses and maintained our strength, made every effort to excel in the "Five Major Tasks" of finance with serving the real economy as our fundamental principle. The Company's major operating indicators remained at the forefront of the industry, realizing a total revenue and other income of RMB33,298 million and a net profit attributable to owners of the Company of RMB6,978 million. This achievement is inseparable from the extensive support of every customer, shareholder, partner and all sectors of society, as well as the hard work of all staff of GF Securities. On behalf of the Board and the management, I would like to express my sincere gratitude to everyone!

We actively sought new opportunities, initiated reforms, and continuously deepened our high-quality operating model. Firstly, we solidified the research-driven development operating model. Empowering core business development through research has shown significant results, and the "research + investment + investment banking" model has proven effective. Meanwhile, as one of the earlier securities firms to establish an industry research institute in China, we focused on forward-looking research involving macroeconomic policies, regional development, and industry trends, thus contributing to the development of key regions and industries. Secondly, the construction of the three major ecosystems was further strengthened. By integrating professional resources from various business lines within the Company and leveraging the advantages of the multi-faceted ecosystem layout, we expanded our customer base and catalysed effective collaboration across multiple business lines, embodied the "One GF Securities" business development models. Thirdly, significant progress has been made in operating in key regions. Building on the foundation of the Greater Bay Area, we started to see initial results with the strategies for other key areas.

We have taken concrete actions and actively improved our high-quality financial service capabilities. Firstly, we focused on the development of core businesses to continuously strengthen our competitive advantages. Our wealth management and brokerage business has been making steady progress, while the transformation of wealth management continued to show positive momentum. Asset management business has been strengthened in service concept and emphasized on long-term development, while the total asset under management of the entire Group has been increasing. Investment banking business has been improving steadily, with progress made in key regions and industries, and a significant increase in the number of project reserves. Research business maintained its leadership position and has once again been honoured with prestigious industry awards such as the first place in the "Most Influential Research Institution (最具影響力研究機構)" by New Fortune. Secondly, we deeply optimized our business structure, continuously expanded and strengthened our stable business lines. Collaboration among institutional business lines and business development model have significantly improved, and capital intermediary businesses have achieved rapid growth. The quality of investment banking projects has improved, with a continuous increase in the number of representative projects solely sponsored by us. Cross-border business has been progressing orderly, with the ranking of GFHK's equity financing and bonds financing businesses in Hong Kong gradually increasing among Chinese securities firms. Thirdly, we continuously improved systems and mechanisms and steadily advanced the platform-based organizational reform. We have completed the restructuring the framework of the retail business and implemented platform-based pilot reforms, providing strong support for the implementation and expansion of business.

## CHAIRMAN'S STATEMENT

We are sincerely committed to our mission, never forgetting our original aspirations, and actively implementing new development concepts. The Company deeply and constantly implements the national strategies of carbon peak and carbon neutrality, supports the construction of ecological civilization and green low-carbon industries, and has underwritten, as the lead underwriter, and issued a total of 67 tranches of green bonds, science and technology innovation bonds, and rural revitalization bonds, with an underwritten amount of RMB25.634 billion, representing a year-on-year increase of 226.67%. The Company actively assumed its responsibilities as corporate citizenship and has initiated the establishment of the GF Securities Social Charity Foundation in Guangdong Province, with a cumulative public welfare expenditures of over RMB280 million. During the year, the economic benefits and social benefits, as well as our own development and social development, were coordinated and aligned through the launch of, among others, the “United Nations Sustainable Development Goals Model Village” project and the “Love Playground” public welfare project. The Company has been optimizing its ESG governance framework, improving its ESG governance level, integrating ESG concepts into business operations, and involving the Board in the consideration and decision-making of major ESG issues, while the ESG committee and working groups are responsible for implementing specific works such as promoting communication between stakeholders. The Company was included as a constituent stock in the Hang Seng Corporate Sustainable Index Series due to its outstanding performance in the ESG field.

2024 marks the 75th anniversary of the founding of the People's Republic of China, is a crucial year for achieving the goals of the “14th Five-Year Plan”, and is the first year to accelerate the establishment of a financial superpower. The Company will thoroughly study and implement the spirit of the China Central Financial Work Conference, the Central Financial Work Conference, and the spirit of thematic seminars on promoting high-quality financial development led by leading provincial and ministerial-level leaders. We will implement the deployment of the State Council's executive meetings and relevant policies of regulatory authorities. Following the work deployment of “adhering to principal duties and businesses, guiding by strategic planning, and promoting the high-quality development of the Company to a new stage,” we will continue to build a modern financial institution with “good assets, good products, good clients, and good platforms.”

In the new year, we will adhere to a people-centered value orientation, continue to strengthen our sense of mission and responsibility, correct deviations in positioning, and give full play to our functions as a “service provider” of direct financing, a “gatekeeper” of the capital market and a “manager” of social wealth. We will continue to promote strategic transformation by building on our professionalism and adhering to the origin strategic transformation to contribute ourselves to the development of new quality productivity. First of all, we will adhere to prioritize investors, providing them with high-quality comprehensive financial services and giving them back with sound company development. We will enhance our comprehensive financial service capabilities across the entire business chain and life cycle, improving service quality for various types of clients such as corporate clients, institutional clients, and individual investors. We will focus on key regions, key industries, and key client bases, solidifying our customer base to ensure investors and clients to truly achieve the sense of fulfillment. Secondly, we will adhere to professionalism, coordinating multiple business lines to promote the formation and development of new quality productivity. By serving investment and financing for technology innovation enterprises, exploring industry-finance integration models and establishing industry funds, we will facilitate the intermediary functions of resource allocation, excel as a “service provider” of direct financing, promote industrial transformation and upgrading, support technology self-reliance, and effectively serve the development of the real economy. Thirdly, we will adhere to optimize and enhance our core businesses. We will continue to advance the transformation of investment advisory and enhance wealth management and brokerage. We will enhance capabilities of project selection, valuation and pricing, and sponsorship and underwriting, and promote investment banking business. We will optimize demand-based investments, and work on investment business. We will seize opportunities for reform in investment, financing, and trading for enhancing institutional business. We will seize opportunities to promote the implementation of strategic planning and further enhance the stability of the Company's operations. Fourthly, we will uphold the mindset of bottom line and strictly implement compliant operations. By proactively learning and deeply understanding financial regulatory policies, continuously improving our compliance capabilities, anticipating and responding to changes, and fulfilling responsibilities, we will ensure lawful and compliant business development and prudent expansion.

We should build on the strong momentum and forge ahead well into the future. Amidst the unprecedented changes in a century, advancing the construction of a financial superpower is a new journey filled with pride and dreams. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and under the strong leadership of the CPC Central Committee and the State Council, and under the guidance of regulatory authorities, we will adhere to a development philosophy of finance for the country and finance for the people with passionate and responsibility, We will actively integrate into the new development landscape, actively serve the real economy and implement the strategies of the State with execution power that leaves marks on iron and traces on stones, and let us forge a new path amidst the tide of high-quality industry development!



# SECTION 4 DIRECTORS' REPORT



# DIRECTORS' REPORT

The directors of the Company (the “Directors”) hereby present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended December 31, 2023. Contents of relevant section in this report mentioned in the cross references in the Directors’ Report forms part of the Directors’ Report.

## I. DEVELOPMENT OF THE INDUSTRY IN WHICH THE GROUP OPERATES

The securities market was generally stable in 2023. Firstly, affected by multiple factors in the internal and external environment, the A-share market experienced certain volatility. The CSI 300 Index and ChiNext Index fell by 11.38% and 19.41%, respectively, while the BSE 50 Index rose by 14.92%. The bond and commodity markets maintained an upward trend, with ChinaBond New Composite Wealth Index rising 4.77% and Nanhua Commodity Index rising 6.21%. The trading activity decreased, with the annual turnover rate of Wind All China Index being 250.45%, representing a year-on-year decrease of 7.77%. Secondly, the pace of equity financing slowed down. During the year, a total of 313 IPO companies raised RMB356.539 billion, representing a year-on-year decrease of 26.87% and 39.25%. The number of refinancing companies was 477, and the total amount of refinancing raised for the year was RMB744.575 billion, representing a year-on-year decrease of 7.74% and 29.62%. Thirdly, the total scale of mutual funds under management continued to grow, and equity ETFs grew significantly. As of the end of December 2023, the total net assets of mutual funds amounted to RMB27.60 trillion (Source: Asset Management Association of China, 2024), and the total equity ETF was RMB1.73 trillion (Source: WIND).

The goal of accelerating the construction of a financial power was put forward for the first time, and the in-depth reform of the capital market continued.

In July 2023, the Political Bureau meeting of the CPC Central Committee clearly proposed “activating the capital market and boosting investor confidence.” In October, the Central Financial Work Conference pointed out that “finance is the blood of the national economy and an important part of the country’s core competitiveness”, and put forward the goal of accelerating the construction of a financial power for the first time, emphasizing the unswerving path of financial development with Chinese characteristics, and elevating financial work to a new level of national strategy. It also proposed to comprehensively and continuously implement the stock issuance registration system to strengthen the quality and efficiency of serving the real economy.

In addition, the meeting proposed to comprehensively improve various policies on investment, financing and transaction, and focus on the dynamic balance of investment and financing; vigorously improve the quality and investment value of listed companies, strengthen the orientation of dividends, enhance investor returns, and encourage companies to become better and stronger through mergers, acquisitions, reorganizations and other means; increase medium and long-term capital access to the market to enhance the internal stability of the market; promote industry differentiation and high-quality development, and moderately expand the capital space of high-quality securities firms.

The Beijing Stock Exchange continued to expand and innovate, implemented the “19 Articles for Deepening of Reform (深改19條)”, optimized the reporting arrangements for listed companies and the management system investors’ competency, supported private equity funds to participate in secondary market transactions, expanded the team of market makers, thereby greatly increased market activity.

# DIRECTORS' REPORT

The securities industry will continue to move towards high-quality development. In March 2024, the China Securities Regulatory Commission issued four important policy documents including the “Opinions on Strengthening the Supervision of Securities Companies and Public Funds and Accelerating the Construction of First-Class Investment Banks and Investment Institutions (Trial)”, which provided guidance for the high-quality development of the securities industry. This will help the securities industry to align its position, promote securities institutions to fulfill their functions, and clarify the direction of high-quality development for securities companies, which will greatly enhance the industry’s ability to serve the real economy and enhance the ability to assist in the development of new technologies and productivity.

During the Reporting Period, each of the main operating indicators of the Company has been in the forefront of the industry.

## II. MAIN BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

The Group is a provider of comprehensive capital market services with industry-leading innovation capabilities focused on serving China’s quality enterprises and many investors with demand for financial products and services. The Group utilizes a wide range of financial instruments to serve the various financial needs of corporations, individuals, institutional investors, financial institutions and government clients and provide comprehensive solutions. The main businesses of the Group can be classified into four segments, namely investment banking, wealth management, trading and institution and investment management.

# DIRECTORS' REPORT

Products and services of the four business segments are specifically set out in the table below:

Investment Banking	Wealth Management	Trading and Institution	Investment Management
◆ Equity finance	◆ Wealth management and brokerage	◆ Equity investment and trading	◆ Assets management
◆ Debt finance	◆ Margin financing and securities lending	◆ Fixed income sales and trading	◆ Public fund management
◆ Financial advisory	◆ Repurchase transactions	◆ Equity derivatives sales and trading	◆ Private fund management
	◆ Financial leasing	◆ Alternative investment	
		◆ Investment research	
		◆ Asset custody	

**Investment Banking:** the Group earns its commissions, sponsorship and consulting fees through underwriting stocks and bonds and providing sponsor and financial advisory services;

**Wealth Management:** the Group earns its fees, consulting fees and commissions through providing brokerage and investment advisory services, obtaining interest income from its business of margin financing and securities lending, repurchase transactions, financial leasing, and management of settlement fund on behalf of clients, and earning its fees through acting as agent for the sales of financial products developed by the Group and other financial institutions;

**Trading and Institution:** the Group earns its investment income and interest income through investment transactions, alternative investments and market making services from equity, fixed income and derivatives, earning its fees and commissions through providing transaction consultation and execution, investment research services and the main broker services to institutional customers;

**Investment Management:** the Group earns its management fees, advisory fees and performance fee through providing services for the assets management, public fund management and private fund management.

The primary securities business of the Group relies on China's economic growth, accumulation of household wealth and the development and performance of China's capital markets, including the issuance, investment and trading of financial products (such as stocks, bonds and wealth management products). These important factors are affected by the combination of economic environment, investor sentiment and international market, which have shown an overall stable trend. During the Reporting Period, the principal businesses and the operating model of the Group have had no significant changes, which was in line with the development of the industry.



# DIRECTORS' REPORT

## III. BUSINESS REVIEW

Business operations and business review of the Group for the year ended December 31, 2023 are set out in “Management Discussion and Analysis”, which forms part of the Directors’ Report, in Section 5 of this report.

## IV. ANALYSIS ON CORE COMPETITIVENESS

### (1) Excellent corporate culture

The Company always maintains a strong sense of family and country, upholds its mission of “creating values to realize the dream of serving the country with financial services”, adheres to the implementation of the national strategy, proactively integrates into the new development pattern, and actively serves the real economy for both quantity and quality. In making continuous progress in developing its corporate values of “inquisitiveness and integrity” and carrying forward its excellent cultural genes of an “army of doctors”, with knowledge as the guarantee and professionalism as the cornerstone, we will continue to explore new prospects for the development of the Company. Adhering to the strong path of reform and innovation, relying on a deep understanding of industry development and market rules, we will continue to create innovative products and transaction designs to provide effective financial solutions, to strengthen the resilience of development, adhere to the development strength with firm confidence, and promote the high-quality development of the Company.

The Company adheres to the professional development, unswervingly in concept and successfully in action for a long term. The Company built consensus through the establishment of a diversified and inclusive talent mechanism, assembled a team of talents from all corners of the world with excellent professionalism and high recognition of the Company’s corporate culture. The management leads by example and concentrates on the operation of the business. The employees are truth-seeking and pragmatic. With the orientation of strategy achievement and value creation, a group of young management with ambition and competency are developed, and a reasonable talent pool has been formed to continuously build the source of knowledge and the foundation of strength.

Up to now, the operation and management team of the Company has an average of approximately 27 years of experience in securities, finance and economics-related fields and has served an average term of over 18 years in the Company with extensive experience in business and management. Since 1999 when the Company established the first post-doctoral workstation for financial enterprises in China, the Company has been training and exporting professionals for 25 years.

# DIRECTORS' REPORT

## (2) Forward-looking strategic doctrine

The Company maintains a strategic determination to draw a blueprint to the end. In the early 1990s, the Company has clearly proposed the development strategy of “running with shareholding system and group structure and in an internationalized and standardized manner”, offering the guidance to the development of the Company. During the period of industry transformation and development, the Company has enriched, improved and upgraded the strategic ideology of “Four Modernizations”.

The Company has always focused on the main responsibilities and business, striving to improve its core competitiveness and develop its core business for more than 30 years without deviation and with solid and deep cultivation. The Company continues to expand business layout. In the business line, it has successively set up futures subsidiaries, public fund subsidiaries, private fund subsidiaries, alternative investment subsidiaries and asset management subsidiaries. With its value concept and pragmatic entrepreneurial style, it has built a full business chain with perfect layout and strong strength. In terms of regional development, based in Guangdong, the Company serves the whole country, connects domestic and overseas, and forges a leading national brokerage with a long-term vision and an open pattern. With the determination of “success does not depend on me” and the spirit of “hammering nails”, all the staff has anchored the green mountains and resolutely implemented the established strategies with consistent strategic direction.

## (3) Stable shareholding structure

The Company has a long term and stable shareholding structure. Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities (all of which are listed companies), substantial shareholders of the Company, have been among the top three shareholders of the Company (excluding HKSCC Nominees, whose shares are owned by H Share non-registered shareholders) for 24 years.

Shareholders, employees and the Company share common interest and have close relationships with a high degree of cohesion and combat effectiveness, being an important support for the Company to continuously traverse the cycle, break through the development bottleneck and establish its position in the industry. The scientific and reasonable operation mechanism and continuous improvement of corporate governance system provide a solid guarantee for the stable operation of the Company.

## (4) Scientific business layout

The Company has a complete business system, a balanced business structure and outstanding core competitiveness. The Company possesses licenses for a full range of services involved in four business segments, including investment banking, wealth management, trading and institution and investment management. Forging its comprehensive financial service capabilities, the Company has maintained main operating indicators ranking among the top securities companies in China for many consecutive years and established its leading advantages among securities firms with research, asset management and wealth management ranking among the top ranks.

# DIRECTORS' REPORT

The Company has implemented the business model to empower high-quality development of businesses with research, maintained the leading position of research ability in the industry for a long time and won authoritative awards of “New Fortune Domestic Best Research Teams (新財富本土最佳研究團隊)” and “Golden Bull Research Institution (金牛研究機構)” for many consecutive years. The Company has taken the lead in proposing wealth management transformation and equipped with excellent financial product research and sales capabilities, professional asset allocation capabilities and more than 4,400 securities investment consultants, ranking No. 1 in the industry (in terms of parent company caliber). The Company is committed to providing precise wealth management services for different types of customers. It has become a first-class trustworthy wealth management institution. At the end of December 2023, in terms of the balance maintained by the agency sales of non-monetary public funds, the Company ranked No. 3 in the industry.

The Company has coordinated the superior resources of its asset management institutions, established comprehensive product supply system and provided customers with strategically excellent and diversified products to build a leading asset management brand in the industry. GF Fund and E Fund have maintained their leading investment research capabilities. At the end of December 2023, GF Fund and E Fund ranked third and first in the industry in terms of the size of public funds under the management excluding monetary funds, respectively.

Guided by customer demand, the Company has built an investment banking service system with a full business chain throughout the life cycle and strengthened the synergy effect and mutual empowerment between businesses. Adhering to leading business development with scientific and technological innovation, the Company has continuously increased investment in financial technology, actively used advanced concepts, technologies and tools and continued to promote the deep integration of financial technology and business, so as to improve the level of digitization.

## (5) Outstanding location advantage

The Guangdong-Hong Kong-Macao Greater Bay Area is one of the four major bay areas in the world with the highest degree of opening-up and the most resilient market economy in China, playing an important strategic position in the overall development of the country. It will shoulder the mission of strengthening the national strategic scientific and technological strength, which is an important layout for expanding the new situation of reform and opening up. The Company has fully supported the implementation of major national regional strategies by being deeply rooted in Guangdong-Hong Kong-Macao Greater Bay Area, the forefront of China's reform and opening-up, enriched customer foundation, and facilitated technology, capital and virtuous industry circles.

As a professional capital market institution growing up in the Greater Bay Area, the Company has advantages in industrial research and capital operation, actively explores a new model of industry-finance integration and supports the transformation and upgrading of regional economies and industries by deepening the integration of local industry and capital and building industrial fund in various forms; gives full play to the role of capital market in value discovery and resource allocation, and realizes financial services in industries with the full life cycle by building industrial clusters through direct financing.

# DIRECTORS' REPORT

At the end of December 2023, the Company had 349 branches and business departments nationwide, with a presence in 31 provinces, municipalities, and autonomous regions across the PRC. The number and coverage ratio of business outlets in the nine cities of the Pearl River Delta in the Guangdong-Hong Kong-Macao Greater Bay Area ranked No. 1 in the industry, providing a wide range of market reach for the Company's business and laying important support for customer accumulation and service.

## (6) Philosophy of compliance and steady development

The Company is one of the first batch of pilot compliance management brokerages selected by the CSRC, one of the first brokerages to implement a comprehensive risk management strategy in the industry, and one of the few major brokerages which has not accepted investment or undergone restructuring due to operating losses among the first batch of brokers established from the end of the 1980's to the early 1990's.

The Company adheres to its operation and management philosophy of stable operation, with compliance operation as the Company's bottom line to ensure its steady and long-term development and risk management capabilities as the powerful tool to guarantee its high-quality development. Based on strengthening risk control and prevention, the Company has stuck to the bottom line of compliance, consolidated the lifeline of risk control, and continued to improve the comprehensive risk management system to powerfully support the steady development of the Company's various businesses.

## V. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation details of the Company's cash dividends policy and the profit distribution proposal for 2023 are set out in "XI. Profit Distribution and Conversion of Capital Reserves into Share Capital of the Company" of Section 6 "Corporate Governance" in this report.

## VI. SHARE CAPITAL CHANGES AND MATTERS RELATING TO BONDS

During the Reporting Period, there were no changes in the total number of ordinary shares and the shareholding structure of the Company.

For details on the issuance of securities (excluding preference shares) during the Reporting Period, please refer to "II. Securities Issuance and the Listing" of Section 9 "Changes in Shareholdings and Particulars about Shareholders" in this report.

For details on the issuance of corporate bonds, subordinated bonds, short-term financing bills and financial bonds by the Company, please refer to Section 11 "Bonds" in this report.

## VII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

For details of the composition of the Directors, Supervisors and senior management of the Company, their changes and biographies during the Reporting Period, please refer to "V. Particulars about Directors, Supervisors and Senior Management" of Section 6 "Corporate Governance" in this report.

# DIRECTORS' REPORT

## VIII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into the Service Contracts for Directors and the Service Contracts for Supervisors with each of the eleven Directors of the current Tenth Session of the Board of Directors and each of the five Supervisors of the current Tenth Session of the Supervisory Committee. The term of office of the Directors and Supervisors was effective from the date of approval by the General Meeting or the employee representatives meeting until the expiry date of the term of office for the Tenth Session of the Board of Directors and the Supervisory Committee. The Service Contracts for Directors and the Service Contracts for Supervisors provide the agreed terms on the duties and responsibilities of the Directors and Supervisors during their term of office.

In addition, none of the Directors and Supervisors of the Company has entered into any service contract with the Company or its subsidiaries which is not terminable within one year without payment of compensation, other than statutory compensation.

## IX. DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Please refer to "9. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" under "III. Shareholders and De Facto Controllers" of Section 9 "Changes in Shareholdings and Particulars about Shareholders" in this report.

## X. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS

Save as disclosed in this report, none of the Company or any of its subsidiaries has participated at any time during the year in any arrangement through which the Directors and Supervisors of the Company may benefit by purchasing shares or bonds of the Company or any other entities.

## XI. PERMITTED INDEMNITY PROVISION

Appropriate insurance policy arrangements have been made by the Company in respect of the responsibilities of the Directors and members of the senior management to cover possible legal liabilities owed to third parties arising from corporate activities that may be faced by the Directors and members of the senior management.

## XII. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

Except for the service contracts, neither the Company nor its subsidiaries have entered into any significant transactions, arrangements or contracts in which the Directors or Supervisors of the Company or their connected entities had or continue to have, directly or indirectly, a material interest during the Reporting Period.

# DIRECTORS' REPORT

## XIII. INTEREST OF DIRECTORS IN BUSINESSES IN COMPETITION WITH THE COMPANY

None of the Directors has any interest in any business that competes or may compete with our business, directly or indirectly.

## XIV. MANAGEMENT CONTRACTS

For the year ended December 31, 2023, no contract has been entered into for the management and administration of the entire business or any material part of the business of the Group.

## XV. MAJOR CUSTOMERS

The Company utilizes a wide range of financial instruments to serve the various financial needs of corporations, individuals, institutional investors, financial institutions and government clients and provide comprehensive solutions. Our major customers are based in the PRC. With the development of international business, the Company also provides services to overseas customers. In 2023, income generated from the five largest customers of the Company contributed less than 5% to the total revenue and other income of the Company.

None of the shareholders controlling more than 5% of the shareholding of the Company, Directors, Supervisors and their respective associates has any interest in the five largest customers of the Company. The Company has no major supplier due to the nature of its business.

## XVI. CHARITABLE DONATIONS

During the Reporting Period, the Group's total expenditure on social charity was RMB34.8787 million, including the Company's donations to GF Charity Foundation (廣發公益基金會) and the expenditure on social charity of its wholly-owned and controlled subsidiaries. The GF Charity Foundation established by the Group actively carried out activities such as rural revitalization and education assistance. During the Reporting Period, the total expenditure on social charity was RMB60.308 million.

## XVII. RESERVES AND RESERVES FOR PROFIT DISTRIBUTION

For particulars about changes in reserves and reserves for profit distribution, please refer to the "Consolidated Statement of Changes in Equity" of Financial Statements and Notes 60 and 61 of the Notes to the Consolidated Financial Statements in this report.

## XVIII. EMPLOYEES

Human resources is one of the greatest assets of the Group. The Company is committed to increasing effort in building its talents pool by enhancing training and improving the quality of employees. Please refer to "IX. Information of the Staff of the Company" in Section 6 "Corporate Governance" in this report.

# DIRECTORS' REPORT

## XIX. PRE-EMPTIVE RIGHT

Pursuant to the regulations under the PRC laws and the Articles of Association of the Company, shareholders of the Company have no pre-emptive right.

## XX. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING AND PERFORMANCE OF SOCIAL RESPONSIBILITIES

Regarding the environmental, social and governance (ESG) and the performance of social responsibilities of the Company, please see “II. Social Responsibilities” of Section 7 “Environmental and Social Responsibilities” in this report. The Company implemented new development concept of “innovation, coordination, green, openness and sharing” to support the construction of ecological civilization and green low-carbon industry and adhere to being a practitioner of responsible investment and green finance. Focusing on the rural revitalisation, providing student subsidies and boosting education, finance empowerment and medical assistance, the Company actively responded to primary focus of stakeholders, and effectively coordinated Company’s economic and social benefits, as well as its own development and social development. The Company strengthened the comprehensive risk management of the Group and strictly abided by compliance operation requirements to constantly improve the level of ESG. The Company has complied with the mandatory disclosure requirement and the “comply or explain” provisions as set out in the “Environmental, Social and Governance Reporting Guide” during the year. For details, please see “GF Securities Co., Ltd. 2023 Social Responsibility Report and Environmental, Social and Governance (ESG) Report” published by the Company.

Regarding the governance of the Company, please see Section 6 “Corporate Governance” in this report.

## XXI. REVIEW OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The financial statements of the Company for the year ended December 31, 2023 have been reviewed by the Audit Committee of the Board of Directors of the Company.

## XXII. EVENTS AFTER THE END OF THE REPORTING PERIOD

Please refer to Note 76 of the Notes to the Consolidated Financial Statements in this report for details of events after the end of the Reporting Period.

By Order of the Board

**Lin Chuanhui**

*Chairman*

Guangzhou

March 28, 2024





**SECTION 5  
MANAGEMENT  
DISCUSSION  
AND ANALYSIS**



# MANAGEMENT DISCUSSION AND ANALYSIS

## I. OVERVIEW

In 2023, in the face of the complex and severe international environment and the arduous and onerous tasks for domestic reform, development and stability, the state adhered to the general keynote of seeking progress while maintaining stability, implemented the new development concept completely, accurately and comprehensively, accelerated the construction of a new development pattern, comprehensively deepened reform and opening up, strengthened macro-control, and focused on expanding domestic demand, optimizing structure, boosting confidence, preventing and mitigating risks. The national economy rebounded, and the high-quality development was solidly promoted, with the GDP increasing by 5.2% year-on-year (Source: National Bureau of Statistics, 2024).

2023 is a significant year of change for the financial industry. For the first time, the Central Financial Work Conference put forward the goal of “accelerating the construction of a financial superpower” and drew up a roadmap for high-quality financial development. The CSRC systematically planned to promote the construction of a modern capital market with Chinese characteristics, successfully completed major reforms such as the comprehensive implementation of a registration-based initial public offering (IPO) system, implemented institutional reforms steadily, made every effort to maintain the smooth operation and the normal functioning of the market, comprehensively strengthened supervision in accordance with the law, and resolutely cracked down on fraudulent issuances, financial fraud and other market chaos, effectively prevented and mitigated risks in key areas, and made new positive progress in various aspects of the capital market.

In 2023, under the guidance of the Board of Directors, the management of the Company led all staff to maintain their strength, focus on the development of core businesses, further optimize the business structure, and continue to promote reform and innovation, so as to achieve stable growth in the operating results of the Company. As of December 31, 2023, total assets of the Group amounted to RMB682,182 million, representing an increase of 10.52% as compared to the end of 2022; and equity attributable to owners of the Company amounted to RMB135,718 million, representing an increase of 12.96% as compared to the end of 2022. During the Reporting Period, total revenue and other income of the Group was RMB33,298 million, representing a year-on-year increase of 0.13%; total expenses were RMB25,269 million, representing a year-on-year increase of 6.14%; and net profit attributable to owners of the Company was RMB6,978 million, representing a year-on-year decrease of 12.00%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### II. ANALYSIS OF PRINCIPAL BUSINESSES

The principal businesses of the Group can be divided into four segments, namely investment banking business, wealth management business, trading and institution business and investment management business.

#### 1. Investment banking business segment

The Group's investment banking business segment mainly comprises of equity financing business, debt financing business and financial advisory business.

##### (1) Equity financing business

In 2023, the total number of equity financing projects including IPO, new issuance, rights issue, preference shares, convertible bonds (of which new issuance included assets acquired by issuing shares) in the A share market and the total amount were 790 and RMB1,101.114 billion, respectively, representing a year-on-year decrease of 16.40% and 33.06% respectively. Specifically, the number and financing size of IPOs were 313 and RMB356.539 billion, respectively, representing a year-on-year decrease of 26.87% and 39.25%, respectively; while the number and financing size of refinancing projects were 477 and RMB744.575 billion, respectively, representing a year-on-year decrease of 7.74% and 29.62%, respectively (Source: WIND, 2024).

During the Reporting Period, the Company adhered to the fundamental purpose of serving the real economy with finance, facilitated the implementation of major national strategies such as innovation-driven development and coordinated regional development, continued to focus on key industries, key regions and key products, and strengthened business layout in areas such as technological innovation, advanced manufacturing, healthcare and green development; adhered to high-quality development, practiced the research-driven model, leveraged the advantages of the Group's integrated financial platform, strengthened business synergy and collaboration, and fully improved customer comprehensive service capabilities. The reserve of high-quality equity projects continued to increase, and breakthroughs were achieved in key projects. The Company strengthened the quality control of the whole process of investment banking business and continued to improve the quality of investment banking business. In 2023, the Company completed 17 equity financing projects for which the Company acted as a lead underwriter, and the lead underwritten amount was RMB16.367 billion.

Details are set forth in the table below:

Item	2023		2022	
	Lead underwritten amount (RMB100 million)	Number of offerings	Lead underwritten amount (RMB100 million)	Number of offerings
Initial public offering (IPO)	20.33	3	29.43	6
Refinancing offering	143.33	14	154.64	11
Total	<u>163.67</u>	<u>17</u>	<u>184.07</u>	<u>17</u>

Source: Statistics of the Company, 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Debt financing business

In 2023, the overall trend of the bond market remained stable and positive. The issuance scale of major credit bonds<sup>1</sup> was RMB16.76 trillion, representing a year-on-year increase of 7.82%. Specifically, the issuance scale of corporate bonds was RMB3,855.395 billion, representing a year-on-year increase of 24.75%; the issuance scale of debt financing instruments of non-financial enterprises was RMB8,557.041 billion, representing a year-on-year increase of 1.48%; the issuance scale of non-policy financial bonds was RMB4,110.118 billion, representing a year-on-year increase of 13.90%; and the issuance scale of enterprise bonds was RMB200.78 billion, representing a year-on-year decrease of 45.46% (Source: WIND, 2024).

During the Reporting Period, leveraging on the Group's business advantages and synergy effects, the Company continued to expand its customer coverage in key regions, resulting in a rapid growth in the scale of bond underwriting, a significant increase in project reserves, and a continuous improvement in the industry position. In 2023, the Company acted as the lead underwriter for 416 tranches of bonds, representing a year-on-year increase of 121.28%, with a lead underwritten amount of RMB244.442 billion, representing a year-on-year increase of 72.05%. According to the statistics of WIND, the Company ranked 8th in terms of the scale of major credit bonds in 2023, up by 6 places from 2022. The Company actively implemented the national development strategy. In 2023, the Company acted as the lead underwriter for a total of 67 tranches of bonds, including green bonds, science and technology innovation bonds, rural revitalization bonds and high-quality development bonds of the Yellow River Basin, representing a year-on-year increase of 346.67%. The underwriting scale was RMB25.634 billion, representing a year-on-year increase of 226.67%. The Company continued to consolidate its professional capabilities and strengthened quality risk management and control. The Company won the Class A rating in the Annual Credit Evaluation of Corporate Bond Lead Underwriters issued by the National Association of Financial Market Institutional Investors, and was awarded the "Outstanding Corporate Bond Underwriter" (企業債承銷傑出機構) in 2023 by China Central Depository & Clearing Co., Ltd.

<sup>1</sup> Major credit bonds include corporate bonds, enterprise bonds, debt financing instruments of non-financial enterprises, non-policy financial bonds and exchangeable bonds.

# MANAGEMENT DISCUSSION AND ANALYSIS

Item	2023		2022	
	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)
Enterprise bonds	35.16	8	129.79	17
Corporate bonds	1,462.04	271	545.52	102
Debt financing instruments of non-financial enterprises	232.69	65	93.72	16
Financial bonds	698.53	71	642.73	52
Exchangeable bonds	16.00	1	9.00	1
Total	<b>2,444.42</b>	<b>416</b>	1,420.76	188

Source: Statistics of the Company, 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (3) *Financial advisory business*

The Company's financial advisory business mainly comprises merger and acquisition ("M&A") and restructuring of listed companies and NEEQ listings.

In 2023, the overall activity of the M&A market remained at a low level due to the impact of multiple factors such as the macroeconomic. There were 107 listed companies that announced major asset restructuring with a total trading size of RMB107.919 billion, representing a year-on-year decrease of 67.23% (Source: WIND, 2024). During the Reporting Period, guided by the industrial policies, financial policies and regional development policies of the PRC, the Company actively participated in the M&A and restructuring activities of high-quality enterprises, focused on new productive forces, and helped enterprises achieve industrial integration through M&A and restructuring. The Company participated in the completion of a number of M&A and restructuring transactions with market influence during the Reporting Period.

In 2023, the BSE maintained the momentum of high-quality expansion, and the NEEQ continued to deepen various reforms. As of December 31, 2023, there were a total of 6,241 companies listed on the NEEQ and 239 companies listed on the BSE. In terms of market liquidity, in 2023, the turnover of the NEEQ market was RMB61.274 billion with 17.427 billion shares being traded (Source: NEEQ, 2024); the turnover of the BSE was RMB727.223 billion with 61.542 billion shares being traded (Source: website of the BSE, 2024). The high-quality development of the new ecosystem of the BSE continued to bring opportunities for the Company's investment banking business. During the Reporting Period, the Company adhered to the core principle of discovering value. Leveraging on its outstanding research capabilities, the Company strengthened business synergy and provided high-quality integrated services for valued customers. As of the end of December 2023, the Company sponsored a total of 34 companies listed on the NEEQ as the lead brokerage, of which nearly 70% were "specialized, sophisticated, distinctive and innovative" enterprises (Source: NEEQ, Statistics of the Company, 2024).

In addition, in respect of the overseas investment banking business, the Company carried out such business primarily through its indirect wholly-owned subsidiary, GF Capital (Hong Kong). During the Reporting Period, GF Capital (Hong Kong) completed 47 projects in which it acted as lead underwriter (including IPO, GDR, refinancing and bond offering) and financial adviser.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Wealth management business segment

The Group's wealth management business segment mainly comprises wealth management and brokerage business, margin financing and securities lending business, re-purchase transaction business and financial leasing business.

### (1) Wealth management and brokerage business

The Group provides brokerage services for its customers to buy and sell stocks, bonds, funds, futures and other tradable securities.

At the end of December 2023, the SSE Composite Index and the SZSE Component Index declined by 3.70% and 13.54% respectively, as compared to the end of last year; while the trading volume of stocks and funds in the two markets was RMB240.72 trillion, representing a year-on-year decrease of 2.88% (Source: WIND, 2024).

In 2023, the Company implemented the business philosophy of “customer-centric”, promoted the implementation of platform-based transformation through a series of reforms such as adjustment of organizational structure, and improved the ability to serve residents' wealth management. The Company strengthened its online customer acquisition operation, actively developed multi-channel traffic, and released a brand-new Gen Z APP to continuously improve user experience on the Yitaojin (易淘金) platform. The Company accelerated the transformation of wealth management, continued to improve the multi-asset and multi-strategy layout according to customer needs and market changes, and improved the supply capacity of comprehensive wealth management solutions. Meanwhile, the Company accelerated the promotion of high-quality development of institutional business, and launched the integrated institutional service platform “GF Zhihui (廣發智匯)” to integrate corporate resources to provide comprehensive solutions for institutional and corporate customers, enhance service capabilities for institutional customer, and improve the institutional customer service system.

As of the end of December 2023, the balance maintained by the agency sales of financial products of the Company increased by 13.98% as compared to the end of last year and the Company ranked third amongst the securities dealers in terms of the balance of public fund maintained in the agency sales of non-monetary market in 2023 (Source: Asset Management Association of China, 2024). During the Reporting Period, the sales and transfer amount of financial products of the Yitaojin E-commerce platform (including Cash Return (現金增利) and Taojin Market (淘金市場)) amounted to RMB216.8 billion.

From January to December 2023, the trading volume of stocks and funds of the Company in SSE and SZSE was RMB18.57 trillion (bilateral statistics), representing a year-on-year decrease of 6.71%.

## MANAGEMENT DISCUSSION AND ANALYSIS

The trading volume and market share of the Company's securities trading agency business in SSE and SZSE are shown in the table below:

Item	2023		2022	
	Trading volume as agent (RMB100 million)	Market share (%)	Trading volume as agent (RMB100 million)	Market share (%)
Stocks	157,905.56	3.71	169,891.48	3.78
Funds	27,764.80	5.00	29,137.37	6.29
Bonds	498,176.72	4.94	420,530.39	4.76
Total trading volume	<b>683,847.08</b>	<b>4.59</b>	619,559.24	4.49

Note 1: The data is from the statistics of SSE, SZSE and WIND, 2024;

Note 2: The data in the above table is the data of the parent company;

Note 3: The market share refers to the ratio of trading volume of this type of securities to the total trading volume of such type of securities traded on the SSE and SZSE in the same period.

The financial products agency sales of the Company in 2023 are shown in the table below:

Type	Total sales amount for the period (RMB100 million)	Total redeemed amount for the period (RMB100 million)
Fund products	1,410.68	1,186.11
Trust products	429.51	394.72
Other financial products	4,602.41	4,296.67
Total	<b>6,442.60</b>	<b>5,877.50</b>

Note: The total sales and redeemed amount in this table includes the subscription, application, redemption and targeted investment of OTC products and on-market products, as well as the sales of asset management products issued by GF Asset Management.



## MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the futures brokerage business, the Group carries out the futures brokerage business through its wholly-owned subsidiary, GF Futures, and provides trading and settlement services for customers in major international commodity and derivative markets through the wholly-owned subsidiary of GF Futures, GF Futures (Hong Kong), and the wholly-owned subsidiary of GF Futures (Hong Kong), GF Financial Markets (UK).

In regions outside of the PRC, the Group provides brokerage services for customers primarily through its indirectly wholly-owned subsidiary, GF Securities (Hong Kong), covering financial products such as stocks and bonds listed on the Hong Kong Stock Exchange and overseas exchanges, using self-developed Yitaojin (易淘金) international version of trading system to focus on development of overseas wealth management business. In 2023, despite the downturn in the Hong Kong stock market throughout the year, the GF Securities (Hong Kong) achieved a 22.58% increase in net income, a year-on-year increase of 28.75% in product retention, a year-on-year increase of 68.93% in total product revenue, and a year-on-year increase of 30.86% in wealth management income. The effect of its transformation towards wealth management was obvious.

### **(2) Margin financing and securities lending business**

As of the end of 2023, the balance of margin financing and securities lending in the SSE and SZSE was RMB1,650.896 billion, representing an increase of 7.17% as compared to the end of 2022 (Source: WIND, 2024).

In 2023, based upon the origins of its business with focus on continuous persistence in customer-centered orientation, the Company has facilitated healthy and orderly development of the business while working on customer service, and compliance and risk control. As of the end of 2023, the closing balance of margin financing and securities lending of the Company was RMB88.989 billion, representing an increase of 7.18% as compared to the end of 2022, and the market share was 5.39%.

### **(3) Repurchase transaction business**

In 2023, the scale of stock pledged business in the market showed a downward trend as compared with that at the end of the previous year. During the Reporting Period, the Company conducted a stock pledged business in a prudent manner and continued to strengthen the threshold for risk control of the stock pledged business and optimized its business structure, and the scale of the stock pledged business increased. As of the end of 2023, the balance of the exchange traded Stock Pledged Repo Transaction business carried out by the Company through its owned funds was RMB12.326 billion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(4) Financial leasing**

The Company conducted financial leasing business through its wholly-owned subsidiary, GFFL.

Since 2023, the development of the financial leasing industry has continued to slow down. GFFL continued to strengthen the construction and optimization of its comprehensive risk management system. As of the end of 2023, the net amount of the lease receivables amounted to RMB40 million.

## **3. Trading and institution business segment**

The Group's trading and institution business segment mainly includes the equity investment and trading business, fixed income sales and trading business, equity derivatives sales and trading business, alternative investment business, investment research business and asset custody business.

### **(1) Equity investment and trading business**

The equity investment and trading business of the Company is mainly engaged in market making and trading of shares and NEEQ stocks.

In 2023, the A-share market initially rose and then fell back, showing intensified volatility. During the Reporting Period, in adherence to the idea of value investment and by leveraging multi-strategy investment tools such as private placement, the Company's equity investment better controlled its positions based on market fluctuations. Meanwhile, the Company maintained the market liquidity, reduced the severe market volatility, improved the pricing efficiency and satisfied the investment needs of public investors by providing market maker services. As of the end of December 2023, the Company provided market making services for 48 companies listed on the NEEQ.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(2) Fixed income sales and trading business**

The fixed income sales and trading of the Company consists mainly of sales of underwritten bonds to institutional clients, and market-making and trading of financial products and interest rate derivatives with fixed income. The institutional clients of the Company mainly include commercial banks, insurance companies, fund companies, financial companies, trust companies and QFII, etc.

The Company conducts trading in various types of fixed income and related derivative products on the interbank bond market and exchanges in the PRC and provides market making services, such as government bonds, policy-based financial bonds, medium term notes, short-term financing bonds, enterprise bonds, company bonds, government bond futures, interest rate swaps and standard bond forward. The Company executes fixed income derivative instruments (such as interest rate swaps and government bond futures) to hedge the risk arising from trading transactions and market-making business.

During the Reporting Period, the Company properly managed the duration, leverage and investment scale of the bond investment portfolio, seized structural opportunities in the market, and achieved better investment performance.

## **(3) Equity derivatives sales and trading business**

The Company designs and sells a variety of OTC products, including non-standard products, income certificates and OTC derivatives. Meanwhile, the Company provides liquidity support to non-standard products and income certificates products through OTC and engages in market making and trading of equity linked financial products and equity derivative products, etc.

During the Reporting Period, as a primary dealer of OTC derivatives business, the Company continued to strengthen the construction of team and system, and continuously improved product creation, strategy innovation and trading and sales capabilities; through conducting return swaps, OTC options and other businesses, it continued to provide institutional customers with asset allocation and risk management solutions based on OTC derivatives. As of December 31, 2023, the Company has issued a total of 103,184 OTC products with an aggregate amount of approximately RMB2,445.63 billion. The market value of the products as at the end of the period was approximately RMB189.524 billion. Specifically, the Company issued 38,678 new OTC products with an aggregate amount of RMB528.826 billion in 2023.

In 2023, in line with the gradual enrichment of exchanged-traded derivative products, the liquidity in the exchange-traded derivatives market increased gradually and the investor base continued to expand. In respect of market making and proprietary investment, the Company was in a better position to seize the trading opportunities brought about by market fluctuations and achieved better returns. In respect of market making business, the Company was granted the SSE's 2023 Stock Option Market Development Contribution Award (Outstanding Option Market Maker) and the Stock Option Market Development Contribution Award (Contribution to New Option Varieties); SZSE's 2023 "Outstanding ETF Liquidity Provider" and "Outstanding Option Market Maker" awards; CFFEX's 2023 Outstanding Stock Index Option Market Maker Award.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (4) *Alternative investment business*

The Group actively carried out alternative investment business with its own funds through GF Qianhe, a wholly-owned subsidiary. Currently, the Group mainly focuses on equity investment business.

In 2023, GF Qianhe focused on advanced manufacturing, healthcare, new consumption, hard technology, soft technology, special opportunity investment and other major fields. During the Reporting Period, GF Qianhe completed 30 new investment projects with a total investment of RMB1.454 billion.

### (5) *Investment research business*

The investment research business of the Group mainly comprises investment research services provided in various areas such as macro economy, strategy, fixed income, financial engineering, industry and listed companies for institutional clients. The Company earned commission fee for sub-position transactions from institutional clients. Specifically, our investment research services cover the provision of research reports and customized investment research services for the National Social Security Fund, public funds, insurance companies, private funds, financial companies, wealth management subsidiaries of banks, securities firms and other institutional investors in Mainland China and Hong Kong. The Group strived to promote the research-driven development model to give full play to the role of research in empowering and promoting the Company's core business. The Group's equity research covers 958 domestic A-share listed companies across 28 industries in the PRC, and 141 companies listed in Hong Kong and overseas.

The outstanding research capacity of the Company enjoys a high reputation in the industry, and the Company has received numerous honors: the "New Fortune Domestic Best Research Teams (新財富本土最佳研究團隊)" and the "New Fortune Most Influential Research Institution (新財富最具影響力研究機構)" for consecutive years from 2017 to 2023, and "Top 5 Golden Bull Research Institution (五大金牛研究機構)" award by "China Securities Industry Analyst Golden Bull Award (中國證券業分析師金牛獎)" for consecutive years. Meanwhile, it ranked in the forefront in the selection of "Sell-side Analyst Crystal Ball Award (賣方分析師水晶球獎)", "Best Analyst of Shanghai Securities News", "Golden Kirin (金麒麟) Best Analyst of Sina Finance" and "21st Century Gold Analyst". During the Reporting Period, the Industrial Research Institute of the Company strengthened research on the promotion and support of the Company's core businesses and further implemented the research-driven business model to empower the development of each business segment; provided research support for government departments' policy formulation and industrial planning, and explored the establishment of industrial incubation and transformation cooperation mechanism with key scientific research universities to play the role of a bridge of "technology + finance".

### (6) *Asset custody business*

The Company provides high-quality asset custody and fund services for various asset management products. The targets for the provision of such services include commercial banks and their wealth management subsidiaries, securities firms and their subsidiaries, fund companies and their subsidiaries, futures companies and their subsidiaries, trust companies, private equity fund managers and various other asset management institutions.

# MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, the private equity fund industry continued to develop in a standardized and professional manner with market resources further aggregating in medium and large high-quality private equity fund managers. Fund companies and securities companies deepened their cooperation in public fund custody, especially in public fund under brokerage settlement model and ETF products. The scale of securities companies' public fund custody business increased steadily.

During the Reporting Period, the Company actively expanded the market and upheld synergetic development, strengthened the construction of IT system, improved comprehensive service capabilities and enhanced risk control system to consistently improve business competitiveness and customer satisfaction. As of the end of December 2023, the scale of asset custody and fund services products provided by the Company was RMB560.564 billion, representing an increase of 8.29% as compared to the end of 2022. Among which, the scale of custody products was RMB278.369 billion and the scale of fund services products was RMB282.195 billion.

#### 4. Investment management business segment

The Group's investment management business segment mainly covers asset management business, public fund management business and private fund management business.

##### (1) *Asset management business*

Asset management services provided by the Group aim to preserve and increase the value of financial assets for its clients. The Group's asset management clients include individuals and institutional investors. The Group carries out asset management business through its wholly-owned subsidiaries, namely GF Asset Management and GF Futures, and its indirectly wholly-owned subsidiary, namely GF Asset Management (Hong Kong).

In 2023, the CSRC amended Measures for the Administration of the Privately Offered Asset Management Business of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理業務管理辦法》) and its supporting regulatory document, Provisions on the Administration of Operation of Privately Offered Asset Management Plans of Securities and Futures Business Institutions (《證券期貨經營機構私募資產管理計劃運作管理規定》) to further consolidate the effectiveness of the rectification of asset management business regulations, better leverage the function of private equity asset management business in serving the real economy, and promote the formation of a professional, stable and standardized industrial ecosystem.

## MANAGEMENT DISCUSSION AND ANALYSIS

GF Asset Management manages client assets which invest in various asset categories with various investment strategies, including fixed-income investment, equity investment, quantitative investment and cross-border products. The clients of GF Asset Management mainly include commercial banks, trust companies, other institutional investors and customers meeting regulatory requirements. During the Reporting Period, GF Asset Management continued to consolidate its core capabilities such as active management, product design and innovation, channel marketing, compliance risk control and financial technology, strengthened infrastructure construction and continuously improved its operation mechanism.

As of the end of 2023, the net value of collective asset management schemes and specific asset management schemes of GF Asset Management decreased by 43.68% and 10.65%, respectively, as compared with the end of 2022, the net value of single asset management schemes increased by 48.57% as compared with the end of 2022, and its total scale decreased by 24.53% as compared with the end of 2022. The asset management scale of GF Asset Management is as follows:

	Net value of asset management (RMB100 million)	
	December 31, 2023	December 31, 2022
Collective asset management business	<b>1,186.55</b>	2,106.69
Single asset management business	<b>801.24</b>	539.30
Specific asset management business	<b>58.83</b>	65.84
Total	<b>2,046.62</b>	2,711.83

Source: Statistics of the Company, 2024.

In the fourth quarter of 2023, the average monthly scale of private asset management of GF Asset Management ranked seventh (Source: Asset Management Association of China, 2024).

The Group carries out futures asset management business mainly through GF Futures. In the area of overseas asset management business, the Group provides advice on securities and asset management services to its customers mainly through GF Asset Management (Hong Kong), its indirectly wholly-owned subsidiary. GFHK is one of the first financial institutions in Hong Kong with the PRC background granted with RQFII qualification.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) *Public fund management business*

The Group primarily carries out public fund management business through its controlling subsidiary, GF Fund, and associate company, E Fund.

In 2023, under the guidance of the regulatory authorities, the reform of the fee rate of public funds was implemented in stages, including reducing the rate of product management fees and custody fees, launching pilot projects of floating rate products, and strengthening the requirement of fee rate disclosure, etc., so as to promote public funds and other industrial institutions to reasonably reduce the fund rate, and facilitate greater coordination between the healthy development of the industry and the interests of investors.

As of the end of 2023, the Company held 54.53% interest in GF Fund. GF Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, other institutional investors and general investors. In addition, GF Fund can invest the capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII) and the Qualified Domestic Limited Partner Program (QDLP), and invest capital raised from overseas markets in China's capital market in the form of RQFII through GF International Investment Management Limited, its wholly-owned subsidiary. As of the end of 2023, the public funds managed by GF Fund in aggregate reached RMB1,220.982 billion, representing a decrease of 2.30% as compared to the end of 2022, and the total fund size excluding money market funds amounted to RMB670.246 billion, ranking third in the industry (Source: Statistics of the Company, WIND, 2024).

As of the end of 2023, the Company held 22.65% interest in E Fund, was one of the three parallel largest shareholders. E Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, enterprise annuity, other institutional investors and general investors. In addition, E Fund can invest capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII), and invest capital raised from overseas markets in China's capital market in the form of RQFII. As of the end of 2023, the public funds managed by E Fund in aggregate reached RMB1,677.34 billion, representing an increase of 6.65% as compared to the end of 2022, and the total fund size excluding money market funds amounted to RMB1,013.937 billion, ranking first in the industry (Source: Statistics of the Company, WIND, 2024).

# MANAGEMENT DISCUSSION AND ANALYSIS

## (3) Private fund management business

The Group mainly engages in private fund management business through GF Xinde, its wholly-owned subsidiary.

In 2023, GF Xinde focused on such industries as biomedicine, intelligent manufacturing, new energy and corporate services. According to the data of the fourth quarter average monthly size of funds disclosed by the Asset Management Association of China, the paid-in size of funds managed by GF Xinde exceeded RMB17 billion.

In the overseas market, the Group is engaged in overseas private equity fund business mainly through its indirectly wholly-owned subsidiary, GF Investments (Hong Kong) and institutions thereunder, and has completed investment mainly in fields of high-end manufacturing, TMT, big consumption and biomedical. Several investment projects have exited by way of mergers and acquisitions or been listed on the stock exchanges in Hong Kong, the United States and other regions.

## III. ANALYSIS ON FINANCIAL STATEMENTS

### 1. Analysis on Consolidated Statement of Profit or Loss

#### (1) Revenue composition

Unit: RMB '000

Item	2023	2022	Amount increased/ decreased	Percentage increased/ decreased
Commission and fee income	<b>14,814,495</b>	16,670,137	-1,855,642	-11.13%
Interest income	<b>13,546,682</b>	12,855,140	691,542	5.38%
Net investment gains	<b>3,731,495</b>	603,485	3,128,010	518.32%
Other income and gains	<b>1,205,681</b>	3,127,130	-1,921,449	-61.44%
Total revenue and other income	<b><u>33,298,353</u></b>	<u>33,255,892</u>	<u>42,461</u>	<u>0.13%</u>

In 2023, total revenue and other income of the Group was RMB33,298 million, representing an increase of 0.13% as compared with RMB33,256 million for 2022.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Commission and fee income

Unit: RMB '000

Item	2023	2022	Amount increased/ decreased	Percentage increased/ decreased
Securities brokerage business commission and fee income	<b>5,526,104</b>	6,119,633	-593,529	-9.70%
Asset management and fund management fee income	<b>7,727,649</b>	8,939,142	-1,211,493	-13.55%
Underwriting and sponsorship fee income	<b>532,961</b>	556,850	-23,889	-4.29%
Futures brokerage business commission and fee income	<b>549,094</b>	541,626	7,468	1.38%
Consultancy and financial advisory fee income	<b>162,179</b>	174,734	-12,555	-7.19%
Others	<b>316,508</b>	338,152	-21,644	-6.40%
Total commission and fee income	<b><u>14,814,495</u></b>	<u>16,670,137</u>	<u>-1,855,642</u>	<u>-11.13%</u>

The change in total revenue and other income was reflected in the commission and fee income of RMB14,814 million in 2023 which has decreased by RMB1,856 million or 11.13% as compared with 2022, mainly due to a decrease in securities brokerage business commission and fee income of RMB594 million in 2023 over 2022, and a decrease in asset management and fund management fee income of RMB1,211 million in 2023 over 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interest income

Unit: RMB '000

Item	2023	2022	Amount increased/ decreased	Percentage increased/ decreased
Margin financing and securities lending	<b>5,596,926</b>	5,724,477	-127,551	-2.23%
Debt instruments at fair value through other comprehensive income	<b>3,680,127</b>	3,036,482	643,645	21.20%
Deposits with exchanges and financial institutions	<b>3,514,397</b>	3,197,574	316,823	9.91%
Financial assets held under resale agreements	<b>702,525</b>	751,665	-49,140	-6.54%
Debt instruments at amortized cost	<b>25,962</b>	6,134	19,828	323.25%
Others	<b>26,745</b>	138,808	-112,063	-80.73%
Total interest income	<b><u>13,546,682</u></b>	<u>12,855,140</u>	<u>691,542</u>	<u>5.38%</u>

The change in total revenue and other income was reflected in the interest income of RMB13,547 million in 2023 which has increased by RMB692 million or 5.38% as compared with 2022, mainly attributable to a year-on-year increase in the interest incomes from debt instruments at fair value through other comprehensive income and deposits with exchanges and financial institutions of RMB644 million and RMB317 million, respectively, partially offset by a year-on-year decrease in the interest incomes from margin financing and securities lending of RMB128 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Investment Gains

Unit: RMB '000

Item	2023	2022	Amount increased/ decreased	Percentage increased/ decreased
Net realized gains from disposal of financial instruments at fair value through other comprehensive income	<b>176,193</b>	554,903	-378,710	-68.25%
Net realized gains from disposal of financial instruments at fair value through profit or loss	<b>-260,814</b>	-3,290,640	3,029,826	—
Dividend income and interest income from financial instruments at fair value through profit or loss	<b>4,274,546</b>	3,819,220	455,326	11.92%
Dividend income from financial instruments at fair value through other comprehensive income	<b>366,463</b>	12,994	353,469	2,720.25%
Net realized gains from derivatives	<b>16,262</b>	2,355,224	-2,338,962	-99.31%
Unrealized fair value changes of financial instruments at fair value through profit or loss	<b>-841,155</b>	-2,848,216	2,007,061	—
<b>Total net investment gains</b>	<b><u>3,731,495</u></b>	<b><u>603,485</u></b>	<b><u>3,128,010</u></b>	<b><u>518.32%</u></b>

The change in total revenue and other income was reflected in the net investment gains in 2023 of RMB3,731 million, representing an increase of RMB3,128 million or 518.32% as compared with 2022, mainly attributable to the increase in net realized gain from disposal and unrealized fair value changes of financial instruments at fair value through profit or loss.

The change in total revenue and other income was reflected in the other income and gains in 2023 of RMB1,206 million, representing a decrease of RMB1,921 million or 61.44% as compared with that of 2022, mainly attributable to a year-on-year decrease in third-party profit or loss in consolidated structured entities, commodity trading income and government grants of RMB824 million, RMB714 million and RMB441 million, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Expenses composition

Unit: RMB '000

Item	2023	2022	Amount increased/decreased	Percentage increased/decreased
Depreciation and amortization	929,475	819,394	110,081	13.43%
Staff costs	8,772,983	8,880,262	-107,279	-1.21%
Commission and fee expenses	302,152	306,946	-4,794	-1.56%
Interest expenses	10,410,661	8,754,030	1,656,631	18.92%
Other operating expenses	4,754,677	5,407,330	-652,653	-12.07%
Credit impairment losses	95,485	-372,062	467,547	—
Other assets impairment losses	3,627	12,017	-8,390	-69.82%
Total expenses	<u>25,269,060</u>	<u>23,807,917</u>	<u>1,461,143</u>	<u>6.14%</u>

In 2023, total expenses of the Group were RMB25,269 million, representing an increase of 6.14% as compared with RMB23,808 million in 2022. The change in total expenses was mainly reflected in (1) the year-on-year increase in interest expenses of RMB1,657 million, primarily attributable to the increase in interest expenses on financial assets sold under repurchase agreements and amounts due to banks and other financial institutions; (2) the year-on-year increase in credit impairment losses of RMB468 million, primarily attributable to the impairment changes of advances to customers and financial assets held under resale agreements; and (3) the year-on-year decrease in other operating expenses of RMB653 million, primarily attributable to the decrease in commodity trading costs.

In 2023, the Group realized net profit attributable to owners of the Company of RMB6,978 million, representing a year-on-year decrease of 12.00%; basic earnings per share were RMB0.83, representing a year-on-year decrease of 18.63%; return on weighted average net assets was 5.66%, representing a year-on-year decrease of 1.57 percentage points.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Analysis on Consolidated Statement of Financial Position

Unit: RMB '000

	December 31, 2023	Composition	December 31, 2022	Composition	Amount increased/ decreased	Percentage increased/ decreased
<b>Non-current assets</b>	<b>33,654,789</b>	<b>4.93%</b>	27,893,571	4.52%	5,761,218	20.65%
Of which: Financial assets at fair value						
through profit or loss	10,066,050	1.48%	9,824,524	1.59%	241,526	2.46%
Investments in associates	7,249,310	1.06%	6,435,901	1.04%	813,409	12.64%
Equity instruments at fair value						
through other comprehensive						
income	5,696,951	0.84%	727,783	0.12%	4,969,168	682.78%
Property and equipment	3,230,375	0.47%	3,206,420	0.52%	23,955	0.75%
Deferred tax assets	2,562,495	0.38%	2,582,609	0.42%	-20,114	-0.78%
Right-of-use assets	2,024,845	0.30%	1,873,785	0.30%	151,060	8.06%
Investment in joint ventures	1,981,901	0.29%	2,321,689	0.38%	-339,788	-14.64%
<b>Current assets</b>	<b>648,526,890</b>	<b>95.07%</b>	589,362,711	95.48%	59,164,179	10.04%
Of which: Financial assets at fair value						
through profit or loss	206,002,361	30.20%	147,962,544	23.97%	58,039,817	39.23%
Debt instruments at fair value						
through other comprehensive						
income	139,295,121	20.42%	143,937,772	23.32%	-4,642,651	-3.23%
Bank balances	118,815,211	17.42%	129,176,483	20.93%	-10,361,272	-8.02%
Advances to customers	91,107,898	13.36%	82,822,991	13.42%	8,284,907	10.00%
Clearing settlement funds	34,510,389	5.06%	27,680,241	4.48%	6,830,148	24.68%
Deposits with exchanges						
and non-bank						
financial institutions	21,252,801	3.12%	20,342,292	3.30%	910,509	4.48%
Financial assets held under						
resale agreements	19,701,054	2.89%	18,791,008	3.04%	910,046	4.84%
<b>Total assets</b>	<b>682,181,679</b>	<b>100.00%</b>	617,256,282	100.00%	64,925,397	10.52%

## MANAGEMENT DISCUSSION AND ANALYSIS

	December 31, 2023	Composition	December 31, 2022	Composition	Amount increased/ decreased	Percentage increased/ decreased
<b>Current liabilities</b>	<b>470,235,108</b>	<b>86.84%</b>	405,132,620	82.27%	65,102,488	16.07%
Of which: Financial assets sold under repurchase agreements	<b>153,748,802</b>	<b>28.39%</b>	125,057,826	25.39%	28,690,976	22.94%
Accounts payable to brokerage clients	<b>132,010,529</b>	<b>24.38%</b>	137,585,256	27.94%	-5,574,727	-4.05%
Short-term financing payables	<b>45,363,288</b>	<b>8.38%</b>	37,308,357	7.58%	8,054,931	21.59%
Other accounts payables, other payables and accruals	<b>43,252,310</b>	<b>7.99%</b>	26,121,911	5.30%	17,130,399	65.58%
Bonds payable	<b>39,872,687</b>	<b>7.36%</b>	36,976,821	7.51%	2,895,866	7.83%
Due to banks and other financial institutions	<b>22,653,003</b>	<b>4.18%</b>	19,071,426	3.87%	3,581,577	18.78%
Financial liabilities at fair value through profit or loss	<b>15,768,777</b>	<b>2.91%</b>	9,713,427	1.97%	6,055,350	62.34%
<b>Net current assets</b>	<b>178,291,782</b>		184,230,091		-5,938,309	-3.22%
<b>Non-current liabilities</b>	<b>71,270,861</b>	<b>13.16%</b>	87,330,822	17.73%	-16,059,961	-18.39%
Of which: Bonds payable	<b>63,707,808</b>	<b>11.76%</b>	78,910,208	16.02%	-15,202,400	-19.27%
<b>Total liabilities</b>	<b>541,505,969</b>	<b>100.00%</b>	492,463,442	100.00%	49,042,527	9.96%
<b>Total equity</b>	<b>140,675,710</b>		124,792,840		15,882,870	12.73%

As of December 31, 2023, total assets of the Group were RMB682,182 million, representing an increase of RMB64,925 million or 10.52% as compared with that at the end of last year; total liabilities were RMB541,506 million, representing an increase of RMB49,043 million or 9.96% as compared with that at the end of last year. Non-current assets were RMB33,655 million, representing an increase of 20.65% as compared with that at the end of last year; current assets were RMB648,527 million, representing an increase of 10.04% as compared with that at the end of last year; current liabilities were RMB470,235 million, representing an increase of 16.07% as compared with that at the end of last year; and non-current liabilities were RMB71,271 million, representing a decrease of 18.39% as compared with that at the end of last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

Among the Group's assets, each of financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, bank balances and advances to customers had a relatively high proportion, accounting for 31.67%, 20.42%, 17.42% and 13.36% of total assets of the Group, respectively, and collectively accounting for 82.87% of total assets of the Group. Financial assets at fair value through profit or loss increased by RMB58,281 million or 36.94% as compared with that at the end of last year, primarily attributable to the increase in the scale of investments in funds, debt securities and stocks; debt instruments at fair value through other comprehensive income decreased by RMB4,643 million or 3.23% as compared with that at the end of last year, primarily attributable to the decrease in the scale of debt securities; bank balances decreased by RMB10,361 million or 8.02% as compared with that at the end of last year, primarily attributable to the decrease in customer bank balances; and advances to customers increased by RMB8,285 million or 10.00% as compared with that at the end of last year, primarily attributable to the increase in the scale of margin financing and securities lending business.

Among the Group's liabilities, each of financial assets sold under repurchase agreements, accounts payable to brokerage clients, bonds payables and short-term financing payables had a relatively high proportion, accounting for 28.39%, 24.38%, 19.13% and 8.38% of total liabilities of the Group, respectively, and collectively accounting for 80.28% of total liabilities of the Group. Financial assets sold under repurchase agreements increased by RMB28,691 million or 22.94% as compared with that at the end of last year, primarily attributable to the increase in scale of the pledged sold under repurchase business; accounts payable to brokerage clients decreased by RMB5,575 million or 4.05% as compared with that at the end of last year, primarily attributable to the decrease in customer deposits; bonds payable decreased by RMB12,307 million or 10.62% as compared with that at the end of last year, primarily attributable to the partial repayment of bonds at maturity; and short-term financing payables increased by RMB8,055 million or 21.59% as compared with that at the end of last year, primarily attributable to the issue of short-term corporate bonds and structured notes.

As of December 31, 2023, the Group's equity attributable to owners of the Company was RMB135,718 million, representing an increase of RMB15,572 million or 12.96% as compared with that as of the end of last year. Excluding the effect of accounts payable to brokerage clients, the Group's gearing ratio was 74.43%, representing an increase of 0.45 percentage point as compared with that of 73.98% as of the end of last year, while the Group's assets and liabilities structure remained relatively stable.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Borrowings and debt financing

As of December 31, 2023, total borrowings and bonds financing of the Group amounted to RMB155,782 million. The following table sets forth details of the Group's borrowings and bonds financing:

Unit: RMB '000

	<b>December 31, 2023</b>	December 31, 2022
Short-term borrowings	<b>6,838,049</b>	4,491,782
Short-term financing payables	<b>45,363,288</b>	37,308,357
Bonds payable	<b>103,580,495</b>	115,887,029
Long-term loans	—	64,670
Total	<b><u>155,781,832</u></b>	<u>157,751,838</u>

For details of the interest rates and maturities of short-term borrowings, short-term financing payables, bonds payable and long-term loans, please refer to Notes 44, 45, 54 and 55 to the financial statements attached below.

Apart from borrowings and bonds financing instruments, the Company also raised funds through interbank lending, brokers lending as well as on-market and OTC repurchase, with balance due to banks and other financial institutions and financial assets sold under repurchase agreements amounting to RMB22,653 million and RMB153,749 million, respectively, at the end of the Reporting Period.

The aforesaid debts totaled RMB332,184 million, of which, debts with financing terms less than one year (inclusive) were RMB228,604 million and debts with financing terms more than one year were RMB103,580 million, representing 68.82% and 31.18% of the aforesaid total debts, respectively.

Save as disclosed in this report, as of December 31, 2023, the Group did not have any outstanding mortgages, pledges, debentures, loan capital, bank overdrafts, borrowings or other similar debts or liabilities under acceptances or letter of credits, any guarantees or other material contingent liabilities.



# MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Analysis on the Consolidated Statement of Cash Flow

As of December 31, 2023, cash and cash equivalents of the Group amounted to RMB21,741 million, representing an increase of 14.00% as compared with RMB19,072 million as at the end of 2022. Of which, net cash used in operating activities in 2023 was RMB2,352 million, as compared with net cash from operating activities of RMB40,163 million in 2022, and the change was mainly due to the increase in net cash outflow for advances to customers and financial assets at fair value through profit or loss, and the decrease in net cash inflow from financial assets sold under repurchase agreements; net cash from investing activities in 2023 was RMB3,343 million, as compared with net cash used in investing activities of RMB31,401 million in 2022, and the change was mainly due to the increase in net cash inflow from the disposal of financial instruments at fair value through other comprehensive income; and net cash from financing activities in 2023 was RMB1,636 million, as compared with net cash used in financing activities of RMB11,168 million in 2022, and the change was mainly due to the decrease in net cash outflow for short-term financing payables and bonds.

### 4. Explanation of Changes in the Consolidation Scope of Financial Statements

#### 1. *Subsidiaries excluded from the scope of consolidation during the current year*

Please refer to the notes to the consolidated financial statements “72.4 Deconsolidated subsidiaries”.

#### 2. *During the year, 33 structured entities were newly included in the scope of consolidation, and 6 structured entities were excluded from the scope of consolidation.*

### 5. Change in Principal Accounting Policies and Accounting Estimates

The changes in the Company’s principal accounting policies during the Reporting Period are set forth in details in the note “2.3 Changes in accounting policies and disclosures” of the consolidated financial statements; there were no changes in accounting estimates or significant accounting errors requiring rectification occurred in the Company.

### 6. Restricted Asset Rights as of the End of the Reporting Period

Restricted asset rights as of the end of the Reporting Period are set forth in details in the note “43. Restricted Asset Rights” of the consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## IV. ANALYSIS ON FINANCING CHANNELS AND SHORT-TERM AND LONG-TERM LIABILITY STRUCTURES

### 1. Financing channels of the Company

Financing instruments of the Company include equity financing instruments and debt financing instruments. The debt financing instruments is divided into short-term and mid-and-long term instruments. The short-term debt financing instruments include credit lending in the interbank market, and bond repurchases, margin refinancing of securities and financial companies, short-term financing bonds, short-term corporate bonds and income certificates and other types of financing in interbank and exchange markets. The mid- and long-term debt financing instruments include public and non-public corporate bonds, subordinated bonds, etc.

In 2023, the Company raised funds by means of various financing instruments, including but not limited to credit lending, bond repurchase, repurchase of bills, margin refinancing, income certificates, issuance of four tranches of public corporate bonds, six tranches of non-public corporate bonds, one tranche of public subordinated bonds, four tranches of public perpetual subordinated bonds, six tranches of public short-term corporate bonds and seven tranches of short-term financing bonds.

On March 21, 2023, S&P Global Ratings, an international credit rating agency, announced that it assigned the BBB long-term issuer credit rating to the Company with a “stable” rating outlook, and assigned the A-2 short-term issuer credit rating to the Company. On August 1, 2023, Fitch Ratings, an international credit rating agency, announced that it assigned the BBB long-term issuer credit rating to the Company with a “stable” rating outlook.

### 2. Liability structure of the Company

At the end of the Reporting Period, the ratio of net assets to liabilities of the Company was 32.25% and the ratio of net capital to liabilities of the Company was 24.99%.

The Company had no outstanding debts that were due, with good operating conditions, strong profitability, abundant cash flow and relatively low financial risks. For details of liability structure, please refer to “III. Analysis on Financial Statements - 2. Analysis on Consolidated Statement of Financial Position - Borrowings and Debt Financing” in this section.

### 3. Liquidity management measures and policies

The Company has been paying attention to liquidity safety and managing funds based on the principles of liquidity, safety, and benefits. The Company realizes reasonable matching between the source of funds and the structure and term of the application of funds through forward-looking and flexible financing arrangement. The Company defines the size limit and risk limit for each of the business lines and carries out dynamic monitoring on the net capital and risk control indicators to ensure that all indicators including liquidity risk regulation indicator continue to meet the regulatory requirements. The Company performs well in all business lines with good assets quality, which fundamentally guarantees the liquidity of assets. The Company has also established a liquidity reserve with sufficient high-liquidity assets to meet the Company’s emergency demand for liquidity.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 4. Analysis on financing capacity

The Company operates its business healthily and has good creditworthiness. In recent years, the Company has constantly increased the number of financing channels and counterparties with sufficient liquidity resources available to use. The Company has strong financing capability as it maintains good cooperative relationship with multiple financial institutions, and the financing counterparties have large credit scale. As an A+H dual-listed securities company, the Company has smooth equity financing and debt financing channels within the PRC and abroad and is able to raise money from domestic and global markets.

## 5. Contingencies and their influence

During the Reporting Period, the Company continued to provide net capital guarantee undertakings to its wholly-owned subsidiary, GF Asset Management, to provide guarantee for overseas loans of its indirectly wholly-owned subsidiary, GF Financial Markets (UK). For details, please refer to “XIII. Major Contracts and Their Performance - 2. Material Guarantees” of Section 8 in this report. Save as disclosed in this report, the Company has no contingencies such as the provision of assets guarantee, mortgage, pledge to any related party or third party, nor any financial commitments.

## V. ANALYSIS ON INVESTMENT CONDITIONS

### 1. General

Investment in the Reporting Period (RMB)	Investment in the same period of last year (RMB)	Change
—	1,000,000,000.00	-100.00%

Note: The investment amount in this table represents the new investment of the Company in its subsidiaries.

### 2. Material equity investments made during the Reporting Period

N/A.

### 3. Material ongoing non-equity investments during the Reporting Period

N/A.

## 4. Financial asset investment

## (1) Security investment

Unit: RMB '0,000

Securities type	Securities code	Securities short name	Investment cost	Accounting measurement mode	Book value at the beginning of the period	Profit and loss from the fair value change of the period	Accumulative fair value change accounted into equity	Purchase amount of the period	Sales amount of the period	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Fund source
Bond	230019.IB	23 Interest-bearing Treasury Bond 19	763,475.36	Measured at fair value	—	6,009.94	—	995,651.41	228,083.83	7,756.17	775,923.75	Held for trading	Self-owned
Fund	003281.OF	Guangfa Huoqibao B	621,315.46	Same as above	611,198.71	—	—	388,840.00	394,220.20	15,727.21	621,545.72	Held for trading	Self-owned
Other	QF2319	Yongan China Opportunities Investment No. 2	426,509.97	Same as above	—	7,919.55	—	427,267.91	713.12	7,919.55	434,474.34	Held for trading	Self-owned
Fund	270014.OF	GF Money Market Fund B	412,738.49	Same as above	385,158.10	—	—	636,320.00	617,707.52	9,451.77	413,222.35	Held for trading	Self-owned
Bond	200005.IB	20 Interest-bearing Treasury Bond 05	319,542.52	Same as above	343,875.29	60.38	929.90	—	24,937.72	8,333.45	327,944.96	Held for trading/other debt investments	Self-owned
Fund	000662.OF	Yinhua Live Money F	299,891.76	Same as above	441,326.77	—	—	—	150,000.00	8,840.56	299,967.33	Held for trading	Self-owned
Fund	510300.SH	Huatai-PB SHSZ CSI 300ETF	242,281.54	Same as above	177,265.79	3,998.34	—	2,331,162.35	2,265,198.15	3,051.27	246,281.26	Held for trading	Self-owned
Other	87648W	Collective Asset Management Plan No. 2	391,079.75	Same as above	309,764.36	-63,592.32	—	—	—	-63,592.32	246,172.04	Held for trading	Self-owned
Bond	200000.IB	Treasury Bond A	236,737.68	Same as above	239,848.11	—	897.95	—	5,711.70	5,887.99	240,686.94	Other debt investments	Self-owned
Fund	000621.OF	E Fund Cash Return Fund B	240,121.41	Same as above	273,193.21	—	—	380,000.00	421,000.00	7,970.71	240,163.92	Held for trading	Self-owned
Other securities investment held at the end of the period			32,022,223.44	—	27,764,636.54	-55,516.58	73,463.93	N/A	N/A	715,406.81	32,777,236.73	—	—
Total			35,975,917.38	—	30,546,266.88	-101,120.69	75,291.78	N/A	N/A	726,753.17	36,623,021.34	—	—

Notes: 1. This table is sorted by the ratio of the book value at the end of the period to the total securities investment of the Company at the end of the period and only contains the top ten securities held by the Company at the end of the period. Other securities investments refer to investments in other securities other than the top ten securities. Any single securities investment at the end of the period was less than 5% of the Company's total assets as of December 31, 2023.

2. Profit or loss during the Reporting Period included interest income, investment income and profit or loss from changes in fair value obtained by the Company from holding such securities during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) *Derivative investment conditions*

N/A

## 5. Use of proceeds

There was no use of proceeds from the issue of A Shares of the Company during the Reporting Period.

The use of proceeds from the issue of H Shares of the Company is set out below:

The Company issued H Shares which were listed on the Main Board of the Hong Kong Stock Exchange on April 10, 2015 after being approved by the CSRC on March 5, 2015 by issuing the Reply for Approving GF Securities Co., Ltd. to Issue Overseas Listed Foreign Shares (Zheng Jian Xu Ke [2015] No. 347), and being approved at the 8th meeting of the eighth session of the Board of Directors and the second extraordinary general meeting in 2014 of the Company. A total of 1,479,822,800 H Shares were issued at the price of HKD18.85 per share through both public offering and international placement. Subsequently, the Company issued 221,973,400 additional H Shares at the price of HKD18.85 per share on April 13, 2015 because of the exercise of the over-allotment option. This time, the Company issued a total of 1,701,796,200 H Shares and raised a total of HKD32.079 billion. The net amount was RMB25.059 billion after settlement of exchange and deduction of the issuance cost.

According to the H Share Prospectus of the Company, about 50% of the net proceeds raised from the issuance of H Shares would be used for the wealth management business, about 20% for the investment management business, investment banking business and transaction and institution business, and about 30% for the international business. The above raised net proceeds would be used for replenishing the working capital and investing in the assets with good liquidity in short term to preserve or increase the value, when they were temporarily not required for the above purposes.

As at December 31, 2023, RMB12.504 billion out of the proceeds raised from the issuance of H Shares was used for the wealth management business to mainly develop margin financing and securities lending business and build a strategic Internet financial platform and wealth management platform; RMB4.986 billion was used for the investment management business, investment banking business and transaction and institution business to mainly increase the asset size under the investment management, increase input into the seed funds, innovate and develop investment management products, and participate in various financial products markets as a market maker and provide liquidity support; RMB3.443 billion was used for the international business to mainly increase input into the investment management, transaction and institution businesses in Hong Kong; the remaining RMB4.126 billion was temporarily used to replenish the working capital and develop short-term investment business during the Reporting Period. Upon approval from relevant regulatory authorities, the Company is expected to invest the remaining proceeds of H Shares in international business as planned before December 31, 2025 in accordance with the relevant requirements of the H Share prospectus. These estimates are based on information currently available to the Company and are subject to adjustment based on actual developments of the Company.

## VI. SALE OF MAJOR ASSETS AND EQUITY

### 1. Sale of major assets

No major assets were sold during the Reporting Period.

### 2. Sale of major equity

N/A

## VII. ANALYSIS ON PRINCIPAL SUBSIDIARIES AND PARTICIPATING STOCK COMPANIES

### The status of principal subsidiaries and participating stock companies

Company name	Company type	Main business	Registered capital	Total assets (RMB)	Net assets (RMB)	Net profit (RMB)
GF Futures	Subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sale.	RMB1,900,000,000	51,020,068,315.23	3,961,400,529.46	340,886,277.55
GF Xinde	Subsidiary	Equity investment; providing financial advisory services on equity investment to clients and other businesses approved by the CSRC.	RMB2,800,000,000	4,389,123,937.50	4,344,123,129.49	26,379,953.27
GFHK	Subsidiary	Investment holding, undertaking investment banking, sale and transactions, asset management, equity investment and other businesses permitted under regulatory rules through professional subsidiaries.	HKD5,600,000,000	40,454,728,269.14	4,647,479,708.56	-139,207,132.80
GF Qianhe	Subsidiary	Project investment; investment management.	RMB7,103,500,000	11,660,036,414.50	10,693,210,942.98	343,197,549.50
GF Asset Management	Subsidiary	Securities asset management business (including overseas securities investment management business of QDII).	RMB1,000,000,000	7,674,787,919.38	6,242,917,037.26	-196,038,637.15
GFEL	Subsidiary	Financial leasing business; storage equipment leasing service; agricultural machinery leasing; machinery equipment leasing; automobile leasing; construction machinery and equipment leasing; computer and communication equipment leasing; medical equipment leasing; transportation equipment leasing service; container leasing service; office equipment leasing service; storage batteries leasing; photovoltaic power generation equipment leasing.	RMB900,000,000	672,804,396.37	669,180,779.15	10,120,416.25
GF Fund	Subsidiary	Fund raising, fund sale, asset management, other businesses approved by the CSRC.	RMB140,978,000	17,010,866,673.10	10,864,465,970.22	1,949,690,880.46
E Fund	Participating stock company	Publicly offered securities investment fund management, fund sale, asset management for specific customers.	RMB132,442,000	25,363,554,179.64	16,569,993,225.12	3,381,923,833.18

### Conditions of the subsidiaries acquired or disposed of during the Reporting Period

For details, please refer to " III. Analysis on Financial Statements — 4. Explanation of Changes in the Consolidation Scope of Financial Statements " in this section.

### Explanation on the status of principal subsidiaries and participating stock companies

GF Qianhe recorded a year-on-year increase in net profit of RMB303 million, primarily due to an increase in income arising from financial instruments held for trading. GF Asset Management recorded a year-on-year decrease in net profit of RMB329 million, primarily due to a decrease in management fee income, government grants and investment income arising from financial instruments held for trading.

## MANAGEMENT DISCUSSION AND ANALYSIS

### VIII. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

Please refer to the notes to the consolidated financial statements “72.3 Consolidated structured entities”.

### IX. OUTLOOK OF THE COMPANY

#### (I) Industry Landscape and Trend

##### ***1. Accelerating the construction of a nation of financial superpower to promote the high-quality development of the securities industry to a new level***

The current international landscape and the international system underwent profound adjustments, and major changes in the world unseen in a century were evolving in acceleration, making the importance of high-quality financial development even more prominent. The Central Financial Work Conference proposed for the first time to accelerate the construction of the financial superpower, unwaveringly follow the path of financial development with Chinese characteristics, and promote the high-quality development of China's finance. In order to realize the spirit of “better exerting the hub function of the capital market” and “cultivating first-class investment banks and investment institutions”, the regulatory authorities issued the Opinions on Strengthening the Supervision of Securities Companies and Public Funds and Accelerating the Construction of First-Class Investment Banks and Investment Institutions (Trial), providing a roadmap and construction plan for the development of the securities industry. It focuses and adjusts the positioning of institutions in the industry, facilitates their functioning and enhances capabilities of professional service and regulatory efficiency. It proposes to promote the formation of a trend where about 10 high-quality leading institutions lead the high-quality development of the industry. By 2035, 2 to 3 investment banks and investment institutions with international competitiveness and market leadership will be formed to promote the development of the securities industry to a new level. The securities industry will continue to develop towards functionality, intensification, professionalism and characteristics.

##### ***2. Accelerating the development of new quality productive forces and clarifying the functional focus of the securities industry***

The Government Work Report of the State Council clearly stated the goal of GDP growth for 2024 is “around 5%” and emphasized that the first task is “to accelerate the development of new quality productive forces”. Technological innovation is the core driving element of new quality productive forces, which requires the integration of innovative elements and the transformation of scientific and technological achievements, as well as the effective support of capital. As an important intermediary, securities companies will give full play to their functions as direct financing “service providers”, capital market “gatekeepers” and social wealth “managers”. The multi-level capital market system enriches the direct financing channels for enterprises. Securities companies will make full use of their functions as capital intermediaries and investment and financing hubs to provide full life cycle services with various financial instruments, thereby effectively connecting with multi-layered markets and introducing more “source of living water” for technological innovation enterprises. By actively participating in the establishment and management of various industrial funds, securities companies focus on the new generation of information technology, new energy vehicles, biomedicine and other strategic industries, promote fund-raising in the field of scientific and technological innovation, improve the efficiency of resource allocation, and effectively assist the development of new quality productive forces.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ***3. Focusing on strong and stringent regulations to continuously optimize the development of the securities industry***

The 2024 Government Work Report of the State Council clearly stated that the internal stability of the capital market should be strengthened. The regulatory authorities have put forward the new supervision concept of “strength” and “stringent” with “strength” meaning strengthening the base and foundation and “stringent” meaning stringent regulation and control. Four policy documents including the Opinions on More Stringent Entry Threshold for Issuance and Listing and Improving the Quality of Listed Companies from the Source have been issued, which involved admission of issuance and listing, regulation of listed companies, regulation of institutions in the industry and others, effectively promoting capital market with Chinese characteristics and favorable environment for the development of the securities industry.

A favorable industrial environment facilitates the functioning of securities companies, which is beneficial to improving the service of various businesses. Wealth management business is the main service provided to investors, especially small and medium investors, by securities companies. The investor-oriented practice turns the wealth management business of securities companies towards the buyer advisory model. It facilitates the optimization of supply of financial services and products by securities companies, sharing the results of economic development with investors and making concrete improvement in investors’ sense of fulfilment and satisfaction. High-quality investment banking business is an important illustration of securities companies’ role as “gatekeeper” in the capital market. The investment banking business will shift its focus from “approval viability” to “investment viability”. The merger and acquisition business will also be more vibrant and promote the upgrade and transformation of the industry. Investment banks will continuously improve their ability in project selection, pricing, underwriting and sponsoring, providing investors with investment subjects that truly reflect the growth and potential of Chinese economy. Improved quality of listed companies and increased dividend distribution will facilitate the introduction of long-term capital and strengthen medium and long-term capital such as social insurance, basic pension and annuity. This creates a favorable environment for the asset management business to serve investors better. Securities companies will place more importance on enhancing the capability to serve medium to long term capital, especially the capability in diverse asset allocation and using hedging instruments. They will continue to strengthen the capital intermediary business and provide more customized professional services.



## MANAGEMENT DISCUSSION AND ANALYSIS

#### ***4. Promoting the innovation and reform of the securities industry with the rapid development of financial technology and the two-way openness of the system***

In February 2023, the Central Committee of the Communist Party of China and the State Council issued the Overall Layout Plan for the Construction of Digital China (《數字中國建設整體佈局規劃》), which clarified the goal of building a digitalized China. The world is in a new round of technological revolution and the accelerated evolution of industrial transformation. With the rapid development of technologies such as big data, cloud computing, blockchain and artificial intelligence, digital technologies are profoundly changing the ecology, competitive landscape, business paradigm and organizational model of the securities industry. The securities industry, especially the leading brokerage companies, continues to increase their investment in financial technology and establish a digital transformation governance structure. It has become a general trend to deeply penetrate and fully empower the financial industry by technological means.

Meanwhile, in recent years, the institutional liberalization of China's capital market has been continuously promoted, and the interconnection of domestic and foreign markets has been continuously strengthened. Opening and security were organised to promote the all-round opening of the market, products and institutions, and the restrictions on the proportion of foreign shares in the securities, fund and futures industry were fully liberalized. Interconnection continues to deepen, and the Shanghai-Shenzhen-Hong Kong Stock Connect system continues to be optimized. Renminbi stock trading counters have been added to the Hong Kong Stock Connect, and block trades (non-automatic matching transactions) have been included in the interconnection. The international attractiveness and competitiveness of China capital market have been significantly enhanced. Securities companies' sponsoring capabilities, research capabilities, global asset allocation capabilities, risk management capabilities, etc. need to keep up with the changes by system integration and capabilities competitiveness so as to continue to explore overseas markets and international businesses and enhance international competitiveness.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) The Company's development strategy

With its core values of “inquisitiveness and integrity”, the Company will strive to “become a modern investment bank with international competitiveness, brand influence and system importance”. The Company will adhere to the strategic plan of “customer-centric” throughout, and insight into customer needs based on the collaborative principles and innovative spirit; the Company will focus on the main responsibility and main business, optimize the business structure, strengthen self-innovation, and promote the transformation of development model to high quality development based on the new stage of development; the Company will comprehensively promote the strategic transformation and upgrading of its four major businesses, including investment banking business, wealth management business, trading and institution business and investment management business.

## (III) Annual business plan in 2024

In 2024, China's economy will adhere to the general tone of seeking progress while maintaining stability, and the comprehensive deepening reform of the capital market will continue to advance. In 2024, under the working policy of “adhering to the main responsibilities and principal businesses, and aiming to promote the high-quality development of the Company to a new level by taking the strategic planning as the guidance”, the Company will, focusing on high-quality development, adhere to customer-oriented and professional leadership, enhance business competitiveness, forge comprehensive service capabilities, and operate steadily, thus opening a new chapter of stability and long-term development.

The business plan does not constitute a performance commitment of the Company to investors. Investors are requested to maintain sufficient risk awareness and understand the difference between the business plan and performance commitment.

## (IV) Fund requirement for the development of the Company

In 2023, various services of the Company were carried out in an orderly manner, of which capital intermediary services, such as margin financing and securities lending services, and over-the-counter derivative transactions required sufficient funds. The Company will continue to enhance capital management and improve efficiency of its asset allocation. Meanwhile, the Company will timely seize the market opportunities to raise funds in various ways based on business development needs so as to optimize its capital structure and meet fund requirement for development by constantly exploring new financing products and methods.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (V) Risk factors and counter-measures of the Company

1. *During the Reporting Period, the major risks affecting the Company's business operations including: liquidity risk, market risk, credit risk, compliance risk, operational risk, information technology risk, reputation risk etc. and were mainly reflected in the following aspects:*

- (1) *Liquidity risk*

Liquidity risk refers to the risk of our failure to obtain sufficient funds at a reasonable cost and in a timely manner to pay our debts as they fall due, perform other payment obligations and satisfy the capital requirements to carry out our businesses in the ordinary course. Liquidity risks of the Group include but are not limited to: mismatch of asset and liability structures, difficulty in asset realization, operating loss, deferred payment or breach of contract by counterparties, as well as liquidity risks transformed from credit risk, market risk, reputation risk and other categories of risks. As the Company's capital strength increases and the product portfolio is increasingly enriched, the products represent a diversified, complicated and international developing tendency and the risk type and the maturity structure faced by the asset end becomes increasingly complicated, the Company needs to rationalize the maturity structure of its assets and liabilities and take various measures to ensure the safety of liquidity, such as active management of liquidity reserve, liquidity risk control and emergency response mechanism against liquidity risks.

- (2) *Market risk*

Market risk refers to the risk of loss in the Company's financial assets resulting from adverse changes in the market price (price of equity securities, interest rates, exchange rates or commodity price, etc.). Such risks can be classified into equity price risk, interest rate risk, exchange rate risk and commodity price risk and other risks based on different type of subject assets. The market risks faced by the Group mainly concentrate on equity price risk and interest rate risk, which are mainly reflected in the Company and subsidiaries' proprietary investment in equity securities, proprietary investment in fixed-income securities, transactions of derivatives in exchange-traded and OTC markets and market making on the NEEQ, etc. with their own fund. With further opening of the capital market of China and the progressive implementation of the Company's strategy of internalization, various market risks to be borne by the Company are increasing due to the rapid expansion of its business scope and the cross-border flow of capital. Meanwhile, affected by factors such as continued geographical conflicts and movement of inflationary pressures overseas, the financial market has increased volatility, and the Company has become more difficult to manage market risks.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### (3) *Credit risk*

Credit risk refers to the potential losses resulting from the failure of an issuer or counterparty to perform its obligations under a contract, or arising from variations in the market value of debts due to changes in credit ratings or inability to perform contractual obligations. The credit risk faced by the Group at present mainly concentrates on transactions of bond investment, OTC transactions of derivatives, margin financing and securities lending, agreed repurchase business, repurchase business on stock pledge, financial leasing business, margin financing business, repurchase brokerage business on bond pledge as well as other businesses that the Company or its subsidiaries shall bear or have payment commitment. With the promotion of leverage and continuous development of innovative businesses by securities companies, the credit risks to be borne by the Company become more and more complicated and the credit risk exposure increases day by day. In addition, the default rate in the credit market significantly rose and risk events occurred frequently due to the downturn of the prosperity in certain industries, which brought about greater challenges to the credit risk management of the Group in the future.

### (4) *Compliance risk*

Compliance risk refers to the risk of legal sanctions, regulatory measures, loss of property or damage to our reputation because of the violation of laws, regulations, industry standards and relative criteria formulated by self-regulatory organizations and standards of behavior suitable for business activities of the securities companies.

### (5) *Operational risk*

Operational risk is the risk of direct or indirect loss caused by imperfect or problematic internal procedures, personnel, systems and external events. Each department and business line of securities firms (including front business department and the middle and back office supporting department) face operational risk, characterized by wide coverage and diversity, frequent occurrence but difficult to control, including daily business process flaws with high occurring frequency but relatively low loss, and unexpected events with low frequency of occurrence and significant loss. Meanwhile, as the Group's innovative businesses constantly increase, the business process becomes increasingly complicated. If the Company fails to timely identify the operational risks in each of its business lines and daily operations and to take effective mitigation measures, it may materialize operational risks due to unreasonable process setting and ineffective design or implementation of risk control measures.

## MANAGEMENT DISCUSSION AND ANALYSIS

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(6) *Information technology risk*

Information technology has significantly enhanced the Company's operational efficiency and competitiveness. The Company's investment management business, trading and institution business, wealth management business, investment banking business, etc. as well as the middle and back end office management all rely on the support of its information system. Information technology plays an important role in promoting the Company's business, while it also brings certain risk exposure. System establishment and operation will be greatly affected by the quality of electronic equipment and system software, the operation and maintenance of corporate systems, performance of application software business operation, the level of industry service providers, virus and hacker attacks, data loss and leakage, abnormal access to operating authorization, infrastructure, natural disasters, etc.

(7) *Reputation risk*

Reputation risk refers to the risk of the damage of its brand value or adverse effect on its normal operation and even effect on market stability and social stability caused by the negative evaluation of the securities company by investors, issuers and regulators, self-discipline organization, social public and the media due to the operation or external events of the Company, the relevant behaviors such as the violation of the provisions of integrity, professional ethics, business practices, industry rules and regulations by workers. The Company's operation and management behaviors related to reputation risk mainly include: strategic planning or adjustment, change of equity structure, adjustment of internal organization or change of core personnel; design, provision or promotion of business investment activities and products and services; major defects in internal control design, implementation and system control or major operating loss events; judicial matters and supervision investigation and punishment; false reports by the news media or false comments on the Internet; customer complaints and improper remarks or behaviors related to the Company; improper remarks or behaviors of the staff, violation of honesty regulations, professional ethics, business norms, industry rules and regulations, etc.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Counter-measures that the Company has adopted (intends to adopt) for the above risks

### (1) Establish overall risk management system of GF Securities

In recent year, based on external regulatory requirements and internal risk management requirements, the Company has established and continuously optimized overall risk management system and conducted risk management work by focusing on some key factors, such as “risk management culture, risk management governance framework, risk management mechanism and implementation and risk management infrastructure”. At present, the Company’s risk management has covered each type of risks, each business line, each department and each subsidiary. Relevant mechanism and process for the identification and analysis, assessment and measurement, monitoring and reporting, response and address of risks are in effective operation.

### (2) Specific management for various risks

#### ① Liquidity risk management

The Company implements prudent liquidity risk preference management strategy to ensure that the Company will have adequate liquidity reserve and fundraising capability under normal situation and stress state through scientific asset-liability management and fund management, multi-level liquidity reserve, effective liquidity emergency response and monitoring and pre-warning about liquidity risk index and includes the liquidity risk of the subsidiaries in the Group for centralized management and control to prevent liquidity risk of the Group. Specific measures for liquidity risk management include: 1) The Company formulates, implements and continues to improve its financing strategy to implement centralized management for financing and liabilities in accordance with the asset-liability structure and business development planning of the Company; 2) The Company implements daytime liquidity management reasonably and guarantee that the Company has sufficient daytime liquidity cash; 3) The Company implements multi-level liquidity reserve management, clarifies investment scope of liquidity asset reserves and sets corresponding risk limit and conducts daily monitoring; 4) The Company establishes liquidity risk limit system and conducts daily calculation and supervision for the relevant monitoring indexes based on regulatory requirements and needs of internal liquidity risk management; 5) The Company regularly or irregularly evaluates cash gap and liquidity risk index of the Company under circumstances of internal and external liquidity pressure and formulates corresponding liquidity management strategies; 6) The Company urges and guides the relevant subsidiaries to establish and strictly implement liquidity risk management mechanism including risk limit, monitoring and reporting, stress testing, emergency response, etc.; 7) The Company regularly or from time to time carries out liquidity risk drill and optimizes and perfects liquidity risk emergency disposal processes and mechanism of the Company based on the drill condition.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ② Market risk management

The Company follows the principles of active management and quantitation orientation based on its own risk preference and market risk tolerance, as well as the actual needs of each business line, and adopts a top-down and bottom-up method to formulate and refine the market risk limit of the Group, the parent company and each business unit, to guarantee that the market risk exposure of the Company is within the risk tolerance range set through various measures such as risk identification, evaluation, measurement, monitoring, reporting and disposal. With the development of the FICC business, derivative products business and overseas business of the Company, the Company has enhanced effectiveness and efficiency of risk management through the following measures to cope with more complicated market risk: 1) The Company monitors daily possible short-term losses under normal fluctuations by setting VaR and sensitivity index limit for key investment business and complex derivatives business based on traditional risk index limit, and establishes stress test index limit to monitor and evaluate possible losses under extreme conditions, optimizes authorization hierarchy for risk limit based on business maturity so as to continue to improve the scientificity and effectiveness of the market risk limit management; 2) The Company actively studies the advanced and mature market risk measurement models, gradually explores the application of indicators such as ES and SVaR and establishes a multi-level risk quantification indicators system; 3) The Company continues to independently research and develop industry-leading risk management system to achieve centralized management of full-position market risk covering various investment businesses and investment types of the Company, thus realizing systematic monitoring and early warning of risk index limit to improve monitoring efficiency; 4) The Company continues to improve the risk management framework for pricing and risk measurement model, covering rating, development, verification, examination, utilization, monitoring and review of the model, and realizes the online management of the entire process through the model base.

## ③ Credit risk management

The Company implements management of credit risk for the whole process by means of effective risk identification, cautious risk evaluation and decision-making, measuring and monitoring of dynamic risk, timely risk report and settlement to effectively prevent or avoid risk event, reduce loss of the Group due to risk event and achieve income maximization after risk adjustment within the scope that credit risk can be accepted. The Company sticks to the following basic principles for credit risk management: 1) The Company shall identify and manage credit risk exposed to all products and business including new product and new business; 2) The Company controls risk at the front end by formulating risk policy about credit business (including due diligence request of clients, business access requirement); 3) The Company improves credit management of counterparties by consistently optimizing internal rating system; 4) The Company establishes multi-level credit risk limit system for total business size, single customer and its identifiable related parties, single stock collateral and industry, to control credit risk exposure and concentration risk; 5) The Company reduces net exposure of risk and estimated loss undertaken by the Group through various risk mitigation measures; 6) The Company establishes a set of information system and analysis tools to balance credit risk exposure and classify and evaluate risk asset combination.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ④ Compliance risk management

The Company strictly complies with external legal provisions and regulatory requirements to implement various aspects of compliance management work such as continuously strengthening system establishment, compliance review and consulting, compliance control and examination, staff practice, anti-money laundering management and segregation wall management. The Company has adopted the following measures to enhance the quality of compliance management: 1) effectively implementing various relevant requirements 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》), the Guidelines on Implementation of Compliance Management of Securities Companies (《證券公司合規管理實施指引》) and other regulations, continuing to improve the organizational structure of compliance management, continuing to optimize the compliance management system with three departments cooperating with each other to satisfy the needs for management and control of compliance risk pre-event and during the process of the event; 2) in accordance with changes in external laws and regulations and internal management requirements, initiating the streamline of “formulation, modification, repealing” of the internal rules and regulations of the Company when appropriate, and realizing comprehensive management and effective management and control of the Company’s business through management measures such as compliance review and consulting, examination and control, and assessment accountability, etc., to promote the standardized development of business; 3) gradually improving the establishment of the compliance implementation information system, and improving the effectiveness of compliance management through intelligent and digital means.

### ⑤ Operational risk management

The Company manages its operational risks mainly through the combination of sound authorization mechanism and segregation of duties, optimized system and process, well-established IT system, strict operation discipline, strengthened control before and during the process as well as subsequent supervision and inspection etc. The Company has improved the level and effect of operational risk control mainly through the following measures: 1) The Company has improved the operational risk management system, strengthened the joint coordination between the three lines of defense of the operational risk management, and enhanced the in-depth analysis and rectification tracking of the operational risk related issues; 2) The Company has further improved the operational risk identification, evaluation, monitoring and reporting mechanism through continuous improvement and further promotion of three major tools, including risk and control self-assessment, key risk indicators and loss data collection, with new business assessment and IT system establishment and other daily business operations embedded as a normal practice, and active promotion of the construction of digital risk monitoring indicators and application of tools such as RPA (Robotic Process Automation) on that basis; 3) The Company has been gradually achieving the systematization and standardization of the operation risk management through continuous optimization of the operational risk management system; 4) The Company continues to enhance the management



# MANAGEMENT DISCUSSION AND ANALYSIS

of operational risks of its subsidiaries through traditional tools for operational risk management and new business assessment and information system establishment; 5) Considering requirements for the construction of operational risk management system, the Company has been continuing to improve the assessment and management system for new products and new business, optimize the process for assessment, inspection and review, and continuously enhance the tracking management for new business and the final report; 6) The Company continues to carry out the promotion and training of operational risk management culture.

## ⑥ Information technology risk management

In 2023, leveraging on three lines of defense of “assurance of on-going business, safety assurance, quality assurance” and three bases of “information platform, hybrid cloud platform and fundamental platforms of three centers in two places”, the Company realized the close cycle before-event, event and after-event effective management of IT risks. The Company increased its IT investment, continued to regulate operation process, strengthened compliance risk control and management, which further improved the security management level for the establishment, operation and maintenance of information system and ensured the safe, reliable and stable operation of the Company’s information system, thereby effectively supporting the regulated development of the Company’s business.

## ⑦ Reputation risk management

According to systems requirements such as the Guidelines for Reputation Risk Management of Securities Companies (《證券公司聲譽風險管理指引》) issued by the Securities Association of China and the Administrative Measures for the Reputational Risks of GF Securities (《廣發證券聲譽風險管理辦法》), the Company continues to establish and improve the reputation risk management system, and establish a whole-process control mechanism including identification, evaluation, control, monitoring, response and report; through effective public opinion monitoring means, reputation risk is timely identified and dynamically monitored; the Company regularly assesses its overall reputation risk, and maintains and manages media relations; coordinate all units of the Company to deal with reputation risk events in a timely manner; promote the construction of the official platform, use a variety of media forms to promote the active dissemination of positive and objective information of the Company; organize and implement reputation risk training, cultivate the awareness of reputation risk prevention of all staff, require all staff to take the initiative to maintain, consolidate and enhance the Company’s reputation, promote the steady development of all businesses and achieve long-term sustainable development of the Company through effective management of reputation risk.

## MANAGEMENT DISCUSSION AND ANALYSIS

### X. RECEPTION OF ACTIVITIES SUCH AS RESEARCH, COMMUNICATION AND INTERVIEW DURING THE REPORTING PERIOD

The Company highly values investor relationship management and information disclosure, pays attention to the truthfulness, accuracy, completeness and timely and fair disclosure of information, actively protects the interest of medium and small investors, carefully listens and replies to proposals and consultative opinions of medium and small investors in the ordinary course of work. The Company maintains smooth interactive communication with institutional investors and individual investors by means of telephone, mail, website of the Company or the “Easy Interaction” platform of the SZSE, regular or ad hoc referral conference or roadshow, interview and research. In 2023, in addition to the daily telephone communication with public investors, there were a total of 26 receptions of activities such as research and performance roadshow, and the Company received about 200 investors in total. The details are as follows:

Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
January 1, 2023 to December 31, 2023	-	Telephone communication	Individuals	Public investors	Operation and development of the Company
January 17, 2023	-	Telephone communication	Institutions	Investors invited to Goldman Sachs (Asia) Financial Corporate Day	Strategic and business development of the Company
March 31, 2023	-	Results roadshow	Institutions	Analysts and investors invited to GF Securities' 2022 Annual Results Briefing	Strategic and business development of the Company
April 3, 2023	-	Results roadshow	Institutions, individuals	Investors participating in GF Securities' 2022 Annual Results Presentation	Strategic and business development of the Company
April 6, 2023	-	Telephone communication	Institutions	Wellington Asset Management	Operation and development of the Company
April 11, 2023	-	Telephone communication	Institutions	Guotai Fund (國泰基金), Shenwan Hongyuan	Operation and development of the Company
April 12, 2023	The Company's Meeting Room 3922 on 39th Floor	On-site meeting	Institutions	Southern Asset Management, Chang Xin Asset Management (長信基金), Shenwan Hongyuan	Operation and development of the Company
April 13, 2023	-	Telephone communication	Institutions	Fullerton Fund Management	Operation and development of the Company
April 13, 2023	-	Telephone communication	Institutions	M&G	Operation and development of the Company
April 14, 2023	-	Telephone communication	Institutions	Millennium Capital, Goldman Sachs	Operation and development of the Company
May 11, 2023	Shenzhen	On-site meeting	Institutions	Investors invited to Citigroup's A Share Investment Strategy Meeting	Strategic and business development of the Company
May 18, 2023	-	Telephone communication	Institutions	Analysts of Goldman Sachs and its invited investors	Strategic and business development of the Company

# MANAGEMENT DISCUSSION AND ANALYSIS

Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
June 30, 2023	The Company's Meeting Room 3922 on 39th Floor	On-site meeting	Institutions	Guangzhou Tianbao Investment (廣州天寶投資)	Operation and development of the Company
July 6, 2023	Meeting Room 4002	On-site meeting	Institutions	China Everwin Asset Management Co., Ltd. (華夏久盈資產管理有限責任公司)	Operation and development of the Company
August 31, 2023	–	Results roadshow	Institutions	Investors invited to GF Securities' 2023 Interim Results Briefing	Strategic and business development of the Company
September 5, 2023	52F, IFC Credit Suisse Office in Central, Hong Kong	On-site meeting	Institutions	Investors invited to UBS Asia Pacific Financial and Fintech Investor Conference	Strategic and business development of the Company
September 8, 2023	–	Telephone communication	Institutions	Securities analysts of Bank of America and its invited investors	Strategic and business development of the Company
September 11, 2023	–	Telephone communication	Institutions	M&G	Operation and development of the Company
September 13, 2023	JW Marriott Hotel Hong Kong	On-site meeting	Institutions	Analysts and investors invited to Goldman Sachs' 2023 "China+" Investment Forum	Strategic and business development of the Company
September 19, 2023	–	Answering questions online	Institutions, individuals	The online collective reception day for investors of listed companies in Guangdong for 2023	Strategic and business development of the Company
September 27, 2023	–	Telephone communication	Institutions	Haier Group, Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資公司)	Operation and development of the Company
November 1, 2023	Grand Hyatt Changsha	On-site meeting	Institutions	Investors invited to Founder Securities' Strategy Meeting	Strategic and business development of the Company
November 7, 2023	Grand Hyatt Shenzhen	On-site meeting	Institutions	Investors invited to Citigroup's China Investment Summit	Strategic and business development of the Company
November 8, 2023	–	Telephone communication	Institutions	Pzena Investment Management	Operation and development of the Company
November 9, 2023	Meeting Room 4003	On-site meeting	Institutions	Soochow Securities (東吳證券), Bosera Fund (博時基金), Hua Chuang Securities (華創證券), Bohai Securities (渤海證券), Golden Eagle Fund (金鷹基金)	Operation and development of the Company
November 22, 2023	Shangri-La Hotel Guangzhou	On-site meeting	Institutions	Investors invited to CITIC Securities' 2024 Capital Market Annual Conference	Strategic and business development of the Company
December 8, 2023	–	Telephone communication	Institutions	M&G	Operation and development of the Company

Note: The record chart of investor relations activities regarding the reception of investors by the Company is disclosed on the website of SZSE ([www.szse.cn](http://www.szse.cn)) and the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)).

# MANAGEMENT DISCUSSION AND ANALYSIS

## XI. IMPLEMENTATION OF THE ACTION PLAN FOR ENHANCEMENT IN BOTH QUALITY AND RETURN

On February 29, 2024, the Company disclosed the “Announcement on the Action Plan for Enhancement in Both Quality and Return”, stating that it has formulated an action plan to improve both quality and return based on development strategies and operation circumstances of the Company to enhance practically its investability, strengthen investors’ confidence and promote the steady and sustainable development of the Company. According to the action plan, the Company will focus on its main responsibilities and businesses, serve the real economy, regulate corporate governance, strengthen core competitiveness, and promote the high-quality development of the Company to a new level. Adhering to the investor-oriented approach, the Company will continue to improve the quality of information disclosure, strengthen communication with investors, enhance investors’ sense of gain, and practically fulfill the responsibilities and obligations as a listed company, and contribute to stabilizing the market as well as confidence.

For details, please refer to the relevant announcements of the Company on 29 February, 2024 disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## XII. TAX CONCESSION

### 1. Holders of A Shares

In accordance with the Notice on Relevant Issues of Implementation of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85 號)) and the Notice on Relevant Issues of Individual Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies (Cai Shui [2015] No.101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101 號)) issued by the Ministry of Finance, the State Bureau of Taxation and the CSRC, for dividends and bonus of individual investors obtained from listed companies from the date when individual investors obtain shares of the Company to the equity registration date, if shareholding period is more than one year, personal income tax will be exempted; if shareholding period is not more than one year (including one year), the listed company will not withhold and remit personal income tax and make corresponding adjustment according to the tax payable amount calculated by their shareholding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

As for shareholders of resident enterprises, income tax of cash bonus will be paid by themselves.

Listed companies will withhold and remit enterprise income tax at the tax rate of 10% for qualified foreign institutional investors (QFII) in accordance with provisions of the Notice of State Administration of Taxation on Relevant Issues Regarding the Withholding and Payment of Enterprise Income tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47) (《國家稅務總局關於中國居民企業向 QFII 支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47 號)). If dividends and bonus obtained by QFII shareholders need to enjoy tax convention (arrangement) treatment, they can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

In accordance with provisions of the Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127 號)), as for dividends and bonus of Hong Kong market investors (including enterprise and individual) by investing A shares listed on SZSE, differentiated taxation policy will not be temporarily implemented as per shareholding time before Hong Kong Securities Clearing Company Limited complies with conditions to provide detailed data including identities of investors and shareholding time for China Securities Depository and Clearing Corporation Limited, and the listed company will deduct income tax at the tax rate of 10% and go through deduction declaration with the competent taxation authority. As for Hong Kong investors who belong to tax residents of other countries and dividends income tax rate specified in tax convention signed by their countries and China is lower than 10%, enterprises or individuals can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Holders of H Shares

In accordance with provisions of the Notice of the State Administration of Taxation on Personal Income Tax Collection Issues after the Document with the Number of Guo Shui Fa [1993] No. 045 has been Abolished (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), withholding and remitting obligor will withhold and remit personal income tax as per item of “interest, dividends and bonus income” for dividends and bonus income of overseas resident individual shareholders from domestic non-foreign-funded enterprise by issuing shares in Hong Kong. When domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with tax convention signed by China and the country stated in the residential identity and tax arrangement of inland and Hong Kong (Macau). In general, tax rate for dividend is 10% in accordance with relevant tax convention and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign funded enterprise that has issued shares in Hong Kong distributes dividends and bonus, personal income tax will be generally withheld and remitted as per the tax rate of 10% and application is not necessary. Situations in which tax rate for dividends is not 10% will be handled in accordance with the following provisions: (1) as for residents of conventional country whose tax rate is less than 10%, withholding and remitting obligor can handle application for enjoying relevant convention treatment and excessive tax will be refunded with approval of competent taxation authority; (2) as for residents of conventional country whose tax rate is between 10% and 20%, withholding and remitting obligor shall withhold and remit personal income tax as per actual conventional tax rate when distributing dividends and bonus and it need not handle application and approval issues; (3) as for residents of the countries without tax convention and other situations, withholding and remitting obligor shall withhold and remit personal income tax at the tax rate of 20% when distributing dividends and bonus.

In accordance with provisions of the Notice on Relevant Issues that PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H Shares and Withhold and Remit Enterprise Income Tax (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897 號)) issued by the State Administration of Taxation, when PRC resident enterprises distribute dividends of 2008 and future years to overseas non-resident enterprise shareholders of H Shares, they will withhold and remit enterprise income tax at the tax rate of 10%.

## MANAGEMENT DISCUSSION AND ANALYSIS

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In accordance with provisions of the Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127 號)), H-share companies will deduct personal income tax at the tax rate of 20% for dividend and bonus of individual investors in the PRC by investing in H shares of the Hong Kong Stock Exchange via Shenzhen-Hong Kong Stock Connect. Personal income tax will be collected in accordance with the above provisions for dividends and bonus income of the securities investment fund in the PRC by investing in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect. H-share companies will not deduct dividend and bonus income tax for dividends and bonus of enterprise investors in the PRC by investing in listed shares of the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect and income tax will be paid by enterprises. For dividends and bonus income of resident enterprises in the PRC obtained as they have continuously held H shares for 12 months, enterprise income tax will be exempted according to laws.

In accordance with current convention of the Hong Kong Inland Revenue Department, taxes will not be paid for dividends paid by the Company in Hong Kong.

Shareholders of the Company will pay relevant taxes and/or enjoy tax concession in accordance with the above provisions.





**SECTION 6  
CORPORATE  
GOVERNANCE**



# CORPORATE GOVERNANCE

## I. BASIC SITUATION OF THE CORPORATE GOVERNANCE

The Company is committed to becoming a modern investment bank with international competitiveness, brand influence and systematic significance. As a public company listed in both Mainland China and Hong Kong, the Company carries out standardized operations in strict compliance with the requirements of laws, administrative regulations and normative documents of the place where the Company is listed, therefore continuously improving the social recognition and public reputation.

The Company continues to enhance corporate governance pursuant to stipulations under the relevant laws and regulations including the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Self-Regulatory Guidelines No.1 for Companies Listed on Shenzhen Stock Exchange - Standardized Operation for Companies Listed on Main Board and the Hong Kong Listing Rules. The Company constantly improves its internal control management system so as to gradually reinforce the completeness, rationality and effectiveness of its internal control. The Company further establishes and improves its rules and regulations. The general meeting of Shareholders, the Board, the Supervisory Committee and the management of the Company perform their respective duties and act with due diligence, which establishes a sound structure of corporate governance. Through this corporate governance structure, the Company ensures its standard operation in accordance with the CG Code. There is no material difference between the actual situation of corporate governance and the laws, administrative regulations and regulations on the governance of listed companies issued by the CSRC and the Hong Kong Stock Exchange.

To satisfy the requirements of both corporate governance and specific operation for an A+H dual-listed company, the Company approved, the adoption of the Model Code as the code of conduct for securities transactions of the Company by all Directors and Supervisors, and the adoption of the CG Code as the guidelines for standardizing the Company's governance at the Board meeting on March 19, 2015. As at the end of the Reporting Period, after special enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have strictly complied with the standards in the Model Code during the Reporting Period. During the Reporting Period, save as set out below, the Company strictly complied with the code provisions of the CG Code, and met most of the recommended best practice provisions as set out in the CG Code. According to the code provision C.2.1 in the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Lin Chuanhui, chairman of the Company, also served as general manager of the Company, which has improved the implementation of the Company's development strategy and promoted communications between the Board and senior management. Meanwhile, as all decisions of the Board of the Company are required to be reviewed and approved by the Board, seven out of eleven members of the Board of the Company are non-executive Directors, including four independent non-executive Directors who complied with the listing rules of the two places, which are sufficient to ensure a balance of power and authority in the operation of the Board.

# CORPORATE GOVERNANCE

## II. THE COMPANY'S INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER IN TERMS OF ASSETS, PERSONNEL, FINANCE, INSTITUTIONS AND BUSINESS OF THE COMPANY

The Company has no controlling shareholder and de facto controller. The Company is completely separated from the largest shareholder with regard to the assets, personnel, finance, institutions, business and other aspects. The Board, the Supervisory Committee and each functional department are all able to operate independently, equipped with independent business and operation capacities. Details are as follows:

### 1. Independence of the assets

The Company has independent and integral assets which are necessary for carrying out securities business. The largest shareholder and its related parties have not taken up the Company's assets or acted detrimentally to the legitimate rights of the Company and its other shareholders or clients. The Company independently operates and manages its own assets according to laws, possessing the franchises, real estate, operation equipment and trademarks which are required for its operation. The Company has legitimate rights to own and use such assets, and the largest shareholder has not occupied the Company's assets and capital which may harm the interests of the Company.

### 2. Independence of personnel

The Company has a human resources management department and training center, and has established a complete human resources management system and institution to carry out human resource management related work including labor relations, recruitment and deployment, performance appraisal, payroll management, training and development independently. The Company is completely separated from the largest shareholder. The engagement of the Company's Directors, Supervisors and senior management complies with the Company Law, the Securities Law and other relevant provisions. The Company's current Directors, Supervisors and senior management have met the conditions required by the relevant laws, administrative regulations, departmental rules, normative documents, the SZSE Listing Rules and other relevant provisions of the relevant stock exchanges. No senior management serves in the largest shareholder of the Company or works in a part-time manner for other for-profit institutions or engages in other business activities.

# CORPORATE GOVERNANCE

## 3. Financial independence

In accordance with the Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises - Application Guide, the Financial Rules for Financial Enterprises and other regulations, the Company has established an independent financial department along with independent financial accounting system and financial management system of which it is staffed with independent financial accountants, none of whom serve in a part-time manner for the largest shareholder of the Company. The Company's financial decisions are made independently, and the largest shareholder and its related parties have not interfered with the use of funds. The Company maintains a separate banking accounts, and the largest shareholder and its related parties have not shared accounts with the Company. As an independent taxpayer, the Company has completed separate tax registration and pays tax according to laws, and the largest shareholder has not paid taxes together with the Company.

As at the date of this report, the Company has not provided any guarantees to the largest shareholder and its related parties.

## 4. Institutional independence

The Company has established a sound corporate governance structure, and has set up the general meeting of shareholders, the Board and its five special committees (namely the strategy committee, the nomination committee, the remuneration and appraisal committee, the audit committee and the risk management committee), the Supervisory Committee, the management team and related business management departments which work properly and exercise powers according to laws within the framework of their respective terms of reference. With independent and complete securities business and management systems, the Company independently develops business and complies with the CSRC requirements in terms of the organizational setup and operation. The Company's existing offices and business premises are completely split from those of its largest shareholder, so there is no shared use among different organizations.

## 5. Operational independence

The Company independently carries out operation within its business scope approved by the CSRC in accordance with the Company Law and the Articles of Association of the Company. The Company has obtained the required business license to run securities business and has independent and complete business system and self-operation capabilities. In its business operations, the Company is free from influence and control of the largest shareholder and its related parties and is able to compete independently in the market. There are no situations where the largest shareholder and its related parties violate the Company's operational procedures and interfere with the internal management and operation decisions of the Company.

## III. COMPETITION WITH THE COMPANY

None

# CORPORATE GOVERNANCE

## IV. THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD DURING THE REPORTING PERIOD

The general meeting of shareholders shall be the authority of power of the Company, through which the shareholders shall exercise their functions in accordance with the laws. The existing Articles of Association of the Company and the Rules of Procedure for the General Meeting have provided for the rights and obligations of shareholders, the authority of the general meeting of shareholders, the convening, voting and resolutions of the general meeting of shareholders, which ensure the standard and effective operation of the general meeting of shareholders and protect the interests of shareholders, especially those of the minority shareholders.

Under Article 84 of the Articles of Association of the Company, shareholder(s) severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether to convene an extraordinary general meeting or not within 10 days after receipt of the request. If the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is passed by the Board. In the event of any change to the original proposals set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or more shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original proposals set forth in the notice, the consent of relevant shareholder(s) shall be obtained. In the case of failure to issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result of its failure to do so, the shareholder(s) severally or jointly holding 10% or more shares of the Company for 90 consecutive days or above may convene and preside over such meeting by itself/themselves.

In addition, under Article 89 of the Articles of Association of the Company, where the Company convenes a general meeting, the Board, the Supervisory Committee and shareholder(s) severally or jointly holding 3% or more shares of the Company may make proposals to the Company. Shareholder(s) severally or jointly holding 3% or more shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within two days after receipt of a proposal, and announce the content of the proposals on the agenda. Otherwise, the convener shall not change the proposals set out in the notice of general meeting or add any new proposal after the said notice announcement is served.

# CORPORATE GOVERNANCE

## 1. General meeting of shareholders during the Reporting Period

Session of meeting	Type of meeting	Participation ratio of investors	Convening date	Disclosure date	Resolutions of the meeting
2022 annual general meeting	Annual general meeting	51.7236%	June 28, 2023	June 29, 2023	<p>The meeting considered and approved:</p> <ol style="list-style-type: none"> <li>1. The 2022 Directors' Report of GF Securities</li> <li>2. The 2022 Supervisory Committee's Report of GF Securities</li> <li>3. The 2022 Final Financial Report of GF Securities</li> <li>4. The 2022 Annual Report of GF Securities</li> <li>5. The 2022 Profit Distribution Plan of GF Securities</li> <li>6. Resolution Regarding Engagement of Auditors in 2023</li> <li>7. Resolution Regarding the Authorization of Proprietary Investment Quota of the Company for 2023</li> <li>8. Resolution Regarding the 2023 Expected Daily Related Party/Connected Transactions of the Company</li> <li>9. Resolution Regarding Amendments to the Articles of Association</li> <li>10. Resolution Regarding Amendments to the Information Disclosure Management System of GF Securities</li> <li>11. Resolution Regarding Amendments to the Related Party Transactions Management System of GF Securities</li> <li>12. Resolution Regarding Amendments to the Investor Relations Management System of GF Securities</li> </ol>

Note: Participation ratio of investors refers to the proportion of the number of shares held by investors participating in the meeting in the total share capital of the Company.

## CORPORATE GOVERNANCE

The announcements of the resolutions of the relevant meetings of the Company were published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily, and were also published on the website of CNINFO (www.cninfo.com.cn) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

As a responsible listed company, the Company is devoted to providing effective protection to shareholders of the Company and their full right of information and ensuring the fairness of information disclosure. The Company has also continued to take a series of concrete actions to further improve and increase its communication with investors. The Company has designated the secretary of the Board and the company secretary to be responsible for information disclosure. The securities representative and the Board's office assist in information disclosure and maintenance of investors relations. The Company interacts and communicates with investors in a variety of forms, mainly including phone calls, mails, investor relation website of the Company, the interaction platform of the SZSE, site visits, attending investor presentations and overseas roadshows. Shareholders may at any time make queries and express their views to the Board in writing through the company secretary and the Board's office. Where appropriate, shareholders' inquiries and comments will be forwarded to the Board and/or the relevant special committees of the Company's Board to address shareholders' questions, to ensure that shareholders, especially the minority shareholders, can fully exercise their rights (for contact information of the Company, please refer to "II. Contact Persons and Contact Information" in Section 1 of this report).

**2. Holders of preferred shares whose voting rights have been restored request the convening of extraordinary general meeting**

N/A

# CORPORATE GOVERNANCE

## V. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### 1. Basic information

Name	Position	Status	Gender	Age	Date of appointment	Date of cessation
Lin Chuanhui	Chairman	Current	Male	60	July 22, 2021	To present
	Executive Director				January 6, 2021	To present
	General manager				December 11, 2020	To present
Ge Changwei	Executive Director, vice chairman	Current	Male	59	February 10, 2022	To present
Li Xiulin	Non-executive Director	Current	Male	71	May 12, 2014	To present
Shang Shuzhi	Non-executive Director	Current	Male	72	July 1, 2001	To present
Guo Jingyi	Non-executive Director	Current	Male	49	October 19, 2020	To present
Sun Xiaoyan	Executive Director	Current	Female	52	December 8, 2014	To present
	Deputy general manager				April 27, 2011	To present
	Chief financial officer				March 6, 2006	To present
Qin Li	Executive Director	Current	Male	56	April 27, 2011	To present
	Chief officer of the Company				December 31, 2020	To present
Fan Lifu	Independent non-executive Director	Current	Male	51	November 5, 2018	To present
Hu Bin	Independent non-executive Director	Current	Male	53	June 9, 2020	To present
Leung Shek Ling Olivia	Independent non-executive Director	Current	Female	52	June 9, 2020	To present
Li Wenjing	Independent non-executive Director	Current	Male	45	June 9, 2020	To present
Zhou Xitai	Chairman of the Supervisory Committee	Current	Male	60	January 28, 2022	To present
	Employee representative Supervisor				January 10, 2022	To present
Lai Jianhuang	Supervisor	Current	Male	60	June 9, 2020	To present
Xie Shisong	Supervisor	Current	Male	61	June 9, 2020	To present
Lu Xin	Supervisor	Current	Female	60	June 9, 2020	To present
Yi Xinyu	Employee representative Supervisor	Current	Female	40	August 25, 2022	To present
Wu Jifu	Deputy general manager	Current	Male	59	May 12, 2014	To present
Zhang Wei	Deputy general manager	Current	Male	48	May 12, 2014	To present
Yi Yangfang	Deputy general manager	Current	Male	54	July 22, 2021	To present
Xin Zhiyun	Deputy general manager	Current	Male	54	July 22, 2021	To present
	Chief information officer				May 30, 2019	To present
Li Qian	Deputy general manager	Current	Male	39	July 22, 2021	To present
Xu Youjun	Deputy general manager, chief compliance officer	Current	Male	52	July 22, 2021	To present
	Secretary to the Board, joint company secretary				April 16, 2019	To present
Ouyang Xi	Chief officer of the Company	Current	Male	56	December 31, 2020	To present
Wu Shunhu	Chief risk officer	Current	Male	54	January 10, 2022	To present
Cui Zhouhang	Chief human resources officer	Current	Male	40	January 10, 2022	To present



# CORPORATE GOVERNANCE

Note 1: The calculation of age was conducted on March 28, 2024 and rounded up;

Note 2: The Company did not implement equity incentive plan, employee stock ownership plan or other employee incentive measures.

## ***DURING THE REPORTING PERIOD, DID ANY DIRECTOR AND SUPERVISOR RESIGN AND WAS ANY MEMBERS OF THE SENIOR MANAGEMENT DISMISSED DURING THEIR TERM OF OFFICE***

No.

## ***CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY***

N/A.

## **2. PARTICULARS OF POSITIONS**

The biographies of current Directors, Supervisors and senior management of the Company are as follows:

### ***(1) Directors***

#### ***Executive Directors***

**Mr. Lin Chuanhui** has served as general manager of the Company since December 2020, executive Director of the Company since January 2021 and chairman of the Board of the Company since July 2021. His primary working experience includes: cadre of the scientific research office and deputy division researcher of the organization bureau of the Party School of the Central Committee of CPC from July 1985 to December 1995; general manager of Beijing business unit of the investment banking department, deputy general manager of the investment banking department, general manager of the Shanghai business headquarters, and standing deputy general manager of the investment banking department of the Company successively from December 1995 to October 2002; general manager of GF Fund (planning) from October 2002 to August 2003; general manager and vice chairman of GF Fund from August 2003 to December 2020, during which, also as chairman and general manager of Ruiyuan Capital Management Co., Ltd., chairman of the board of directors of GF International Investment Management Limited; chairman of the board of directors of GFHK from September 2021 to December 2021; and director of China Securities Inter-agency Quotation System Co., Ltd. since December 2021. Mr. Lin Chuanhui obtained a bachelor's degree in economics from Jilin University in July 1985.

## CORPORATE GOVERNANCE

**Mr. Ge Changwei** has served as vice chairman and executive Director of the Company since February 2022. His primary working experience includes: a staff member, assistant secretary, deputy section-level secretary and chief staff member of the Financial and Economic Committee of Anhui Provincial People's Congress successively from July 1985 to May 1992; chief staff member and deputy director of the General Office of the Finance Department of Anhui Province from May 1992 to October 1996; deputy director-level and director-level secretary of the General Office of Anhui Provincial Government from October 1996 to December 1999; assistant to director of the Planning Commission of Anhui Province from December 1999 to October 2000; assistant to general manager and manager of the sales department of China Shenhua Group Transportation and Sales Company from October 2000 to November 2001; director-level secretary of the General Office of National Development and Reform Commission from November 2001 to December 2003; deputy bureau-level secretary of the General Office of the State Council from December 2003 to January 2006 (during which, also as vice secretary of Liaocheng Municipal Party Committee of Shandong Province); vice chief secretary of Chongqing Municipal Party Committee from January 2006 to November 2007, vice chief secretary (department-level principal) of Chongqing Municipal Party Committee from November 2007 to December 2007; vice chief secretary of Guangdong Provincial Party Committee from December 2007 to February 2011; deputy secretary of Qingyuan Municipal Party Committee of Guangdong Province and mayor of Qingyuan, secretary of Qingyuan Municipal Party Committee and director of the Standing Committee of Qingyuan Municipal People's Congress from February 2011 to March 2018; Party secretary and director of the Guangdong Provincial Development and Reform Commission from March 2018 to May 2021 (during which, also as director of the Office of the Leading Group for the Promotion of Guangdong-Hong Kong-Macao Greater Bay Area Construction in Guangdong Province); deputy chairman of the Expert Committee of China Southern Power Grid Company Limited from May 2021 to June 2021; secretary of the Party Committee of GF Fund from June 2021 to December 2021; and secretary of the Party Committee of the Company since January 2022. Mr. Ge Changwei obtained a bachelor's degree in arts from Anhui University in July 1985, and completed the postgraduate course of political economics at Anhui University in November 2000.

**Ms. Sun Xiaoyan** has served as executive Director of the Company since December 2014, as chief financial officer of the Company since March 2006, and deputy general manager of the Company since April 2011. Her primary working experience includes: staff of capital operation department, finance department and investment banking department, respectively, since joining the Company in July 1993; deputy general manager of accounting department, deputy general manager of investment and proprietary trading department and general manager of finance department of the Company from September 1998 to March 2014; chief financial officer of GF Fund (planning) from October 2002 to August 2003; chief financial officer and deputy general manager of GF Fund from August 2003 to March 2005; director of GFHK from August 2013 to May 2019; director of GF Fund since June 2007; and chairman and supervisor of the Supervisory Committee of ECT since December 2014. Ms. Sun Xiaoyan obtained a bachelor's degree in economics from Renmin University of China in July 1993 and a master's degree in business administration from China Europe International Business School in September 2007.

## CORPORATE GOVERNANCE

**Mr. Qin Li** has served as executive Director of the Company since April 2011 and a corporate chief officer since December 2020. His primary working experience includes: standing deputy general manager at the department of investment banking administration, general manager of the investment management department, general manager of capital operation department, general manager of planning and development department, general manager of investment department, assistant to general manager, deputy general manager and standing deputy general manager of the Company from March 1997 to December 2020; director of E Fund from March 2002 to October 2004 and from May 2012 to March 2023; director of GF Fund (planning) from October 2002 to August 2003; director of GF Fund from August 2003 to March 2005; chairman of GF Xinde from May 2010 to August 2013; chairman of the board of Guangdong Equity Exchange Co., Ltd. from September 2013 to April 2017; chairman of GF Asset Management from June 2018 to October 2019; director and chairman of GFHK from September 2006 to September 2021; and chairman and general manager of GF Asset Management since December 2021. Mr. Qin Li obtained a bachelor's degree in economics from Shanghai University of Finance and Economics in July 1992, a master's degree in commercial economics from Jinan University in June 1995, a doctorate degree in economics from Renmin University of China in July 2003 and completed an executive master of business administration program from Cheung Kong Graduate School of Business in September 2013.

### *Non-executive Directors*

**Mr. Li Xiulin** has served as non-executive Director of the Company since May 2014. Mr. Li Xiulin has been the chairman of Jilin Aodong Pharmaceutical Group Co., Ltd. (a company listed on SZSE, stock code: 000623, formerly known as Yanbian AoDong Pharmaceutical Co., Ltd.) since February 2000. His primary working experience includes: educated youth of Dashan Commune in Dunhua City, Jilin Province from February 1970 to June 1972; doctor of Dunhua Deer Farm in Yanbian, Jilin Province from June 1972 to August 1982; general manager and engineer of Yanbian AoDong Pharmaceutical Company from August 1982 to December 1987; general manager of Yanbian Dunhua Deer Farm from December 1987 to February 1993; chairman and general manager of Yanbian AoDong Pharmaceutical Co., Ltd. (renamed as Jilin Aodong Pharmaceutical Group Co., Ltd. in October 1998) from February 1993 to February 2000. Mr. Li Xiulin obtained an academic diploma of bachelor's degree qualification in economics from Open College of Central Party School of the Communist Party of China in June 1992 and completed the 28th training course in business administration at Tsinghua University School of Economics and Management from February 2000 to June 2000.

## CORPORATE GOVERNANCE

**Mr. Shang Shuzhi** has served as non-executive Director of the Company since July 2001. Mr. Shang Shuzhi has been the chairman of Liaoning Cheng Da Co., Ltd. (a company listed on SSE, stock code: 600739, formerly known as Liaoning Cheng Da (Group) Co., Ltd. (遼寧成大(集團)股份有限公司)) since August 1993. His primary working experience includes: deputy general manager of Liaoning Province Textiles Import and Export Corporation from December 1987 to February 1991; deputy manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation in charge of operation and general manager thereof from February 1991 to July 1993; and chairman of Liaoning Cheng Da Group Ltd. from January 1997 to December 2017. Mr. Shang Shuzhi graduated from Dongbei University of Finance and Economics in August 1977, majoring in international trade, and obtained the qualification of senior economist and the qualification of senior international business-engineer from Liaoning Provincial Department of Personnel (now known as Liaoning Provincial Department of Human Resources and Social Security) in September 1993 and December 1994, respectively, and obtained an executive master of business administration degree (EMBA) from Dongbei University of Finance and Economics in June 2005.

**Mr. Guo Jingyi** has served as non-executive Director of the Company since October 2020. Mr. Guo Jingyi has served as Secretary of the Party Committee and chairman of Zhongshan Public Utilities Group Co., Ltd. (a company listed on SZSE, stock code: 000685) since September 2020. His primary working experience includes: an employee of Zhongshan Environmental Protection Engineering Co., Ltd. (中山市環保工程有限公司) from July 1998 to May 2004; manager of Zhongshan Sanxiang Water Supply Co., Ltd. (中山市三鄉供水有限公司) from May 2004 to May 2008; manager of Zhongshan Water Supply Co., Ltd. Sanxiang branch, deputy general manager and managing deputy general manager of Zhongshan Water Supply Co., Ltd. from May 2008 to November 2009; deputy general manager of water business department of Zhongshan Public Utilities Group Co., Ltd. and general manager of Zhongshan Water Supply Co., Ltd. from November 2009 to February 2011; deputy general manager of Zhongshan Zhonghui Investment Group Company Limited, deputy general manager of water business department of Zhongshan Public Utilities Group Co., Ltd. and general manager of Zhongshan Water Supply Co., Ltd. from February 2011 to July 2011; deputy general manager of Zhongshan Zhonghui Investment Group Company Limited from July 2011 to October 2013; general manager of Zhongshan Transportation Development Group Co., Ltd. from October 2013 to July 2019, during which he also served as executive director and general manager of Zhongshan Rail Transit Co., Ltd. (中山市軌道交通有限公司), executive director of Zhongshan East Outer Ring Expressway Co., Ltd. (中山市東部外環高速公路有限公司), executive director of Zhongshan Transportation Development Investment Co., Ltd. (中山市交發投資有限公司); and director and general manager of Zhongshan Zhonghui Investment Group Company Limited from July 2019 to August 2020. Mr. Guo Jingyi obtained a bachelor's degree in engineering from Wuyi University in June 1998 and completed in-service postgraduate studies majoring in economics (economic management) at the Graduate School of the Party School of the Communist Party of China in July 2013.

## CORPORATE GOVERNANCE

### *Independent Non-executive Directors*

**Mr. Fan Lifu** has served as independent non-executive Director of the Company since November 2018. Mr. Fan Lifu has served as a professor at the School of Finance of Dongbei University of Finance and Economics since July 2011, secretary of the Party Committee and deputy dean of the School of Finance of Dongbei University of Finance and Economics since September 2023. His primary working experience includes: teaching assistant, lecturer, associate professor, deputy dean, secretary of the General Party Branch, deputy director and director of the Research Department at the School of Finance (former Department of Finance) of Dongbei University of Finance and Economics from April 1998 to September 2023, during which, also a visiting scholar of University of Reading in the United Kingdom; independent director of Tieling Newcity Investment Holding (Group) Limited (a company listed on SZSE, stock code: 000809) from December 2017 to September 2023; and an independent director of AVIC Fund Management Co., Ltd. since December 2020. Mr. Fan Lifu obtained a bachelor's degree, a master's degree and a doctorate degree in economics from Dongbei University of Finance and Economics in July 1995, April 1998 and December 2009, respectively.

**Mr. Hu Bin** has served as independent non-executive Director of the Company since June 2020. Mr. Hu Bin has served as director of the Research Bureau of the Chinese Academy of Social Sciences since April 2023. His primary working experience includes: senior manager of CITIC Securities Company Limited from July 2002 to November 2003; director of the Law and Finance Research Office, assistant to the director, deputy director, deputy secretary of the Party Committee, secretary of the Party Committee, Secretary General of the Postdoctoral Management Committee of the Institute of Finance and Banking, Chinese Academy of Social Sciences from August 2004 to April 2023, during which he also served as an associate researcher and a researcher. Mr. Hu Bin obtained a master's degree and a doctorate degree from the Chinese Academy of Social Sciences in July 1999 and July 2002, respectively.

## CORPORATE GOVERNANCE

**Ms. Leung Shek Ling Olivia** has served as independent non-executive Director of the Company since June 2020. Ms. Leung Shek Ling Olivia has been the principal lecturer of the Faculty of Business and Economics of the University of Hong Kong since July 2011 and the associate dean of the Faculty of Business and Economics of the University of Hong Kong since January 2020. Her primary working experience includes: associate professor of accounting at the City University of Hong Kong from August 2004 to June 2011; director of the International Business and Global Management Program and assistant dean of the Faculty of Business and Economics of the University of Hong Kong from June 2016 to December 2019; and independent director of Yoho Group Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2347) since July 2023. Ms. Leung Shek Ling Olivia obtained a bachelor's degree from the University of British Columbia in Canada and a doctorate degree from the Chinese University of Hong Kong in June 1994 and June 2004, respectively.

**Mr. Li Wenjing** has served as independent non-executive Director of the Company since June 2020. Mr. Li Wenjing has been a professor at the Management School of Jinan University since October 2013 and the dean of the Management School of Jinan University since March 2019. His primary working experience includes: lecturer, and associate professor of the Management School, and deputy department head and department head of the Accounting Department of the Management School of Jinan University from July 2006 to July 2020. Mr. Li Wenjing served as an independent director of Midea Group Co., Ltd. (美的集團股份有限公司) (a company listed on SZSE, stock code: 000333) from March 2013 to September 2018, an independent director of Guangzhou Devotion Thermal Technology Co., Ltd. (廣州迪森熱能技術股份有限公司) (a company listed on SZSE, stock code: 300335) from December 2015 to April 2019, an independent director of Longse Technology Limited (長視科技股份有限公司) from December 2016 to August 2020, an independent director of Shenzhen Xunfang Technologies Co., Ltd. (深圳市訊方技術股份有限公司) from May 2017 to May 2020, an external supervisor of China Guangfa Bank Co., Ltd. from June 2017 to June 2023, an independent director of By-Health Co., Ltd. (湯臣倍健股份有限公司) (a company listed on SZSE, stock code: 300146) from September 2017 to September 2020, and an independent director of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (a company listed on SZSE, stock code: 000532) from December 2017 to March 2021. Mr. Li Wenjing obtained a bachelor's degree and a doctorate degree from Sun Yat-sen University in June 2001 and June 2006, respectively.

## (2) Supervisors

**Mr. Zhou Xitai** has served as an employee representative Supervisor and chairman of the Supervisory Committee of the Company since January 2022. His primary working experience includes: teaching assistant at the Guangzhou College of Traditional Chinese Medicine from July 1985 to October 1990; teaching assistant at the Party School of the Guangdong Provincial Committee from October 1990 to December 1990; cadre at deputy section level and cadre at section level of the eighth office of the Guangdong Provincial Committee from December 1990 to July 1995; principal staff member of the Futures Regulatory Commission of Guangdong Province from July 1995 to July 1996; principal staff member and deputy head of the supervision department of the Guangdong Office of the China Securities Regulatory Commission from July 1996 to October 1998; deputy head of the supervision department, deputy director of the audit department and director of the first audit department of the Guangzhou City Securities Administration Office of the China Securities Regulatory Commission from October 1998 to February 2008; consultant of the legal department and director of the litigation review department of the China Securities Regulatory Commission from February 2008 to August 2010; member of the Party Committee and deputy captain of the General Inspection Taskforce of the China Securities Regulatory Commission from August 2010 to April 2015; secretary of the Party Committee and commissioner of the office for securities regulation in Shenzhen of the China Securities Regulatory Commission from April 2015 to January 2018; member of the Party Committee and deputy general manager of Huazheng Asset Management Co., Ltd. (華證資產管理有限公司) from February 2018 to October 2019; member of the Party Committee and proposed deputy general manager of Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司) from October 2019 to May 2020; secretary of the Party Committee of the Company from March 2021 to January 2022; a member of the Party Committee of Guangdong Non-public Economic Organizations since August 2021. Mr. Zhou Xitai has served as deputy secretary of the Party Committee, secretary of the discipline inspection commission and chairman of the Supervisory Committee of the Company since January 2022, and chairman of the labor union of the Company since March 2022. Mr. Zhou obtained a bachelor's degree in law from Central China Normal University in July 1985.

**Mr. Lai Jianhuang** has served as a Supervisor of the Company since June 2020. Mr. Lai Jianhuang is currently a professor and supervisor for doctoral students at the School of Computer Science of Sun Yat-sen University (中山大學). His primary working experience includes: teaching assistant, lecturer, associate professor of the mathematics department, professor and supervisor for doctoral students at the School of Information and School of Computer Science (formerly known as the School of Data and Computer Science), and the chairman and vice-chairman of the Academic Committee of the School of Computer Science of Sun Yat-sen University since June 1989; an independent director of Zhongxiaoyun Technology Co., Ltd. (中消雲科技股份有限公司) from January 2020 to January 2023; an independent director of PCI Technology Group Co., Ltd. (佳都科技集團股份有限公司) (a company listed on SSE, stock code: 600728, formerly known as PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司)) since July 2019. Mr. Lai Jianhuang obtained a bachelor's degree in mathematics (science) from Sun Yat-sen University in July 1986, a master's degree in applied mathematics (science) from Sun Yat-sen University in July 1989 and a doctorate degree in basic mathematics (science) from Sun Yat-sen University in June 1999.

## CORPORATE GOVERNANCE

**Mr. Xie Shisong** has served as a Supervisor of the Company since June 2020. The primary working experience of Mr. Xie Shisong includes: a lecturer, associate professor, professor and chairman of the Institute of International Law at the School of Law of Sun Yat-sen University from September 1991 to October 2023 (retired); the vice president of China Society of Private International Law from September 2003 to September 2023; an arbitrator of China International Economic and Trade Arbitration Commission since November 1999; a committee member of the expert advisory committee of China International Economic and Trade Arbitration Commission since January 2008; an arbitrator of Guangzhou Arbitration Commission and Shenzhen Court of International Arbitration since September 1995; an arbitrator of Foshan Arbitration Commission since August 1997; and an arbitrator of Zhuhai Court of International Arbitration since September 1999; an independent director of E Fund Management Co., Ltd. from December 2002 to April 2013; an independent director of Guangdong Guangzhou Daily Media Co., Ltd. (廣東廣州日報傳媒股份有限公司) (a company listed on SZSE, stock code: 002181, formerly known as Guangdong China Sunshine Media Co., Ltd. (廣東九州陽光傳媒股份有限公司)) from June 2007 to June 2013; an independent director of Guangzhou Improve Medical Instruments Co., Ltd. (廣州陽普醫療科技股份有限公司) (a company listed on SZSE, stock code: 300030) from October 2010 to May 2017; an independent director of Vtron Group Co., Ltd. (威創集團股份有限公司) (a company listed on SZSE, stock code: 002308, formerly known as Vtron Technologies Ltd. (廣東威創視訊科技股份有限公司)) from December 2013 to August 2020; an independent director of Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司) (a company listed on SZSE, stock code: 002400, formerly known as Guangdong Advertising Co., Ltd. (廣東省廣告股份有限公司)) from January 2014 to January 2020; an independent director of Golden Eagle Fund Management Co., Ltd. from September 2014 to January 2018; an independent director of Ninestar Corporation (納思達股份有限公司) (a company listed on SZSE, stock code: 002180, formerly known as Zhuhai Wanlida Electric Co., Ltd.) from October 2014 to September 2021; an independent director of Guangdong Homa Appliances Co., Ltd. (廣東奧馬電器股份有限公司) (a company listed on SZSE, stock code: 002668) from November 2014 to December 2015; an independent director of Guangxi Wuzhou Zhongheng Group Co., Ltd. (廣西梧州中恒集團股份有限公司) (a company listed on SSE, stock code: 600252) from December 2016 to January 2020; an independent director of Guangzhou Goaland Energy Conservation Tech. Co., Ltd. (廣州高瀾節能技術股份有限公司) (a company listed on SZSE, stock code: 300499) from May 2017 to May 2023; an independent director of Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司) (a company listed on SZSE, stock code: 000987, formerly known as Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司)) since September 2020; and an independent director of APEX Microelectronics Co., Ltd. (極海微電子股份有限公司) since August 2022 and an independent director of Guangdong Jiemeng Intelligent Equipment Co., Ltd. (廣東捷盟智能裝備股份有限公司) since November 2023. Mr. Xie Shisong obtained a bachelor's degree in international law from Wuhan University in July 1985, a master's degree in international law from Wuhan University in July 1988 and a doctorate degree in international law from Wuhan University in July 1991.



## CORPORATE GOVERNANCE

**Ms. Lu Xin** has served as a Supervisor of the Company since June 2020. Ms. Lu Xin is currently a professor and supervisor for postgraduate students of the Accounting Department of the School of Management of Jinan University. Her primary working experience includes: a lecturer and an associate professor at the School of Economics and Management of Dalian University from July 1989 to December 2003; an associate professor, professor, a supervisor for postgraduate students of the Accounting Department of the School of Management, deputy director of the Audit Department and deputy head of the Research Center of Management Accounting of Jinan University since January 2004; an independent director of Gree Electric Appliances, Inc. of Zhuhai (珠海格力電器股份有限公司) (a company listed on SZSE, stock code: 000651) from June 2015 to January 2019; an independent director of TCL Technology Group Corporation (TCL 科技集團股份有限公司) (a company listed on SZSE, stock code: 000100, previously known as TCL Corporation (TCL 集團股份有限公司)) from September 2014 to November 2020; an independent director of Kingfa Sci. & Tech. Co., Ltd. (金發科技股份有限公司) (a company listed on SSE, stock code: 600143) from May 2014 to January 2021; an independent director of Guangdong Evergreen Feed Industry Co., Ltd. (廣東恒興飼料實業股份有限公司) from July 2018 to July 2021; an independent director of Medprin Regenerative Medical Technologies Co., Ltd. (廣州邁普再生醫學科技股份有限公司) (a company listed on SZSE, stock code: 301033) since November 2018; an independent director of PCI Technology Group Co., Ltd. (佳都科技集團股份有限公司) (a company listed on SSE, stock code: 600728, previously known as PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司)) since July 2019; an independent director of Guangdong Shengyi Sci. Tech Co., Ltd (廣東生益科技股份有限公司) (a company listed on SSE, stock code: 600183) since April 2021; an independent director of Guangdong Homa Appliances Co., Ltd. (廣東奧馬電器股份有限公司) (a company listed on SSE, stock code: 002668) since April 2021; and an independent director of Shenzhen Rural Commercial Bank Corporation Limited (深圳農村商業銀行股份有限公司) since August 2021. Ms. Lu Xin obtained a bachelor's degree in economics from Dongbei University of Finance and Economics in July 1986, a master's degree in economics from Dongbei University of Finance and Economics in July 1989 and a doctorate degree in business administration from Renmin University of China in July 2003.

**Ms. Yi Xinyu** has served as an employee representative Supervisor of the Company since August 2022. Ms. Yi Xinyu currently serves as the deputy general manager of the office of the Board of the Company. Her primary working experience includes: an employee of Jiangsu Petroleum Branch of China Petroleum & Chemical Corporation from July 2009 to September 2010; and director, temporary head and deputy general manager of the office of the Board of the Company since September 2010. Ms. Yi Xinyu obtained a bachelor's degree in law from East China University of Political Science and Law in July 2007 and a master's degree in law from Tsinghua University in July 2009.

## CORPORATE GOVERNANCE

### (3) *Senior management*

The brief biographies of Mr. Lin Chuanhui, Ms. Sun Xiaoyan and Mr. Qin Li are set out in “(1) Directors” in this section.

**Mr. Wu Jifu** has served as a deputy general manager of the Company since May 2014. His primary working experience includes: lecturer, deputy head and head of the Accounting Department of the School of Economics at Heilongjiang University from July 1987 to October 1997; deputy director of the Audit Department of the Provincial Securities Supervision and Administration Office of the Heilongjiang Bureau, deputy director of the Audit Department and director of the General Office of the Office of the Commissioner in Harbin, director of the General Office of the Heilongjiang Bureau, and director of the Institutional Supervision Department of the Heilongjiang Bureau of the CSRC from October 1997 to July 2008; a supervisor of GF Asset Management from January 2014 to August 2017; a director of GFHK from August 2013 to May 2019; and the chief compliance officer and chief representative of the representative office in Beijing of the Company from July 2008 to January 2022. Mr. Wu Jifu obtained a bachelor's degree in economics from Heilongjiang University in July 1987 and a master's degree in economics from Heilongjiang University in June 1998.

**Mr. Zhang Wei** has served as a deputy general manager of the Company since May 2014. His primary working experience includes: treasury manager of the trust fund department of Anhui International Trust & Investment Company (安徽國際信託投資公司) from July 1998 to June 2002; business manager of the investment banking department, deputy general manager and general manager of the debt underwriting department, deputy general manager and co-general manager of the investment banking business management head office, general manager of the fixed income head office of the Company, and assistant to general manager of the Company from July 2008 to August 2014; chairman of GF Asset Management from August 2014 to May 2017; chairman of GF Hexin Industry Investment Management Co., Ltd. from August 2015 to October 2019; a director and a supervisor of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司) since May 2015; a director of GFHK and chairman of GFFL since June 2015. Mr. Zhang Wei obtained a bachelor's degree in economics from Anhui University in June 1998, a master's degree in economics from Fudan University in June 2005 and a doctorate degree in economics from Renmin University of China in July 2008.

## CORPORATE GOVERNANCE

**Mr. Yi Yangfang** has served as deputy general manager of the Company since July 2021. His primary working experience includes: teacher of the Second Middle School of Yongxiu County, Jiangxi Province from August 1992 to February 1993; member of investment promotion and development bureau of Yongxiu County, Jiangxi Province from March 1993 to August 1994; salesman and deputy manager of the investment banking head office, investment wealth management head office and the proprietary trading department of the Company from January 1997 to November 2002; member of the preparatory team of GF Fund from November 2002 to August 2003; officer of investment management department, general manager of investment management department, fund manager, assistant general manager, investment director, deputy general manager, executive deputy general manager of GF Fund from August 2003 to July 2021, during which period, he also served as director, vice chairman and chairman of the board of GF International Investment Management Limited, and director of Ruiyuan Capital Management Co., Ltd.; and a director of E Fund since March 2023. Mr. Yi Yangfang obtained a bachelor's degree in science from Jiangxi University in July 1992 and a master's degree in economics from Shanghai University of Finance and Economics in January 1997.

**Mr. Xin Zhiyun** has served as chief information officer of the Company since May 2019 and deputy general manager of the Company since July 2021. His primary working experience includes: software engineer and editor of the Higher Education Press from July 1995 to January 1998; principal staff member and deputy director of the Information Center, deputy director of the General Office, director-level consultant, director-level consultant (in charge) and director of the Audit Office of the Institutional Supervision Department of the China Securities Regulatory Commission successively from February 1998 to September 2008; member of CPC Committee, vice president, chief risk officer, chief compliance officer of Essence Securities Co., Ltd. (now known as SDIC Securities Co., Ltd., same hereinafter) from October 2008 to June 2018, concurrently serving as a director of Essence Capital Co., Ltd., during which also serving as finance manager of Essence Securities Co., Ltd.; chief risk officer of the Company from June 2018 to July 2021; a director of GFHK since May 2019; and chief representative of our representative office in Beijing since January 2022. Mr. Xin Zhiyun obtained a bachelor's degree in engineering from North China University of Technology in July 1992, a master's degree in education from Beijing Normal University in July 1995 and a doctorate degree in engineering from Tsinghua University in January 2008.

**Mr. Li Qian** has served as deputy general manager of the Company since July 2021. His primary work experience includes: trader and head (responsible for the overall work of the office) of RMB interest rate trading office of Financial Market Department of the Industrial and Commercial Bank of China from July 2009 to November 2014; deputy general manager of fixed income sales and trading department (responsible for the overall work of the department), general manager of fixed income sales and trading department of the Company, and assistant general manager of the Company from November 2014 to July 2021; and general manager of the management head office of the Company's securities investment business since October 2017. Mr. Li Qian obtained a bachelor's degree, a master's degree and a doctorate degree in economics from Renmin University of China in June 2004, June 2006 and June 2009, respectively.

## CORPORATE GOVERNANCE

**Mr. Xu Youjun** has served as secretary to the Board and a joint company secretary of the Company since April 2019, deputy general manager and chief compliance officer of the Company since July 2021. His primary work experience includes: an employee of the development department of Guangzhou Transportation Real Estate Company (廣州交通房地產公司) from July 1996 to August 1997; an employee of the enterprise management department of Guangdong Zhujiang Investment Company (廣東珠江投資公司) from August 1997 to June 1998; manager of the investment banking department of Guangzhou Securities from June 1998 to July 2004; business manager of the investment banking department, assistant to general manager of the Hubei headquarters, assistant to general manager of the investment banking department, assistant to general manager of the investment banking general management department and executive director of the mergers and acquisitions department and general manager of the office of the Board of the Company from July 2004 to September 2022; the securities affairs representative of the Company since August 2015; and general manager of the compliance and legal affairs department of the Company since January 2022. Mr. Xu Youjun obtained a bachelor's degree in engineering from Xiangtan University in July 1993 and a master's degree in economics from Sun Yat-Sen University in June 1996.

**Mr. Ouyang Xi** has served as a corporate chief officer since December 2020. His primary working experience includes: library assistant at Guangdong Mechanics College (now known as Guangdong University of Technology) from July 1989 to August 1992; deputy general manager and managing deputy general manager of the investment banking department, general manager of the proprietary trading department, standing deputy general manager of the investment banking head office, secretary to the Board, chief financial officer, deputy general manager of the Company from July 1995 to December 2020; director of GF Fund from March 2005 to June 2007; chairman of GF Hexin Industry Investment Management Co., Ltd. from October 2019 to December 2021; director of GFHK since September 2006; and director of Guangzhou Institute for Investment Advisor Management Co., Ltd. since September 2023. Mr. Ouyang Xi obtained a bachelor's degree in science from Wuhan University in July 1989 and a master's degree in economics from Jinan University in June 1995.

**Mr. Wu Shunhu** has served as chief risk officer of the Company since January 2022. His primary working experience includes: teacher at China Women's Executive Leadership Academy Shandong College (now known as "Shandong Women's University") from July 1992 to August 1995; deputy director and director of training section and vice chairman of the educational training committee of Securities Association of China from May 2000 to February 2005; principal staff member of the risk management office, consultant of the Shanghai Commissioner Office of China Securities Regulatory Commission from March 2005 to December 2010; deputy secretary of the Party Committee and general manager of the asset management department of Zhongshan Securities Co., Ltd. from January 2011 to July 2017; general manager and legal representative of Zhong Xin Huijin Equity Investment Fund Management (Shenzhen) Company Limited (中新匯金股權投資基金管理(深圳)有限公司) from August 2017 to December 2017; deputy general manager, chief risk officer, compliance principal of GF Asset Management from January 2018 to March 2022; general manager of the compliance and legal affairs department of the Company from August 2018 to January 2022; and general manager of the risk management department of the Company since January 2022. Mr. Wu Shunhu obtained a bachelor's degree and a master's degree in economics from Shandong University in July 1992 and July 1998, respectively, and a doctorate degree in economics from Renmin University of China in July 2001.

## CORPORATE GOVERNANCE

**Mr. Cui Zhouhang** has served as chief human resources officer of the Company since January 2022. His primary working experience includes: employee at Citibank (China) Co., Ltd. from July 2009 to August 2012; joining the risk management department of the Company in August 2012, assistant to general manager, deputy general manager, deputy general manager (responsible for the overall management) of the risk management department of the Company from October 2015 to December 2021; chief risk officer of GFHK from July 2019 to July 2022; and general manager of the human resources department of the Company since December 2021. Mr. Cui Zhouhang obtained a dual bachelor's degree in science and economics from Peking University in July 2006, a master's degree in economics from Peking University in July 2009 and a master's degree in finance from the University of Hong Kong in December 2009.

### POSITION HELD IN THE SHAREHOLDING COMPANIES

Name	Name of shareholding companies	Position held in the shareholding companies	Commencement date	End date	Remuneration received from shareholding companies
Li Xiulin	Jilin Aodong	Chairman	February 2000	To present	Yes
Shang Shuzhi	Liaoning Cheng Da	Chairman	August 1993	To present	Yes
Guo Jingyi	Zhongshan Public Utilities	Chairman	September 2020	To present	Yes

# CORPORATE GOVERNANCE

## POSITION HELD IN OTHER COMPANIES

Name	Name of other companies	Position held in the other companies	Commencement date	End date	Remuneration received from other companies
Lin Chuanhui	China Securities Internet System Co., Ltd.	Director	December 2021	To present	No
Sun Xiaoyan	ECT	Supervisor	June 2018	To present	No
Qin Li	E Fund	Director	May 2012	March 2023	No
Fan Lifu	School of Finance of Dongbei University of Finance and Economics	Professor	July 2011	To present	Yes
		Secretary of the General Party Branch and associate dean	August 2022	September 2023	Yes
		Secretary of the Party committee, Associate dean	September 2023	To present	Yes
Hu Bin	AVIC Fund Management Co., Ltd.	Independent director	December 2020	To present	Yes
	Tieling Newcity Investment Holding (Group) Limited	Independent director	December 2017	September 2023	Yes
	Institute of Finance and Banking, Chinese Academy of Social Sciences	Secretary of the Party committee, deputy director	June 2020	April 2023	Yes
	Bureau of Scientific Research Management, Chinese Academy of Social Sciences	Director	April 2023	To present	Yes
Leung Shek Ling Olivia	Faculty of Business and Economics of The University of Hong Kong	Associate dean, chief lecturer	January 2020	To present	Yes
	Yoho Group Holdings Limited	Independent director	July 2023	To present	Yes
Li Wenjing	China Guangfa Bank Co., Ltd.	External supervisor	June 2017	June 2023	Yes
	Management School of Jinan University	Dean, professor	March 2019	To present	Yes
Lai Jianhuang	School of Computer Science of Sun Yat-sen University	Professor	July 2002	To present	Yes
	PCI Technology Group Co., Ltd.	Independent director	July 2019	To present	Yes
	Zhongxiaoyun Technology Co., Ltd.	Independent director	January 2020	January 2023	Yes

# CORPORATE GOVERNANCE

Name	Name of other companies	Position held in the other companies	Commencement date	End date	Remuneration received from other companies
Xie Shisong	Guangdong Jiemeng Intelligent Equipment Co., Ltd.	Independent director	November 2023	To present	Yes
	Guangzhou Yuexiu Capital Holdings Group Co., Ltd.	Independent director	September 2020	To present	Yes
	APEX Microelectronics Co., Ltd.	Independent director	August 2022	To present	Yes
	School of Law of Sun Yat-sen University	Professor	December 1996	October 2023	Yes
	Guangzhou Goaland Energy Conservation Tech. Co., Ltd.	Independent director	May 2017	May 2023	Yes
Lu Xin	School of Management of Jinan University	Professor	October 2013	To present	Yes
	Medprin Regenerative Medical Technologies Co., Ltd.	Independent director	November 2018	To present	Yes
	PCI Technology Group Co., Ltd.	Independent director	July 2019	To present	Yes
	Guangdong Shengyi Sci. Tech Co., Ltd.	Independent director	April 2021	To present	Yes
	Guangdong Homa Appliances Co., Ltd.	Independent director	April 2021	To present	Yes
	Shenzhen Rural Commercial Bank Corporation Limited	Independent director	August 2021	To present	Yes
Zhang Wei	Research Center of Management Accounting of Jinan University	Deputy head	January 2014	November 2023	Yes
	China Securities Credit Investment Co., Ltd.	Supervisor	May 2022	To present	No
Yi Yangfang	E Fund	Director	March 2023	To present	No
Ouyang xi	Guangzhou Institute for Investment Advisor Management Co., Ltd.	Director	September 2023	To present	No

Description of position held in other companies: for other positions held by the Directors, Supervisors and senior management of the Company, please refer to “Particulars of Positions” in this section.

**Penalties imposed by the securities regulatory authority on the current and resigned Directors, Supervisors and senior management of the Company during the Reporting Period for the last three years**

N/A.

# CORPORATE GOVERNANCE

## 3. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### (1) *Decision-making process for remuneration of Directors, Supervisors and senior management*

The Directors and Supervisors of the Company who do not have contractual labor relationship with the Company enjoy allowances. The Directors and Supervisors of the Company who have contractual labor relationship with the Company receive remuneration according to the Company's policies. The general meeting, the Board, the Supervisory Committee, the remuneration and appraisal committee of the Board and independent Directors perform their respective responsibilities in this decision-making process according to the relevant requirements.

### (2) *Basis for determining the remuneration of Directors, Supervisors and senior management*

The remuneration of Directors, Supervisors and senior management shall be determined depending on the Company's actual situation and their positions and performance by reference to the standards of similar companies in the finance industry.

### (3) *Payment of remuneration of Directors, Supervisors and senior management*

The remuneration will be paid regularly to personal accounts after withholding personal income tax according to the Company's remuneration policies.

The Rules for Governance of Securities Companies (《證券公司治理準則》) requires that "the annual performance-based remuneration of the senior management of the securities company shall be determined by the board of directors according to the annual performance assessment results of the senior management, more than 40% of which shall be paid in the form of deferred payment, and the period of deferred payment shall not be less than 3 years. The payment of deferred remuneration shall follow the principle of equal division". The Guidelines for Securities Companies to Establish a Stable Remuneration System (《證券公司建立穩健薪酬制度指引》) requires that "the remuneration payment plan should ensure the company's capital adequacy and sustainable operation, the deferred payment period should match the risk duration of the relevant business, and the deferred payment speed should not be faster than the equal proportion". The Board of the Company formulates and implements the specific plan for deferred payment of annual performance-based remuneration of business managers according to the above requirements and the Measures on Performance Assessment and Remuneration Management for Business Managers (《經營管理層績效考核與薪酬管理辦法》) of the Company on an annual basis. According to the above requirements, the remuneration of executive Directors, employee representative Supervisors and senior management of the Company consists of the remuneration accrued and paid for 2023 and the deferred remuneration for the prior years. During the Reporting Period, the deferred remuneration before tax of the above-mentioned persons for the period of serving as Director, Supervisor and senior management for the prior years was as follows: Lin Chuanhui: RMB1.4795 million; Ge Changwei: RMB1.5600 million; Sun Xiaoyan: RMB1.5129 million; Qin Li: RMB1.4377 million; Wu Jifu: RMB1.5057 million; Zhang Wei: RMB1.4156 million; Yi Yangfang: RMB1.4919 million; Xin Zhiyun: RMB1.5204 million; Li Qian: RMB1.6298 million; Xu Youjun: RMB1.4319 million; Ouyang Xi: RMB1.5813 million; Wu Shunhu: RMB1.5605 million; Cui Zhouhang: RMB1.4934 million; Zhou Xitai: RMB1.4713 million; Yi Xinyu: RMB1.3412 million. The deferred remuneration before tax of non-executive Directors, independent non-executive Directors and shareholder representative Supervisors of the Company for the prior years was nil.



# CORPORATE GOVERNANCE

## (4) *Appraisal of Directors, Supervisors and Senior Management Personnel*

- 1) The duty performance appraisal of the Directors of the Company is composed of three parts, including self-evaluation by the Directors, appraisal by the remuneration and appraisal committee of the Board, and deliberation and confirmation by the Board. When the remuneration and appraisal committee of the Board and the Board deliberate on the duty performance of each Director, the Director being appraised shall abstain from voting.

Specific steps for appraisal on Directors' duty performance are as follows:

- ① Directors' self-evaluation: Directors conduct self-evaluation on their respective annual performance in accordance with the Form of Self-evaluation on Directors' Duty Performance (《董事履職自我評價表》) with the self-evaluation results of being competent or incompetent after the review and confirmation by the remuneration and appraisal committee of the Board.
- ② Appraisal by the remuneration and appraisal committee of the Board: The appraisal and evaluation on Directors' duty performance by the remuneration and appraisal committee of the Board is determined the remuneration and appraisal committee of the Board. The office of the Board together with relevant departments collect the annual duty performance of Directors and assist the remuneration and appraisal committee of the Board in evaluating the Form of Appraisal of Directors' Duty Performance (《董事履職考評表》) and in checking the Checklist for Compliance of Directors' Duty Performance (《董事履職合規性核對表》) based on the annual duty performance of Directors with the self-appraisal results of being competent or incompetent.

When both self-appraisal results of performance and the appraisal results of the duty performance are competent after the review by the remuneration and appraisal committee of the Board and there is no "No" in the checking results of Checklist for Compliance of Directors' Duty Performance (《董事履職合規性核對表》), the appraisal results of annual performance will be competent; otherwise it will be incompetent.

When the Remuneration and Appraisal Committee of the Board deliberate on the duty performance of each Director, the Director being appraised shall abstain from voting.

## CORPORATE GOVERNANCE

- ③ Appraisal by the Board: The final appraisal results of Directors shall be determined by the Board. The procedures of duty performance appraisal for the executive Directors of the Company shall be in compliance with the other relevant requirements such as the human resource management policies and the Performance Appraisal and Remuneration Management Regulations for the Operating Management, the Director being appraised shall abstain from voting.

According to the Resolution on Appraisal of Directors' Duty Performance in 2023 considered and approved by the Board, the appraisal results of Directors are as follows:

The appraisal result of Lin Chuanhui of being competent is approved; the appraisal result of Ge Changwei of being competent is approved; the appraisal result of Li Xiulin of being competent is approved; the appraisal result of Shang Shuzhi of being competent is approved; the appraisal result of Guo Jingyi of being competent is approved; the appraisal result of Sun Xiaoyan of being competent is approved; the appraisal result of Qin Li of being competent is approved; the appraisal result of Fan Lifu of being competent is approved; the appraisal result of Hu Bin of being competent is approved; the appraisal result of Leung Shek Ling Olivia of being competent is approved; the appraisal result of Li Wenjing of being competent is approved.

- 2) The appraisal on supervisors' performance includes supervisor's self-evaluation, peer appraisal among supervisors, democratic appraisal by the employee representatives meeting and appraisal by the Supervisory Committee.

Specific steps for appraisal on supervisors' duty performance are as follows:

- ① supervisors' self-evaluation: Supervisors conduct self-evaluation on their respective annual duty performance in accordance with the Form of Self-evaluation on Supervisors' Duty Performance (《監事履職自評表》) with the self-evaluation results of being competent, basically competent or incompetent;
- ② peer appraisal among supervisors: Supervisors conduct peer appraisal on other supervisors' annual duty performance and give a score for actual duty performance of other supervisors in accordance with the Form for Peer Appraisal of Supervisors. The Supervisory Committee determines the results of peer appraisal according to the rules of peer appraisal with appraisal results of being competent, basically competent or incompetent;
- ③ democratic appraisal of the employee representative supervisors by the employee representatives meeting: the employee representative supervisors shall report their annual duty performance at the employee representative meeting and accept the democratic appraisal by the employee representatives. The democratic appraisal shall determine the results of the appraisal through secret ballot vote with appraisal results of being competent, basically competent or incompetent;

- ④ appraisal by the Supervisory Committee: The appraisal by the Supervisory Committee is determined by the Supervisory Committee. The office of the Supervisory Committee together with relevant departments collect the annual duty performance of supervisors and assist the Supervisory Committee in checking the Form of Appraisal of Supervisors' Duty Performance (《監事履職評價表》) based on the annual duty performance of supervisors;
- ⑤ appraisal results of supervisors are considered and confirmed by the Supervisory Committee: The Supervisory Committee conducts appraisal on the annual duty performance of relevant supervisors. The Supervisory Committee considers the appraisal results on annual duty performance of supervisors (competent, basically competent or incompetent) according to the self-appraisal results of each supervisor, results of peer appraisal, results of democratic appraisal by the employee representatives meeting and results of consistency checking of the Form of Appraisal of Supervisors' Duty Performance (《監事履職評價表》) and rules under the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the year of 2023 (《廣發證券監事會對監事 2023 年度履職監督評價實施方案》);
- ⑥ When the Supervisory Committee considers the duty performance of each supervisor, the supervisors concerned shall abstain from voting.

According to the Resolution on Appraisal of Supervisors' Duty Performance in 2023 considered and approved by the Supervisory Committee, the appraisal results of Supervisors are as follows:

The appraisal result of Zhou Xitai of being competent is approved; the appraisal result of Lai Jianhuang of being competent is approved; the appraisal result of Xie Shisong of being competent is approved; the appraisal result of Lu Xin of being competent is approved; the appraisal result of Yi Xinyu of being competent is approved.

The human resource management system of the Company and the relevant requirements are applicable to the appraisal and remuneration of employee representative supervisor. The Performance Appraisal and Remuneration Management Regulations for Chairman of Supervisory Committee of the Company is applicable to the Chairman of Supervisory Committee of the Company.

- 3) The procedures of performance assessment of the operating management of the Company were conducted in compliance with other relevant requirements such as human resource management system and the Performance Appraisal and Remuneration Management Regulations for the Operating Management of the Company. The specific appraisal plan is that the Board of the Company will give corresponding performance-based salary according to the business performance of the Company and the performance-based salary of the operating management will be distributed according to the annual appraisal results. The distribution plan shall have independent opinion of the Independent Directors and have written comments of the Remuneration and Appraisal Committee. Meanwhile, the procedures of performance assessment of the chief compliance officer of the Company were conducted in compliance with the requirements under the Duty Performance Appraisal and Remuneration Management Regulations for Chief Compliance Officer (《合規總監履職考核與薪酬管理辦法》).

## CORPORATE GOVERNANCE

### (5) Remuneration of Directors, Supervisors and senior management during the Reporting Period

Unit: RMB ten thousand

Name	Position	Sex	Status	The total remuneration before tax received from the Company	Remuneration received from related parties of the Company
Lin Chuanhui	Executive Director, Chairman, general manager	Male	Current	236.20	No
Ge Changwei	Executive Director, vice chairman	Male	Current	222.39	No
Li Xiulin	Non-executive Director	Male	Current	18.00	Yes
Shang Shuzhi	Non-executive Director	Male	Current	18.00	Yes
Guo Jingyi	Non-executive Director	Male	Current	0.00	Yes
Sun Xiaoyan	Executive Director, deputy general manager, chief financial officer	Female	Current	213.23	No
Qin Li	Executive Director, chief officer of the Company	Male	Current	203.40	No
Fan Lifu	Independent non-executive Director	Male	Current	27.00	Yes
Hu Bin	Independent non-executive Director	Male	Current	27.00	Yes
Leung Shek Ling Olivia	Independent non-executive Director	Female	Current	27.00	Yes
Li Wenjing	Independent non-executive Director	Male	Current	27.00	Yes
Zhou Xitai	Chairman of the Supervisory Committee, employee representative supervisor	Male	Current	224.89	No
Lai Jianhuang	Supervisor	Male	Current	15.00	Yes
Xie Shisong	Supervisor	Male	Current	15.00	Yes
Lu Xin	Supervisor	Female	Current	15.00	Yes
Yi Xinyu	Employee representative supervisor	Female	Current	94.67	No
Wu Jifu	Deputy general manager	Male	Current	208.17	No
Zhang Wei	Deputy general manager	Male	Current	217.24	No
Yi Yangfang	Deputy general manager	Male	Current	209.83	No
Xin Zhiyun	Deputy general manager, chief information officer	Male	Current	198.40	No

# CORPORATE GOVERNANCE

Name	Position	Sex	Status	The total remuneration before tax received from the Company	Remuneration received from related parties of the Company
Li Qian	Deputy general manager	Male	Current	212.93	No
Xu Youjun	Deputy general manager, chief compliance officer, secretary to the Board, joint company secretary	Male	Current	201.83	No
Ouyang Xi	Chief officer of the Company	Male	Current	213.56	No
Wu Shunhu	Chief risk officer	Male	Current	186.76	No
Cui Zhouhang	Chief human resources officer	Male	Current	191.94	No
Total	—	—	—	3,224.44	—

Note 1: The Company has no payment of compensation in forms other than cash;

Note 2: The total remuneration before tax received from the Company represents the remuneration accrued and distributed by the Company attributable to 2023;

Note 3: The remuneration of the abovementioned personnel during the Reporting Period is the remuneration received during the period of serving as Director, Supervisor and senior management.

## VI. BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE MEETINGS CONVENED DURING THE REPORTING PERIOD

### (I) In respect of Directors, Board of Directors and the management team

The existing Articles of Association and the Rules of Procedure for the Board of Directors have provided for the qualification, obligations and responsibilities of Directors, the authority of the Board of Directors, the convening, voting and resolutions of the meeting of the Board of Directors, etc., which ensure the standard and effective operation of the Board.

# CORPORATE GOVERNANCE

## **1. *The composition of the Board***

The Company appoints and replaces Directors strictly in accordance with the relevant regulations and the provisions of its Articles of Association of the Company. The Board of Directors shall exercise its power and functions according to laws, ensuring that the convening, voting, resolutions of the Board of Directors comply with the Company Law, the Articles of Association of the Company and other regulations. The Board of Directors of the Company comprises 11 Directors, among whom, four are Executive Directors, three are Non-executive Directors and four are Independent Non-executive Directors. The number of Independent Non-executive Directors exceeds one-third of the total number of the Company's Directors.

Shareholder(s) severally or jointly holding 3% or more shares of the Company may nominate candidates for directors and supervisors to the general meeting. If the number of directors nominated by any single shareholder exceeds 1/2 or more of the number of directors, the number of supervisors nominated by such shareholder shall not exceed 1/3 of the number of supervisors. The Directors shall be elected or replaced at the general meeting and their term of office shall be three years. The Directors shall perform their official duties since the adoption of the resolution of the shareholders. Upon the expiry of the term, a Director shall be eligible for re-election and reappointment. Independent Non-executive Directors shall have the same term of office as the other Directors. The term of office of an Independent Non-Executive Director is renewable upon re-election when it expires, but no Independent Non-Executive Director shall serve for more than two sessions. Resolution for the election of Directors at a general meeting shall be passed by one half or more of the voting rights held by the Shareholders (including their proxies) attending the general meeting.

Independent Non-executive Directors shall be independent as required under Article 6 of the Measures for the Administration of Independent Directors of Listed Companies and Rule 3.13 of the Hong Kong Listing Rules. Currently, all Independent Non-executive Directors have conducted self-examinations on their independence and issued written confirmations, and the Board of Directors has evaluated and confirmed the independence of all Independent Non-executive Directors.

## **2. *Independence of the Board of Directors***

To promote more objective and effective board decision-making, the Company has established various systems, including the Rules of Procedure for the Board of Directors and Working Rules of the Independent Directors, so as to ensure that independent views and opinions of all Directors can be submitted to the Board of Directors.

- (1) The Rules of Procedure for the Board of Directors and Working Rules of the Independent Directors and various system of the Company provide guidance for the duty performance of each Director to ensure standard operation and reasonable decision-making by the Board of Directors, and stipulate actions to be taken by the Directors to avoid any conflict of interests;

# CORPORATE GOVERNANCE

- (2) The Board of Directors of the Company consists of 11 members; 7 of them are Non-executive Directors, including 4 Independent Non-executive Directors in accordance with the Listing Rules of the Mainland China and Hong Kong with a balanced composition so that there is a strong independent element on the Board;
- (3) Before nomination of candidates for the appointment of new Independent Non-executive Directors, the Nomination Committee shall make a comprehensive assessment on their independence, working experience and professional skills, etc. It will also assess ongoing independence of the existing Independent Non-executive Directors and their time commitment for their performance of duties on an annual basis. According to Article 6 of the Measures for the Administration of Independent Directors of Listed Companies and Rule 3.13 of the Hong Kong Listing Rules, all Independent Non-executive Directors are required to confirm in writing that they meet the independence requirements on an annual basis;
- (4) The Chairman holds on an annual basis meetings with Independent Non-executive Directors without the presence of other Directors;
- (5) The Company convenes meetings attended by all Independent Non-executive Directors from time to time to consider relevant matters stipulated in the Measures for the Administration of Independent Directors of Listed Companies, or study other matters of the Company as necessary;
- (6) The non-Executive Directors shall receive fixed allowance for serving on the Board of Directors and specific committees under the Board of Directors;
- (7) The specific committees under the Board of Directors may, in the course of performing their duties, engage intermediaries to provide professional advice for their performance of duties at the expenses of the Company;
- (8) The Board of Directors of the Company shall make assessment on performance of Directors on an annual basis; the Director being appraised have abstained from voting. Upon deliberation and confirmation of the final appraisal results of performance of Directors by the Board of Directors, these results will be submitted together with the explanations on appraisal results of performance and matters in relation to their remunerations to the general meeting.

The Company believes that the above measures and policies have been effectively implemented during the Reporting Period.

### **3. Duties of the Board of Directors**

The Board of Directors is the decision-making body of the Company, responsible for the general meeting of shareholders, and shall discharge their duties in accordance with laws, regulations, the Articles of Association of the Company and the listing rules where our Shares are listed. The Board of Directors is responsible for the formulation of the Company's strategies and corporate governance policies, implementation of risk management and internal control as well as corporate finance decisions.

## CORPORATE GOVERNANCE

According to the Articles of Association, the Board shall exercise the following functions and powers: to convene general meetings and report to general meetings; to execute resolutions of general meetings; to resolve on the Company's business plans and investment plans; to formulate the Company's long-term and mid-term development plans; to prepare the annual financial budgets and final accounting plans of the Company; to prepare the profit distribution plan and loss makeup plan of the Company; to prepare plans for the increase or decrease of the registered capital of the Company, the issuance of bonds or other securities and listing plans; to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company; to decide on external investment, acquisition and disposal of assets, asset pledge, external guarantee, consigned financial management, connected transactions, etc. of the Company within the authority granted by the general meeting; to resolve on the establishment of internal management organizations of the Company; to appoint or dismiss the Company's general manager, secretary of the Board, chief compliance officer, chief risk officer, chief information officer and chief audit officer as nominated by the Chairman of the Board; to appoint or dismiss the Company's vice general manager, chief financial officer and other senior management as nominated by the general manager and determine their remuneration and rewards and penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Association; to manage the disclosure of information by the Company; to propose to general meetings the appointment or change of the accounting firm acting as the auditors of the Company; to review the work report of the general manager of the Company and examine the work conducted by the general manager; to monitor, review and evaluate the establishment and implementation of the Company's various internal control systems and to be responsible for the effectiveness of the internal control; to determine the compliance management objectives of the Company, assume responsibility for the effectiveness of the compliance management, evaluate the effectiveness of the compliance management, and supervise and solve the problems existing in the compliance management; to ensure the independence of the chief compliance officer, guarantee the independent communication between the chief compliance officer and the Board and safeguard the smooth reporting between the chief compliance officer and the regulatory authority; to review the annual compliance report and monitor the implementation of the compliance policies; to assume the final responsibility for overall risk management, full, examine and approve significant risk management policies including risk preference, review the Company's regular risk assessment report and other corresponding duties; to evaluate and determine the nature and extent of risks that the Company is willing to take in achieving its strategic objectives and ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board of Directors shall supervise the design, implementation and monitoring of the risk management and internal control systems by the management and the management shall provide the Board of Directors confirmations on the effectiveness of such systems. The Board of Directors shall determine to acquire the shares of the Company under the circumstances set out under Article 27(3), (5) or (6) of the Articles of Association; and to be responsible for reviewing the Company's information technology management objectives and assuming responsibility for the effectiveness of information technology management;



# CORPORATE GOVERNANCE

review the information technology strategy to ensure its consistency with the Company's development strategy, risk management strategy and capital strength; establish manpower and funding support plans for information technology; evaluate the overall effectiveness and efficiency of the annual information technology management; guide and promote the construction of corporate culture of the Company; exercise other functions and powers as conferred by laws, administrative regulations, departmental rules or the Articles of Association.

#### 4. *Major initiatives on corporate governance by the Board of Directors*

In terms of corporate governance, the Board or its subordinated specific committees shall perform the following responsibilities: to formulate and review the policy and practice of corporate governance, and make proposals to the Board; to review and monitor training and continued professional development of the Directors and senior management personnel; to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements; and to review the issuer's compliance with the CG Code, and the disclosure in this report. During the Reporting Period, the Board of Directors of the Company carried out the following major initiatives on corporate governance:

- (1) According to the Opinions on Strengthening the Regulation of the Professional Integrity of Intermediaries under the Registration-Based IPO System (《關於加強註冊制下中介機構廉潔從業監管的意見》) issued by the CSRC, the Ministry of Justice and the Ministry of Finance, securities companies are encouraged to incorporate the management objectives and general requirements of integrity in their Articles of Association. The Company amended the Articles of Association based on its actual situation. The amended Articles of Association came to effect on June 28, 2023.
- (2) Pursuant to various laws and regulations, departmental rules, normative documents and the Articles of Association amended by the regulatory authorities, the Company revised a number of rules and regulations including GF Securities Management System for Information Disclosure, GF Securities Management System for Related Party Transactions, GF Securities Management System for Investor Relations, GF Securities Management Measures for Knowers of Inside Information and GF Securities Management Measures for External Information Users, etc.
- (3) In order to implement the requirements of the CSRC on the integrity construction and self-discipline management of the securities industry, the Company formulated the GF Securities Management System of Integrity Practice, which clarified the integrity construction objectives of the Company, and clarified and institutionalized the requirements of integrity work and the division of responsibilities at all levels, to further strengthen the integrity practice management.

## CORPORATE GOVERNANCE

- (4) The Company provides professional training to its Directors, Supervisors and senior management for their performance of duties. In 2023, the Company facilitated Directors, Supervisors and senior management to participate in various trainings organized by the regulatory authorities, listed company associations, industry associations and the Company, with the expenses borne by the Company. The Company sent the laws, regulations, guidelines, notices, special editions issued by the regulatory authorities and the newsletters of the Directors and Supervisors 《董監事通訊》 that are compiled monthly by the Company to the Directors, Supervisors and senior management in a timely manner, so as to improve their understanding of the development of the securities industry and the Company's business and to facilitate the performance of duties by the Company's Directors, Supervisors and senior management.
- (5) The Company attaches great importance to the deep integration of development strategy, cultural concept and operation development, and the corporate culture of the Company is in line with the Company's purpose, value and strategy. With culture-driven business, the Company regards serving the national strategy, the real economy development and the people's yearning for a better life as its corporate responsibilities and missions, leading the main businesses such as investment banking, wealth management, and asset management to enhance core competitiveness, and promote business decision-making and organic combination of cultural concepts. In order to carry on the culture of business, the cultural construction requirements are embedded in the whole process of the Company's operation and management, and the Company's mission, core values and business philosophy are demonstrated in the business operation, so that the culture has strong vitality, cohesion and appeal. During the Reporting Period, the Company coordinated and promoted the construction of corporate culture, strengthened the positive incentive role, explored and promoted the construction of the characteristic cultural brand of "knowledge-based, truth-seeking and dedication", and continued to strengthen cultural recognition, fully supported the construction of industry culture, and facilitated the high-quality development of the industry by hosting activities, such as the first Guangdong Securities Industry Investment Consultant Vocational Skills Competition (首屆廣東證券行業投資顧問職業技能大賽).

# CORPORATE GOVERNANCE

Before the publication of this report, the Board has reviewed the Corporate Governance section herein (the Corporate Governance Report), and the Board is of the view that this Corporate Governance Report complies with the relevant requirements of the Hong Kong Listing Rules

## **5. *Duties of the management team***

The Company implements the general-manager responsibility system under the leadership of the Board of Directors. The Articles of Association of the Company clearly delineate the respective responsibilities of the Board of Directors and the operating management. The management shall be accountable for the daily business operations of the Company and shall be responsible for organizing the implementation of the Board's resolutions, the Company's annual business plans and investment plans, preparing the plan for the establishment of internal management of the Company, preparing the basic management system of the Company, deciding the appointment or removal of executives other than those appointed or removed by the Board, and exercising other functions and powers conferred in the Articles of Association and by the Board. If necessary, the Board of Directors could delegate its management and administrative authority to the operating management team, and provide clear guidelines on the authorized acts. Senior management staff shall be appointed or removed by the Board. They serve for a term of three years and may serve consecutive terms upon reappointment.

## **6. *Duties of the Chairman and General Manager***

The Articles of Association, Rules of Procedures for the Board of Directors, Terms of Reference for the Chairman and Terms of Reference for the General Manager of the Company clearly delineate the duties of the Chairman and the General Manager. The Chairman is the legal representative of the Company, who leads the daily operations of the Board, and monitors the implementation of resolutions made by the Board to ensure efficient and orderly operations of the Board. The General Manager of the Company presides over the daily operation and management of the Company, organizes the implementation of the resolutions of the Board of Directors and reports to the Board of Directors. Mr. Lin Chuanhui is concurrently the Chairman and the General Manager of the Company during the Reporting Period, the details of which are set out in "I. Basic Situation of the Corporate Governance" of this section.

# CORPORATE GOVERNANCE

## 7. The Board during the Reporting Period

Session of meeting	Convening date	Disclosure date	Status of resolutions
The Twenty-seventh Meeting of the Tenth Session of the Board of Directors	February 24, 2023	February 25, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the Resolution on Adjusting the Organizational Structure of the Company's Retail Business</li> <li>the Resolution on the Integration of the Company's Derivatives Business</li> </ol>
The Twenty-eighth Meeting of the Tenth Session of the Board of Directors	March 30, 2023	March 31, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the Directors' Report of GF Securities for the Year of 2022</li> <li>the Work Report of the Strategy Committee of the Board of Directors of GF Securities for the Year of 2022</li> <li>the Work Report of the Nomination Committee of the Board of Directors of GF Securities for the Year of 2022</li> <li>the Work Report of the Remuneration and Appraisal Committee of the Board of Directors of GF Securities for the Year of 2022</li> <li>the Work Report of the Audit Committee of the Board of Directors of GF Securities for the Year of 2022</li> <li>the Work Report of the Risk Management Committee of the Board of Directors of GF Securities for the Year of 2022</li> <li>the Resolution on Drawing General Meeting's attention to Work Report of GF Securities Independent Directors for the Year of 2022</li> <li>the Resolution on Drawing General Meeting's attention to Duty Report of GF Securities Independent Directors for the Year of 2022</li> <li>the Resolution of Performance Assessment on Directors for the Year of 2022</li> <li>the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2022</li> <li>the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Business Management for the Year of 2022</li> <li>the Final Financial Report of GF Securities for the Year of 2022</li> <li>the Annual Report of GF Securities for the Year of 2022</li> <li>the Social Responsibility and Environmental, Social and Governance (ESG) Report of GF Securities for the Year of 2022</li> <li>the Corporate Governance Report of GF Securities for the Year of 2022</li> <li>the Compliance Report of GF Securities for the Year of 2022</li> <li>the Review Report on the Effectiveness of the Compliance Management of GF Securities for the Year of 2022</li> <li>the Internal Control and Evaluation Report of GF Securities for the Year of 2022</li> <li>the Specific Auditing Report of Related Party Transactions of GF Securities for the Year of 2022</li> <li>the Risk Management Report of GF Securities for the Year of 2022</li> <li>the Specific Report on the Information Technology Management of GF Securities for the Year of 2022</li> <li>the Plan of Profit-sharing of GF Securities for the Year of 2022</li> <li>the Resolution Regarding Engaging Auditors in 2023</li> <li>the Resolution on the Authorization of Proprietary Investment Quota for 2023</li> <li>the Resolution on Expected Daily Related Party/Connected Transactions of the Company for the Year of 2023</li> <li>the Resolution Regarding Amendments to the Articles of Association of the Company</li> <li>the Resolution on Formulation of the GF Securities' Integrity Management System</li> <li>the Resolution on the Authorization to Convene the General Meeting for the Year of 2022</li> <li>the Resolution on Distribution of Performance-based Salary for the Management for the Year of 2022</li> </ol>

# CORPORATE GOVERNANCE

Session of meeting	Convening date	Disclosure date	Status of resolutions
The Twenty-ninth Meeting of the Tenth Session of the Board of Directors	April 28, 2023	April 29, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the 2023 First Quarterly Report of GF Securities</li> <li>the Resolution on the Amendment of GF Securities Management System for Information Disclosure</li> <li>the Resolution on the Amendment of GF Securities Management System for Related Party Transactions</li> <li>the Resolution on the Amendment of GF Securities Management System for Investor Relations</li> <li>the Resolution on the Amendment of GF Securities Management Measures for Knowers of Inside Information</li> <li>the Resolution on the Amendment of GF Securities Management Measures for External Information Users</li> </ol>
The Thirtieth Meeting of the Tenth Session of the Board of Directors	August 30, 2023	August 31, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the Resolution on the 2023 Interim Report of GF Securities</li> <li>the Resolution on the 2023 Interim Risk Management Report of GF Securities</li> </ol>
The Thirty-first Meeting of the Tenth Session of the Board of Directors	October 17, 2023	October 18, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the Resolution on the Company's Application for the Qualification of Market-Making Trading Business of Listed Securities and the Launch of Market-Making Trading Business of Shares on the Science and Technology Innovation Board</li> <li>the Resolution on the Company's Application for the Market-Making Business of Bonds on Stock Exchanges</li> <li>the Resolution on the Company's Application for the Market-Making Business of Beijing Stock Exchange</li> </ol>
The Thirty-second Meeting of the Tenth Session of the Board of Directors	October 30, 2023	October 31, 2023	The Board of Directors considered and approved: <ol style="list-style-type: none"> <li>the Resolution on the 2023 Third Quarterly Report of GF Securities</li> <li>the Resolution on the Amendment of the Integrity Management System of GF Securities</li> </ol>

Related announcements of resolutions are published in the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the HKExnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company.

# CORPORATE GOVERNANCE

## 8. Attendance of Directors at Board meetings and general meetings of shareholders

Name of Director	Attendance at Board meetings and general meetings of shareholders						Two consecutive absences in person from Board Meeting	Attendance at general meeting of shareholders
	Required attendance at Board Meetings during the Reporting Period	On-site attendance at Board Meeting	Attendance at Board Meeting by telecommunication	Attendance at Board Meeting by proxy	Times of absence from Board Meeting			
Lin Chuanhui	6	4	2	0	0	No	1	
Ge Changwei	6	4	2	0	0	No	1	
Li Xiulin	6	1	5	0	0	No	1	
Shang Shuzhi	6	0	6	0	0	No	1	
Guo Jingyi	6	3	3	0	0	No	1	
Sun Xiaoyan	6	4	2	0	0	No	1	
Qin Li	6	4	2	0	0	No	1	
Fan Lifu	6	1	5	0	0	No	1	
Hu Bin	6	0	6	0	0	No	0	
Leung Shek								
Ling Olivia	6	1	5	0	0	No	1	
Li Wenjing	6	2	4	0	0	No	1	

## CORPORATE GOVERNANCE

### **9. Objections raised by Directors on matters of the Company**

During the Reporting Period, no objection was raised by the Directors to the relevant matters of the Company.

### **10. Other explanations on the performance of duties by Directors**

During the Reporting Period, no suggestions made by the Directors on the Company were rejected. During the Reporting Period, the Independent Non-executive Directors of the Company held a special meeting to discuss with the Chairman of the Board on “the effective path for the Company to achieve positive changes, promote high-quality development of the Company to a new level under the current situation”. The Company integrated the opinions of Independent Non-executive Directors into its daily operation and development, actively transformed and reformed, optimized its business structure, focused on its core business, and promoted the continuous improvement of the competitiveness of various business segments and improved its comprehensive financial service capabilities.

### **11. Implementation of the resolutions of shareholders’ meetings by the Board of Directors**

The Board of Directors of the Company has implemented the resolutions of shareholders’ meetings well, and details on the implementation of the resolutions of shareholders’ meetings by the Board of Directors during the Reporting Period is as follows:

- (1) On June 28, 2023, the Company convened the 2022 annual general meeting and passed the Resolution on Engagement of its Auditor for the Year of 2023. According to the resolution, the Company engaged Ernst & Young as its auditor for the year of 2023.
- (2) On June 28, 2023, the Company convened the 2022 annual general meeting and passed the 2022 Profit Distribution Plan of GF Securities (《廣發證券 2022 年度利潤分配方案》). The Company has completed the profit distribution before August 11, 2023 by distributing cash dividend of RMB3.5 (tax inclusive) for every 10 shares based 7,605,845,511 shares after deducting the repurchased 15,242,153 A Shares from the then share capital of the Company of 7,621,087,664 shares.
- (3) On June 28, 2023, the Company convened the 2022 annual general meeting and passed the relevant resolution on the amendment of the Articles of Association, GF Securities Management System for Information Disclosure, GF Securities Management System for Related Party Transactions and GF Securities Management System for Investor Relations. The revised systems officially came into effect on the date of the resolution of the general meeting of shareholders; the Company submitted the Filing Report on Amendments to the Articles of Association of GF Securities (《關於修訂廣發證券公司章程的備案報告》) to Guangdong Bureau of the CSRC in accordance with relevant laws and regulations.

## CORPORATE GOVERNANCE

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### *12. Directors' trainings*

The Company attaches great importance to continuous training of Directors, to ensure appropriate understanding of the Company's business operations and development by Directors, and their comprehensive understanding of the applicable regulatory laws, decrees and regulations where the Company's shares are listed. During the Reporting Period, in addition to attending trainings organized by the regulatory bodies, the Company's Directors were also proactively involved in seminars and symposiums organized by trade associations and other self-regulatory organizations, to promote the capacity of fulfilling their duties. The Company promptly provide to the Directors, Supervisors and senior management with the latest information on, among others, the laws, regulations, guidelines, notices, special material issued by the regulatory authorities. The Company provides the Newsletter of Directors and Supervisors, which is prepared monthly, as well as special training materials prepared from time to time, to Directors in a timely manner, and assists Directors in acquiring comprehensive knowledge of the Company's operations, the implementation of resolutions and the industry's latest development as well as the latest regulations, thus facilitating the performance of Directors' duties.



# CORPORATE GOVERNANCE

The Directors' major trainings in 2023 are as follows:

Name	Position	Training content
Lin Chuanhui	Executive Director, Chairman, General Manager	<ol style="list-style-type: none"> <li>On January 14, 2023, he attended the Training on the Analysis of the Development Situation of the Company's Securities Industry and the Analysis of the Macroeconomic Situation;</li> <li>On January 28, 2023, he attended the High-quality Development Conference of Guangdong Province;</li> <li>On February 10, 2023, he attended the 2023 Provincial Financial Work Conference of the Local Financial Supervision and Administration Bureau of Guangdong Province, and made a brief report on the theme of "Capital Market Supports Technological Innovation";</li> <li>On February 27, 2023, he attended the Macro-situation Analysis Training of the Chief Economist of the Company;</li> <li>On March 3, 2023, he attended the Company's Special Training on Digitalization;</li> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>On April 13, 2023, he attended the Special Promotion Event on the Comprehensive Registration System Reform of Guangdong Bureau of CSRC "Capital Empowering Manufacturing Pilot";</li> <li>On April 22, 2023, he attended the Fifth Guangdong-Hong Kong-Macao Greater Bay Area Financial Development Forum of the Local Financial Supervision and Administration Bureau of Guangdong Province;</li> <li>On April 23, 2023, he attended the Trainings on the Analysis of the Company's Current Macroeconomic Situation, the Analysis and Outlook of the Competition Situation of the Securities Industry and the Outlook of the A-share Market;</li> <li>On June 1 to June 2, 2023, he attended the 2023 Global Investor Conference of the SZSE;</li> <li>On July 3, 2023, he attended the Special Training on the Special Training on the Company's Chinese-style Modernization and Special Training on the Concept of Honor and Disgrace in the Securities Industry;</li> <li>On July 15, 2023, he attended the Company's Macroeconomic Situation Analysis Training;</li> <li>On July 22, 2023, he attended the Company's Platform-based Special Training;</li> <li>On September 25, 2023, he attended the 6th General Meeting of Guangdong Listed Companies Association and the High-quality Development Conference of Listed Companies in the District;</li> <li>On October 25, 2023, he attended the 2023 Securities Industry High-quality Development Forum and Digital Finance Innovation and Development Conference of China Securities Journal "AI Driven Digital Intelligence Empowerment to Build New Ecosystem for the Securities Industry";</li> <li>On November 6, 2023, he attended the Opening Ceremony of Guangzhou Investment &amp; Consulting College;</li> <li>On November 7, 2023, he attended the Special Meeting of the China Securities Regulatory Commission on the Construction of Integrity Culture of the Capital Market in the New Era;</li> <li>On November 16, 2023, he attended the Meeting of the General Office of the Guangdong Provincial Committee of the Communist Party of China for Accelerating the Promotion of New Industrialization and High-quality Construction of Strong Manufacturing Province;</li> <li>On December 11, 2023, he attended the Online Training for Directors, Supervisors and Senior management of Listed Companies in the Guangdong Jurisdiction of the Guangdong Bureau of CSRC.</li> </ol>

# CORPORATE GOVERNANCE

Name	Position	Training content
Ge Changwei	Executive Director, Vice Chairman	<ol style="list-style-type: none"> <li>On January 14, 2023, he attended the Training on the Analysis of the Development Situation of the Company's Securities Industry and the Analysis of the Macroeconomic Situation;</li> <li>On February 27, 2023, he attended the Macro Situation Analysis Training of the Company's Chief Economist;</li> <li>On March 3, 2023, he attended the Company's Special Training on Digitalization;</li> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>On April 23, 2023, he attended the Trainings on the Analysis of the Company's Current Macroeconomic Situation, the Analysis and Outlook of the Competition Situation of the Securities Industry and the Outlook of the A-share Market;</li> <li>On April 26, 2023, he attended the 2023 New Energy and Smart Vehicle Industry Investment Summit of GAC Capital Co., Ltd.;</li> <li>On July 3, 2023, he attended the Special Training on the Company's Chinese-style Modernization and Special Training on the Concept of Honor and Disgrace in the Securities Industry;</li> <li>On July 15, 2023, he attended the Company's Macroeconomic Situation Analysis Training;</li> <li>On July 22, 2023, he attended the Company's Platform-based Special Training;</li> <li>On September 12, 2023, he attended the 2023 Suzhou Digital Finance Conference of the Suzhou Municipal People's Government;</li> <li>On December 6, 2023, he attended the Online Training for Directors, Supervisors and Senior Management of Listed Companies in the Guangdong Jurisdiction of the Guangdong Bureau of CSRC.</li> </ol>
Sun Xiaoyan	Executive Director, Deputy General Manager, Chief Financial Officer	<ol style="list-style-type: none"> <li>On January 14, 2023, she attended the Training on the Analysis of the Development Situation of the Company's Securities Industry and the Analysis of the Macroeconomic Situation;</li> <li>On February 27, 2023, she attended the Macro Situation Analysis Training of the Company's Chief Economist;</li> <li>On March 3, 2023, she attended the Company's Special Training on Digitalization;</li> <li>On March 30, 2023, she attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>On April 23, 2023, she attended the Trainings on the Analysis of the Company's Current Macroeconomic Situation, the Analysis and Outlook of the Competition Situation of the Securities Industry and the Outlook of the A-share Market;</li> <li>On June 6, 2023, she attended the RMB Internationalization Forum of Bank of China Limited;</li> <li>On July 3, 2023, she attended the Special Training on the Company's Chinese-style Modernization and Special Training on the Concept of Honor and Disgrace in the Securities Industry;</li> <li>On July 15, 2023, she attended the Company's Macroeconomic Situation Analysis Training;</li> <li>On July 27, 2023, she attended the Bond Development Promotion Meeting under the Jurisdiction of the Guangdong Bureau of CSRC;</li> <li>On November 30, 2023, she attended the Seminar on Group Financial Management of Securities Companies of the Securities Association of China;</li> <li>On December 5, 2023, she attended the Online Training for Directors, Supervisors and Senior Management of Listed Companies in the Guangdong Jurisdiction of the Guangdong Bureau of CSRC.</li> </ol>

# CORPORATE GOVERNANCE

Name	Position	Training content
Qin Li	Executive Director, Chief Officer of the Company	<ol style="list-style-type: none"> <li>1. On January 14, 2023, he attended the Training on the Analysis of the Development Situation of the Company's Securities Industry and the Analysis of the Macroeconomic Situation;</li> <li>2. On February 27, 2023, he attended the Macro Situation Analysis Training of the Company's Chief Economist;</li> <li>3. On March 3, 2023, he attended the Company's Special Training on Digitalization;</li> <li>4. On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>5. On April 23, 2023, he attended the Trainings on the Analysis of the Company's Current Macroeconomic Situation, the Analysis and Outlook of the Competition Situation of the Securities Industry and the Outlook of the A-share Market;</li> <li>6. On July 3, 2023, he attended the Special Training on the Company's Chinese-style Modernization and Special Training on the Concept of Honor and Disgrace in the Securities Industry;</li> <li>7. On July 15, 2023, he attended the Company's Macroeconomic Situation Analysis Training;</li> <li>8. On July 22, 2023, he attended the Company's Platform-based Special Training;</li> <li>9. On December 5, 2023, he attended the Online Training for Directors, Supervisors and Senior Management of Listed Companies in the Guangdong Jurisdiction of the Guangdong Bureau of CSRC;</li> <li>10. From December 16 to December 17, 2023, he attended the Second Pearl Bay Financial Forum of China Finance 40 Forum (Digital Economy and Asset Management: New Trends and New Momentum in the Greater Bay Area).</li> </ol>
Li Xiulin	Non-executive Director	<ol style="list-style-type: none"> <li>1. On March 13, 2023, he attended the Training of the China Association for Public Companies on the Key Points of Standardized Governance of Listed Companies and Analysis of the Latest Cases of Violations of Laws and Regulations of Listed Companies;</li> <li>2. On March 30, 2023, he attended the Training of the China Association for Public Companies on the Latest Cases of Violations of Laws and Regulations of Listed Companies and Special Trainings on Corporate Governance of Listed Companies;</li> <li>3. On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for Directors, Supervisors and Senior Management;</li> <li>4. On April 20, 2023, he attended the China Association for Public Companies's Special Training on Policy Interpretation (Total Issue 43), and Training on Sharing of A-Share IPO Practices and Review Points of Concern under the Comprehensive Registration System, Interpretation of Policies Related to IPOs under the Comprehensive Registration System Reform, and Corporate Compliance, Corporate Governance and Standardized Operation for Legal Entities of the Company;</li> <li>5. On August 17, 2023, he attended the China Association for Public Companies' Special Training on Compliance Management (Total Issue 19), and Training on Financial Fraud Risk Prevention and Response, Analysis of Cases of Violation of Laws and Regulations in Information Disclosure of Listed Companies, the Effectiveness of Commercial Contracts From the Perspective of Financial Litigation;</li> <li>6. On November 21, 2023, he attended the Training of the China Association for Public Companies on Standardized Governance and Best Practices of Listed Companies;</li> <li>7. On November 23, 2023, he attended the China Association for Public Companies' Training Series on "Businesses Shaping the Future".</li> </ol>

# CORPORATE GOVERNANCE

Name	Position	Training content
Shang Shuzhi	Non-executive Director	<ol style="list-style-type: none"> <li>On March 13, 2023, he attended the Special Training of the China Association for Public Companies on “the Interpretation of the Comprehensive Registration System Reform Policy”;</li> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>On November 24, 2023, he attended the Online Training of Dalian Securities Regulatory Bureau on the Reform of the Independent Director System of Listed Companies in under its Jurisdiction.</li> </ol>
Guo Jingyi	Non-executive Director	<ol style="list-style-type: none"> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>From 14 July 2023 to 27 July 2023, he attended the Special Training on Continuous Improvement of the Quality of State-owned Listed Companies by the Shenzhen Stock Exchange (Phase I: State-owned Enterprise Reform);</li> <li>From 31 August to 13 September 2023, he attended the Special Training on Continuous Improvement of the Quality of State-owned Listed Companies at the Shenzhen Stock Exchange (Phase II: Information Disclosure and Share Incentives);</li> <li>On September 25, 2023, he attended the 6th Member Meeting of Guangdong Association of Public Companies and the Conference on High-quality Development of Listed Companies in the Jurisdiction;</li> <li>On 12 October 2023, he attended the Special Training on Investor Relations Management of 2023 Investor Relations Management Month Event for Listed Companies in Guangdong Province organized by Guangdong Bureau of CSRC and Guangdong Association of Public Companies;</li> <li>On December 15, 2023, he attended the Online Training on the Reform of the Independent Director System of Listed Companies organized by the Guangdong Bureau of CSRC and the China Association for Public Companies.</li> </ol>
Fan Lifu	Independent Non-executive Director	<ol style="list-style-type: none"> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for the Performance of Directors, Supervisors and Senior Management;</li> <li>On June 21, 2023, he attended the Training of China Financial Futures Exchange on Inclusion of Financial Futures Service Investor Education into National Education;</li> <li>From July 14 to 27, 2023, he attended the Training on Improving the Quality of State-owned Listed Companies from the Entrepreneurship Training Center of the Shenzhen Stock Exchange;</li> <li>From July 19 to 20, 2023, he attended the Dongcai Forum “Finance Boosts the High-quality Development of Liaoning’s Real Economy” on Comprehensive Revitalization and New Breakthroughs held by Dongbei University of Finance and Economics;</li> <li>On August 2, 2023, he attended the Introduction of the Reform of the Independent Director System, and Training on Rights, Obligations and Performance Risks of Independent Directors under the New Situation organized by Liaoning Bureau of CSRC, Dalian Bureau of CSRC and Shenzhen Stock Exchange;</li> <li>On August 18, 2023, he attended the Training of the China Association for Public Companies on the Interpretation of the New Regulations on the Reform of the Independent Director System of Listed Companies;</li> <li>On December 12, 2023, he attended the Training of Guangdong Bureau of CSRC on the Interpretation of the Reform of the Independent Director System of Listed Companies.</li> </ol>

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Name	Position	Training content
Hu Bin	Independent Non-executive Director	<ol style="list-style-type: none"> <li>On March 3, 2023, he attended the Seminar on the Innovation and Compliance Development of Investment Consulting Business of the National Finance and Development Laboratory and the Institute of Finance of the Chinese Academy of Social Sciences;</li> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for Directors, Supervisors and Senior Management;</li> <li>On July 1, 2023, he attended the Meeting of the Chinese Academy of Social Sciences to Guide the Construction of China's Economic Self-knowledge System Based on Xi Jinping's Economic Thought;</li> <li>On November 8, 2023, he attended the Release Conference of the Major Achievements of the Chinese Academy of Social Sciences and the Academic Research Review and Prospect Seminar of the 10th Anniversary of the Belt and Road Initiative;</li> <li>On December 15, 2023, he attended the Training organized by the China Association for Public Companies on the Interpretation of the New Regulations on the Reform of the Independent Director System of Listed Companies;</li> <li>On December 19, 2023, he attended the Kick-off Meeting of the Major Innovation Project of the Chinese Academy of Social Sciences to Study and Explain the Modern Civilization of the Chinese Nation.</li> </ol>
Leung Shek Ling Olivia	Independent Non-executive Director	<ol style="list-style-type: none"> <li>On March 29, 2023, she studied 5 Lessons to learn from the Collapse of FTX issued by Simon Business School, University of Rochester;</li> <li>On March 30, 2023, she attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for Directors, Supervisors and Senior Management;</li> <li>On July 1, 2023, she attended the INED training workshop sponsored by Beacons Law Firm (Hong Kong);</li> <li>On July 11, 2023, she attended the How to identify fraud risk workshop sponsored by CPA academy.org;</li> <li>On November 1, 2023, she studied Case Reading: Samson Paper: Auditor's Findings Led to Joint Resignation of INED and non-executive director published by Harvard Business Publishing (Education);</li> <li>On November 15, 2023, she studied Case Reading: A Corporate Governance Breach at SingPost published by Harvard Business Publishing (Education);</li> <li>On December 17, 2023, she attended the Interpretation Training on the Reform of the Independent Director System of Listed Companies organized by the China Association for Public Companies;</li> <li>On 22 December 2023, she studied the Regulatory framework for virtual asset trading platforms and Warning on the JPX case issued by the Hong Kong SFC.</li> </ol>
Li Wenjing	Independent Non-executive Director	<ol style="list-style-type: none"> <li>On March 2, 2023, he attended the China Listed Companies Association's Special Training on Compliance Management of Listed Companies;</li> <li>On March 30, 2023, he attended the Special Training on Corporate Governance of Listed Companies by the China Association for Public Companies;</li> <li>On March 30, 2023, he attended the Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and the Precautions for Directors, Supervisors and Senior Management;</li> <li>On 28 October 2023, he attended the Seminar on "Modernization of State-owned Assets Governance and High-quality Economic Development of Guangdong" held by the Enterprise Development Institute of Jinan University;</li> <li>On November 11, 2023, he attended the Business School Development Forum of Management School of Jinan University;</li> <li>On December 5, 2023, he attended the Presentation on the Key Points of Standardized Governance of Listed Companies by the China Association for Public Companies;</li> <li>On December 11, 2023, he attended the training on the Interpretation of China Association for Public Companies on the Reform of Independent Director System of Listed Companies;</li> <li>On December 30, 2023, he attended the 4th Asia Pacific Accounting Dean's Forum of School of Accountancy of Shanghai University of Finance and Economics in 2023 and the 14th Joint Conference on ACCA National Education Forum.</li> </ol>

# CORPORATE GOVERNANCE

## (II) In respect of Supervisors and Supervisory Committee

The existing Articles of Association of the Company and the Rules of Procedure for the Supervisory Committee have provided provisions regarding the composition, authority, the convocation of the meeting, notice of meeting and minutes of the Supervisory Committee, etc., which ensure the standard and effective operation of the Supervisory Committee. The Supervisory Committee of the Company currently comprises five Supervisors, among whom, three are shareholder representative supervisors and two are employee representative supervisors.

### 1. The Supervisory Committee meetings during the Reporting Period

Session of meeting	Convening date	Disclosure date	Status of resolutions
The Fifteenth Meeting of the Tenth Session of the Supervisory Committee	March 30, 2023	March 31, 2023	The Supervisory Committee considered and approved: <ol style="list-style-type: none"> <li>the Inspection Report on the Implementation of the Information Disclosure Management System of GF Securities in 2022</li> <li>the 2022 Social Responsibility and Environmental, Social and Governance (ESG) Report of GF Securities Co., Ltd.</li> <li>the Annual Report of GF Securities for the Year of 2022</li> <li>the Proposal on the Audit Opinions on the 2022 Annual Report of GF Securities</li> <li>the 2022 Internal Control Evaluation Report of GF Securities</li> <li>the GF Securities 2022 Evaluation Report on the Effectiveness of Compliance Management</li> <li>the Proposal on the Performance Appraisal of Supervisors in 2022</li> <li>the Special Explanation on Performance Appraisal and Remuneration of Supervisors of GF Securities in 2022</li> <li>the 2022 Report of the Supervisory Committee of GF Securities</li> <li>the Proposal on 2022 Performance Remuneration of the Chairman of Supervisory Committee</li> </ol>
The Sixteenth Meeting of the Tenth Session of the Supervisory Committee	April 28, 2023	April 29, 2023	The Supervisory Committee considered and approved: <ol style="list-style-type: none"> <li>the 2023 First Quarterly Report of GF Securities</li> <li>the Proposal on Amending the Administrative Measures for the Audit of the Resignation of the Management of GF Securities</li> </ol>
The Seventeenth Meeting of the Tenth Session of the Supervisory Committee	August 30, 2023	August 31, 2023	The Supervisory Committee considered and approved: <ol style="list-style-type: none"> <li>the Resolution on the 2023 Interim Report of GF Securities</li> </ol>
The Eighteenth Meeting of the Tenth Session of the Supervisory Committee	October 30, 2023	October 31, 2023	The Supervisory Committee considered and approved: <ol style="list-style-type: none"> <li>the Resolution on the 2023 Third Quarterly Report of GF Securities</li> </ol>

# CORPORATE GOVERNANCE

## 2. Attendance of Supervisors at Supervisory Committee meetings

Name	Position	Required attendance at Supervisory Committee meetings during the Reporting Period		Attendance at Supervisory Committee meetings by telecommunication		Times of absence from Supervisory Committee meetings
		On-site attendance at Supervisory Committee meetings	Required attendance at Supervisory Committee meetings	Attendance at Supervisory Committee meetings	Attendance at Supervisory Committee meetings by proxy	
Zhou Xitai	Employee representative Supervisor, chairman of the Supervisory Committee	4	2	2	0	0
Lai Jianhuang	Supervisor	4	1	3	0	0
Xie Shisong	Supervisor	4	1	3	0	0
Lu Xin	Supervisor	4	2	2	0	0
Yi Xinyu	Employee representative Supervisor	4	2	2	0	0

Related announcements of resolutions are published in the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the HKExnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company.

# CORPORATE GOVERNANCE

## VII. THE SPECIAL COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

The Board consists of several special committees, namely the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee and the Risk Management Committee. The clear division of power and responsibility of the Committees guarantees effective operation and makes the decision division of the Board more refined. The special committees play an effective role in the Company's major decisions.

Currently, the constitution of all special committees under the Board is as follows:

Name of Committee	Constitution
Strategy Committee	Lin Chuanhui (Chairman), Li Xiulin, Shang Shuzhi, Guo Jingyi and Ge Changwei
Nomination Committee	Hu Bin (Chairman), Fan Lifu, Li Wenjing, Lin Chuanhui and Sun Xiaoyan
Remuneration and Appraisal Committee	Hu Bin (Chairman), Fan Lifu, Leung Shek Ling Olivia, Sun Xiaoyan and Qin Li
Audit Committee	Li Wenjing (Chairman), Fan Lifu and Leung Shek Ling Olivia
Risk Management Committee	Lin Chuanhui (Chairman), Leung Shek Ling Olivia, Li Wenjing, Sun Xiaoyan and Qin Li

During the Reporting Period, details of meetings convened by the special committees are as follows:

### 1. The Strategy Committee

The Strategy Committee is mainly responsible for formulating the mid to long-term strategic goals and development plans of the Company, reviewing the mid to long-term strategic goals and development plans of each business and management segment of the Company, supervising and guiding the implementation of the Company's strategies, etc. The duties that the Strategy Committee shall perform are set forth in the Rules of Procedure for the Strategy Committee of the Board of Directors published on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

In 2023, the major achievements of the Strategy Committee included: the Strategy Committee of the Board reviewed the Company's financial budget reports to obtain a comprehensive understanding of the Company's financial conditions and the implementation of the relevant strategies; it also reviewed the relevant information in relation to the Company's business operations, including the Company's regular reports, financial reports, the materials of shareholders' meetings, the board meetings and other relevant meetings, to obtain information on the Company's business operations and the progress of the implementation of strategic planning, effectively fulfilling the responsibilities of the Strategy Committee of the Board. During the Reporting Period, the Strategy Committee raised no objections on the relevant matters.



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- (1) During the Reporting Period, the Strategy Committee held one meeting:

Session of meeting	Convening date	Content of meeting	Status of resolutions
2023 First Meeting of the Strategy Committee of the Tenth Session of the Board of Directors	March 30, 2023	1. the Work Report of the Strategy Committee of the Board of Directors of GF Securities for the Year of 2022	The resolution was passed

- (2) During the Reporting Period, the details of attendance of the Strategy Committee members are as follows:

Name of member	Position	Attendance/ number of meetings
Lin Chuanhui	Executive Director and Chairman of Strategy Committee	1/1
Li Xiulin	Non-executive Director	1/1
Shang Shuzhi	Non-executive Director	1/1
Guo Jingyi	Non-executive Director	1/1
Ge Changwei	Executive Director	1/1

## 2. The Nomination Committee

The Nomination Committee of the Board is mainly responsible for reviewing the structure, size and composition of the Board and make recommendations or advice to the Board, improving the system for the selection, nomination and appointment of the Company's Directors and senior management and monitoring its implementation, and the assessment of the independence of independent directors. The duties that the Nomination Committee shall perform are set forth in the Rules of Procedure for the Nomination Committee of the Board of Directors published by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

According to the requirements of the Articles of Association, shareholder(s) severally or jointly holding 3% or more shares of the Company may nominate candidates for directors and supervisors to the general meeting. The director candidates shall be reviewed by the Nomination Committee before they are submitted to the Board. By acting as the adviser of the Board as to the director nomination, the Nomination Committee reviews and makes recommendations on candidates for directors and advises the Board on such persons as directors, and the Board will make decision on proposing to the general meeting for election or not. The Nomination Committee and the Board shall consider major factors including the operating activities, asset scale and future development needs of the Company, as well as the gender, age, cultural and educational background and professional experience of the relevant candidates.

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In 2023, the Nomination Committee actively performed its duties and fully assessed the composition and diversity of the Board. The diversity policy on the Board's composition of the Company includes: in designing the Board's composition, Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The final decision will be made on the merits of the candidates and the contribution that could be brought to the Board. The Board reviews the implementation and the effectiveness of the diversity policy of the Board of the Company on an annual basis. During the Reporting Period, the Board considered that the diversity policy on the Board was effectively implemented. As of the date of this report, the diversity of the Board is demonstrated as follows:

Item	Category	Number	Percentage of the Board members
Gender	Male	9	82%
	Female	2	18%
Age	40 to 50	2	18%
	51 to 60	7	64%
	Over 61	2	18%
Title	Executive director	4	36%
	Non-executive director	3	27%
	Independent non-executive director	4	36%
Term of office as a member of the Board	5 years or less (5 years inclusive)	6	55%
	5 to 10 years (5 years exclusive, but 10 years inclusive)	3	27%
	Over 10 years (10 years exclusive)	2	18%
Years in securities and financial industry	20 years or less (20 years inclusive)	3	27%
	20 to 30 years (20 years exclusive, but 30 years inclusive)	5	45%
	Over 30 years (30 years exclusive)	3	27%
Profession or expertise in economics/finance/financial accounting	N/A	11	100%

# CORPORATE GOVERNANCE

- (1) During the Reporting Period, the Nomination Committee convened one meeting

Session of meeting	Convening date	Content of meeting	Status of resolutions
2023 First Meeting of the Nomination Committee of the Tenth Session of the Board of Directors	March 30, 2023	1. the Work Report of GF Securities Board Nomination Committee for the Year of 2022	The resolution was passed

- (2) During the Reporting Period, the details of attendance of the Nomination Committee members are as follows:

Name of member	Position	Attendance /number of meetings
Hu Bin	Independent Non-Executive Director and Chairman of Nomination Committee	1/1
Fan Lifu	Independent Non-Executive Director	1/1
Li Wenjing	Independent Non-Executive Director	1/1
Lin Chuanhui	Executive Director	1/1
Sun Xiaoyan	Executive Director	1/1

# CORPORATE GOVERNANCE

## 3. The Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Board is mainly responsible for the appraisal and evaluation of the Company's Directors and senior management members, improving the Company's performance evaluation system, and improving the soundness of the Company's overall remuneration system and monitoring its implementation; making recommendations to the Board on the remuneration of non-executive Directors; assessing and making recommendations on the performance of Directors and senior management members according to the Company's performance assessment scheme, and determining the rewards and incentives/punishments of senior management members accordingly. The duties that the Remuneration and Appraisal Committee shall perform are set forth in the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors published by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

In 2023, the major achievements of the Remuneration and Appraisal Committee included: reviewing the performance of Directors and senior management, and making their annual performance assessment; making special description on the assessment of Directors and senior management and the remuneration management system as well as the assessment procedures.

- (1) During the Reporting Period, the Remuneration and Appraisal Committee convened one meeting:

Session of meeting	Convening date	Content of meeting	Status of resolutions
2023 First Meeting of the Remuneration and Appraisal Committee of the Tenth Session of the Board of Directors	March 30, 2023	1. the Work Report of GF Securities Board Remuneration and Appraisal Committee for the Year of 2022; 2. The Resolution of Performance Assessment on Directors for the Year of 2022; 3. the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2022; 4. the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Business Management for the Year of 2022; 5. the Resolution on Distribution of Performance Salary for the Management for the Year of 2022.	All the resolutions were passed

## CORPORATE GOVERNANCE

- (2) During the Reporting Period, the details of attendance of the Remuneration and Appraisal Committee members are as follows:

Name of member	Position	Attendance/ number of meetings
Hu Bin	Independent Non-executive Director and Chairman of Remuneration and Appraisal Committee	1/1
Fan Lifu	Independent Non-executive Director	1/1
Leung Shek Ling Olivia	Independent Non-executive Director	1/1
Sun Xiaoyan	Executive Director	1/1
Qin Li	Executive Director	1/1

#### 4. The Audit Committee

The Audit Committee is mainly responsible for reviewing the Company's internal control and effectiveness of its implementation and coordinating, overseeing and inspecting the internal and external audits of the Company. The duties of the Audit Committee are set forth in the Rules of Procedure for the Audit Committee of the Board of Directors published by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Audit Committee and its members fulfilled their responsibilities and worked diligently in accordance with the relevant legal and regulatory requirements, promoted the audit and supervisory role into full play, and played an important role in further improving corporate governance and enhancing the audit quality. The Audit Committee plays full role in the working of the annual report and financial statements in accordance with the Measures for the Administration of Independent Directors of Listed Companies, the Company's Annual Report Working Rules of the Audit Committee of the Board of Directors, and positively performs responsibilities of preparing and reviewing the disclosures in annual reports and financial statements, improves the quality and transparency of the disclosure in the annual reports and financial statements.

During the Reporting Period, through reviewing the Company's periodic financial statements, annual audit work report and the proposal of related party/connected transactions, the Audit Committee obtained a full picture of the Company's financial status, supervised the progress of audit work and the implementation of connected/related transactions, and reviewed the effectiveness of the Company's internal control. The Audit Committee eventually concluded that the Company's financial system operated solidly, the financial status was satisfactory, and the internal control system was sound and its implementation was effective.

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In 2023, the major achievements of the Audit Committee included: supervising the annual audits, reviewing the Company's periodic financial statements; reviewing the Company's internal audit report and annual working plan; reviewing the Company's special audit report on anti-money laundering; making recommendations to the Board on the appointment, reappointment or change of external auditors, approving the compensation and terms of engagement for external auditors; examining and supervising related party/connected transactions and assessing the appropriateness of related party/connected transactions; monitoring and assessing the independence and objectivity of work conducted by external auditors of the Company and the effectiveness of the auditing procedures; reviewing the efficiency of the internal control system and the adequacy of accounting and financial reporting functions; being responsible for the communications between internal auditors and external auditors.

(1) During the Reporting Period, the Audit Committee convened four meetings:

Session of meeting	Convening date	Content of meeting	Status of resolutions
2023 First Meeting of the Audit Committee of the Tenth Session of the Board	March 30, 2023	1. the Work Report of GF Securities Board Audit Committee for the Year of 2022; 2. the Opinions on the 2022 Annual Financial Report (financial report and notes); 3. the Resolution Regarding Engaging Auditors in 2023; 4. the Resolution on Expected Daily Related Party/Connected Transactions of the Company for the Year of 2023; 5. the Internal Control and Evaluation Report of GF Securities for the Year of 2022; 6. the Audit Work Report of GF Securities for the Year of 2022; 7. the Specific Audit Report on Major Issues of GF Securities for the Year of 2022; 8. the Special Audit Report on Anti-money Laundering of GF Securities for the year of 2022; 9. the Specific Audit Report on Related Party Transactions of the Company for the Year of 2022.	All the resolutions were passed
2023 Second Meeting of the Audit Committee of the Tenth Session of the Board	April 28, 2023	1. the 2023 First Quarterly Report of GF Securities; 2. the 2023 First Quarterly Audit Work Report of GF Securities.	All the resolutions were passed
2023 Third Meeting of the Audit Committee of the Tenth Session of the Board	August 30, 2023	1. the 2023 Interim Report of GF Securities; 2. the Interim Audit Work Report of GF Securities of 2023; 3. the Interim Special Audit Work Report on Major Issues of GF Securities of 2023.	All the resolutions were passed
2023 Fourth Meeting of the Audit Committee of the Tenth Session of the Board	October 30, 2023	1. the 2023 Third Quarterly Report of GF Securities; 2. the 2023 Third Quarterly Audit Work Report of GF Securities.	All the resolutions were passed

## CORPORATE GOVERNANCE

- (2) During the Reporting Period, members of the Audit Committee worked diligently and had sufficient time to carry out their duties and were able to attend the Audit Committee meetings. Prior to the meetings, they carefully reviewed the relevant documents and during the meetings, they actively expressed their opinions and performed their duties. The details of attendance of the Audit Committee members are as follows:

<b>Name of member</b>	<b>Position</b>	<b>Attendance/ number of meetings</b>
Li Wenjing	Independent Non-executive Director and Chairman of Audit Committee	4/4
Fan Lifu	Independent Non-executive Director	4/4
Leung Shek Ling Olivia	Independent Non-executive Director	4/4

- (3) Overview of the Company's audit

The Company's 2023 annual audit was done by Ernst & Young who mainly divided it into two phases, namely preliminary phase and year-end phase. For the preliminary phase, Ernst & Young fully carried out audit of internal control according to the relevant requirements, and tested the internal control at company level and process level (including business processes of headquarters, subsidiaries and branches) to evaluate the effectiveness of the internal control design and whether the control is effectively implemented during 2023. Ernst & Young also comprehended and analyzed and performed pre-testing on major matters and major items during the audit of financial statements; tested major information systems used by the Company, and communicated on preliminary audit. For the year-end audit phase, Ernst & Young followed up on the work of the preliminary phase and performed detailed auditing procedures for all major items, and communicated with the management team and governance team on year-end audit.

To prepare for the 2023 annual audit and issue relevant audit reports on a timely basis, the Audit Committee held a communication meeting on the audit plan with Ernst & Young on December 18, 2023, communicated with Ernst & Young on matters such as audit plans, audit processes and key audit issues, and made suggestions on matters of concern. In addition, the Audit Committee also arranged the Company's relevant departments to supervise and follow up the matters of concern of the Audit Committee, and conducted detailed communication with Ernst & Young on matters such as preliminary and year-end audits as well as major accounting issues.

On March 21, 2024, the Audit Committee heard the reporting of Ernst & Young on 2023 annual audit.

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The Audit Committee assessed the independence and objectivity of Ernst & Young and the effectiveness of the auditing procedure to ensure that the audit reports Ernst & Young issued can provide objective and honest opinions. Before auditing the 2023 annual financial statements of the Company, the Audit Committee received a written confirmation from Ernst & Young in terms of the independence of Ernst & Young as an auditor. Ernst & Young has taken necessary protective measures in accordance with the relevant requirements of professional ethics in order to prevent possible threats to independence.

The Audit Committee considered that Ernst & Young has, in accordance with the relevant requirements of the Standards on Auditing for Certified Public Accountants, implemented appropriate audit procedures, obtained sufficient, appropriate and effective audit evidence for issuing audit opinions, and adhered to independent auditing standards, ensuring smooth progression of the Company's annual audit.

On March 27, 2024, the Audit Committee reviewed the Assessment Report of GF Securities on Internal Control for the Year of 2023, and concluded that the internal control system was sound and its implementation was effective. For the assessment of the Company's internal control by the Company's Board of Directors and related information, please refer to Sections 13, 15, 19 and 20 in this chapter.

### 5. The Risk Management Committee

The Risk Management Committee is mainly responsible for the assessment of the Company's overall risk status, monitoring the overall risk management of the Company, to ensure that all kinds of risks associated with its operational activities are controlled within a reasonable range. The duties of the Risk Management Committee are set forth in the Rules of Procedure for the Risk Management Committee of the Board of Directors published by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

In 2023, the major achievements of the Risk Management Committee included: reviewing the interim and the annual risk management reports, annual audit work report, compliance reports and anti-money laundering report of the Company; reviewing the Company's regular internal control assessment report; reviewing and determining the scale and risk limits for the Company's principal business segments.



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(1) During the Reporting Period, the Risk Management Committee convened two meetings:

Session of meeting	Convening date	Content of meeting	Status of resolutions
2023 First Meeting of the Risk Management Committee of the Tenth Session of the Board	March 30, 2023	1. the Work Report of the Risk Management Committee of the Board of Directors of GF Securities for the Year of 2022; 2. the GF Securities Report of Risk Management for the Year of 2022; 3. the GF Securities Report of Compliance for the Year of 2022; 4. the Annual Overall Review Report on the Effectiveness of the Corporate Compliance Management of GF Securities for the year of 2022; 5. the Internal Control and Evaluation Report of GF Securities for the year of 2022; 6. the Audit Work Report of GF Securities for the Year of 2022; 7. the Anti-money Laundering Report of GF Securities for the year of 2022; 8. the Risk Self-Assessment Report on the Money Laundering and Terrorist Financing of GF Securities; 9. the Resolution of 2023 Annual Quota for Proprietary Funding Investment.	All the resolutions were passed
2023 Second Meeting of the Risk Management Committee of the Tenth Session of the Board	August 30, 2023	1. the GF Securities Interim Report of Risk Management for the Year of 2023	The resolution was passed

(2) During the Reporting Period, the attendance of members of the Risk Management Committee is as follows:

Name of member	Position	Attendance/number of meetings
Lin Chuanhui	Executive Director and Chairman of the Risk Management Committee	2/2
Leung Shek Ling Olivia	Independent Non-executive Director	2/2
Li Wenjing	Independent Non-executive Director	2/2
Sun Xiaoyan	Executive Director	2/2
Qin Li	Executive Director	2/2

# CORPORATE GOVERNANCE

## VIII. WORK OF THE SUPERVISORY COMMITTEE

The Supervisory Committee had no objection to the supervision matters during the Reporting Period.

In 2023, according to the requirements of laws and regulations such as the Company Law, the Securities Law and the Rules for Governance of Securities Companies, focusing on the Company's priorities, the Supervisory Committee of the Company strictly abided by the relevant requirements of the Articles of Association and the Rules of Procedure for Supervisory Committee to lawfully perform supervision duties.

During the Reporting Period, the Supervisory Committee of the Company carried out supervision works in accordance with laws and regulations, on the basis of careful supervision and inspection, it issued opinions on the operation by law, the financial position and the effectiveness of the internal control of the Company and the implementation of the information disclosure management system of the Company according to related requirements. The Supervisory Committee is of the following views: the Company complied with the Company Law, the Securities Law, the Rules for Governance of Securities Companies and other relevant laws and regulations as well as the requirements of the Articles of Association of the Company and other systems; the decision-making process of the Company was lawful and effective, and did not impair the legitimate rights and interests of the Company and its shareholders, employees, creditors and other stakeholders; the Company's financial reports truthfully, accurately and completely reflected the Company's financial position and operating results; the Board of Directors and the management of the Company earnestly undertook its obligations under relevant resolutions of the general meetings of the Company; the Supervisory Committee had no objection to the content of the Company's Internal Control and Evaluation Report; the Company had established and effectively implemented its information disclosure management system; the Supervisory Committee did not find any insider trading, nor any damage to Shareholders' interests nor any loss of assets of the Company; and related party transactions of the Company were fair and reasonable. None of the related parties had appropriated funds of the Company (except in the course of operating business), nor any harm to the interest of the Company was caused.

On September 22, 2023, the Company received the Administrative Penalty Decision ([2023] No.65) from the CSRC. The Supervisory Committee urged the Company to carry out rectification, continued to follow the operation philosophy of compliance and soundness, further strengthened the internal control mechanism of investment banking business, enhanced the awareness of standard operation, and earnestly fulfilled the obligation of diligence and responsibility to improve the quality of investment banking business comprehensively.

# CORPORATE GOVERNANCE

## IX. INFORMATION OF THE STAFF OF THE COMPANY

### 1. Number of staff, professional structure and education level

The Company implements employment in strict compliance with the external laws and regulations such as the Labor Law, the Labor Contract Law, the Employment Promotion Law and the Prohibition of Child Labor Provisions, and actively provides various employment positions for the society. The recruitment process is fair, impartial and non-discriminatory. The Company employs candidates of different genders and nationalities on an equal basis. The Company adheres to the diversified employment policy, actively fulfills its corporate social responsibilities, and arranges employment opportunities for the disabled. The Company does not use child labor or forced labor. In respect of gender equality, the Company is committed to maintaining the proportion of female employees to achieve a balance. In respect of talent pool, the Company provides comprehensive training for male and female employees who possess the experience, skills and knowledge required for operation and business, including but not limited to operation, management, accounting, finance, compliance and other aspects.

Number of current staff of the parent company as of the End of the Reporting Period	12,666
Number of current staff of the major subsidiaries as of the End of the Reporting Period	<u>2,368</u>
<b>Total number of current staff as of the End of the Reporting Period</b>	<b>15,034</b>
<b>Total number of paid employees for the current period</b>	<b>15,034</b>

# CORPORATE GOVERNANCE

## Professional structure

	Number of Professionals	Percentage
Professions		
Primary business	11,602	77.17%
Compliance/risk control/audit/internal control	655	4.36%
Information Technology	1,012	6.73%
Others	1,765	11.74%
<b>Total</b>	<b>15,034</b>	<b>100.00%</b>

## Education level

	Number of Employees	Percentage
Education level		
Doctoral degree	181	1.20%
Master's degree	4,974	33.09%
Bachelor's degree	8,987	59.78%
Associate degree and below	892	5.93%
<b>Total</b>	<b>15,034</b>	<b>100.00%</b>

## Age

	Number of Employees	Percentage
Age range		
30 and below	4,197	27.92%
31 to 40	7,102	47.24%
41 to 50	2,640	17.56%
51 and above	1,095	7.28%
<b>Total</b>	<b>15,034</b>	<b>100.00%</b>

## Gender

	Number of Employees	Percentage
Gender classification		
Female	6,863	45.65%
Male	8,171	54.35%
<b>Total</b>	<b>15,034</b>	<b>100%</b>

Note 1: The above number of employees includes labor dispatch, brokers and 639 employees for early retirement;

Note 2: In the above classification, the number of employees includes the management of the Company;

Note 3: There were no resigned and retired employees for whom the Company is required to pay additional cost.

# CORPORATE GOVERNANCE

## 2. Remuneration policies for employees

The Company has stringently abided by the Labor Law, the Labor Contract Law and other external laws and regulations, and established sound human resource management systems and processes, including the Administrative Measures on the Labor Contract for Employees, the Administrative Measures on the Remuneration of Employees, the Administrative Measures on the Benefits Leave for Employee and the Administrative Measures on the Welfare of Employees of the Company which effectively protected the rights and interests for employees in labor protection, working conditions, salary payment, social insurance, working hours management, rest and vacation and the interests of female employees.

The Company has continuously established a sound remuneration and restraint mechanism to promote the stable operation and high-quality development of the Company in accordance with the principle goals of “implementing sound business philosophy, ensuring compliance with the bottom-line requirements, promoting the formation of positive incentives and enhancing the Company’s long-term value” in the Guidelines for Securities Companies to Establish a Stable Remuneration System (《證券公司建立穩健薪酬制度指引》) issued by the Securities Association of China. The remuneration of employees is linked to the operation results, effective functioning and compliance risk of the Company, ensuring the long-term sustainable development of the Company and its business.

The remuneration of the Company’s employees primarily comprises of fixed salary, performance bonus and benefits. Fixed salary is a relatively stable remuneration that employees obtain when they meet the requirements of their job responsibilities and work normally, reflecting the basic guarantee and safety. Performance bonus is a variable salary set to motivate and retain employees, and working in compliance with laws, integrity and professional ethics are included and evaluated in performance appraisal and bonus distribution. Benefits include payment of various statutory insurance, housing provident funds and enterprise annuity for employees in accordance with external laws and regulations and internal policies, as well as employee benefits, labor protection fees and union benefits, which are inclusive.

## CORPORATE GOVERNANCE

### 3. Training plans

The Company attaches great importance to employee training, carried out training and learning activities as common measures for the development of talents and was committed to building a team of highly qualified personnel. The Company takes the training center as the carrier. In terms of the design and operation of learning projects, based on the Company's strategic direction, the Company continued to empower the organization and employees through a professional curriculum system that closely followed the transformation needs of each business line and a systematic and targeted five-level leadership training system. In 2023, the Company carried out special learning projects focusing on transformation and change, to consolidate consensus on transformation and facilitate the implementation of strategies. Focusing on the high-quality development requirements of key business lines, the Company continued to carry out various on-site learning projects to continuously improve the professional capabilities of employees. During the year, a total of more than 4,400 people participated in key learning projects at the Company level, and more than 10,000 people participated in online trainings. A total of about 20,000 employees across the Company obtained various professional qualification certifications. The online learning platform was fully restructured. In 2023, 69 iterative upgrades of Guangfa Aixue were completed, with 1,165 hours of online courses and a total of 5,794 hours of courses on the learning platform during the year.

In 2023, the Company won the "2022-2023 ATD BEST Award" from the Association for Talent Development (ATD) and was the first Chinese brokerage firm to receive this prestigious award in the field of international talent development in the past 20 years since the establishment of the award.

### 4. Contracted staff

Currently, individual departments of our corporate headquarter outsource non-core and supporting work to the labor outsourcing agents. The Company signs service agreements with them and regulates their service quality according to the requirements of laws and regulations including the Civil Code.

## X. INFORMATION ABOUT CUSTOMER SOLICITATION AND CUSTOMER SERVICE OF COMMISSION BROKERS

As of December 31, 2023, the Company had 192 securities brokerage branches which had entrusted brokers to engage in businesses including client solicitation. There were 591 brokers in total. During the Reporting Period, the Company implemented a three-tiered management system of "wealth management and brokerage headquarters - branch offices - securities brokerage branch" for the securities broker team. The operation management department, as the headquarters' functional department under the wealth management and brokerage headquarters, is responsible for establishing and improving the system for managing our securities brokers, and conducting overall coordination and standardization of compliance management, personnel management, employment management and training management of brokers through system and platform construction. The branch companies promote and supervise the business development and compliance development of the securities broker team within their respective jurisdictions. The securities brokerage branches are responsible for the specific implementation of recruitment, training, practicing registration, business development, compliance management and other daily management activities.

# CORPORATE GOVERNANCE

## XI. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL OF THE COMPANY

### (I) Profit Distribution Policy, in particular, Formulation, Implementation or Adjustment of Cash Dividend Policy During the Reporting Period

The Company consistently pays attention to returns on investment to investors, the profit distribution policy is clearly stated in the Articles of Association and the Dividend Distribution Management Policies. The formulation, adjustment, compliance and transparency of the policies have complied with the requirements of the Articles of Association of the Company and the procedure for consideration. There are clear standard and proportion of profit distribution under the Profit Distribution Policy of the Company. In the absence of the occurrence of, inter alia, any significant investment plans or significant cash expenditure, the cumulative amount of profit distributed in cash by the Company in any three consecutive years shall not be less than 30% of the average annual distributable profit realized in those three years. The Board of Directors of the Company may propose an interim cash dividend according to the operating conditions of the Company, fully protecting the legitimate interest of investors.

In strict accordance with the requirement of the Articles of Association and the Dividend Distribution Management Policies, the Company formulated dividend plans scientifically for the benefit of shareholders by considering comprehensively factors such as the interests of shareholders and the development of the Company. During the Reporting Period, the Company strictly executed the profit distribution policy without formulating any new profit distribution policies nor adjusting the existing profit distribution policy of the Company.

#### Specific Particulars of Cash Dividend Policy

Whether the policy complied with the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' General Meeting:	Yes
Whether the standard and proportion of dividend distribution were definite and clear:	Yes
Whether the relevant decision-making procedure and mechanism were well established:	Yes
Whether the independent directors performed their duties and responsibilities and played their roles properly:	Yes
If the Company did not distribute cash dividends, it shall disclose the specific reasons and the next steps to be taken to enhance the level of investors' returns:	N/A
Whether minority shareholders had sufficient opportunity to express their opinions and requests, whether their legitimate interests were sufficiently protected:	Yes
If the cash dividend policy underwent any adjustments or changes, whether the conditions and procedures were compliant and transparent:	N/A

### (II) Reasons that the Company Makes Profit and the Profit Available for Distribution to the Shareholders of the Parent Company is Positive, but No Proposals on Cash Dividends Distribution is Made During the Reporting Period

N/A

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### (III) Profit Distribution Proposal or Conversion of Capital Reserves into Share Capital Proposal Considered by the Board During the Reporting Period

Number of bonus share per 10 shares (share(s))	0
Dividend distribution per 10 shares (RMB) (tax inclusive)	3.0
Scrip shares per 10 shares (share(s))	0
Share base of the distribution proposal (shares)	7,605,845,511
Amount of cash dividend (RMB) (tax inclusive)	2,281,753,653.30
Amount of cash dividends distribution through other means (such as repurchase of shares) (RMB)	0
Total cash dividend (including cash dividends distribution through other means) (RMB)	2,281,753,653.30
Distributable profits (RMB)	29,283,248,266.81
Percentage of total cash dividend (including cash dividends distribution through other means) to total profit distribution	100%

#### Distribution of cash dividends for the period

Based on the number of shares of the Company on the record date of dividend distribution deducting that of the shares deposited in the Company's repurchased securities account, a cash dividend of RMB3.0 (tax inclusive) for every 10 shares is proposed to be distributed to all shareholders. If there is any change in the total share capital of the Company prior to the date of the registration of equity distribution, it is proposed to maintain the distribution ratio unchanged and adjust the total distribution accordingly. Based on the existing share capital of the Company of 7,621,087,664 shares deducting the repurchased A shares 15,242,153 shares, i.e., 7,605,845,511 shares, a total cash dividend of RMB2,281,753,653.30 will be distributed, and the remaining undistributed profit of RMB27,001,494,613.51 will be carried over to the next year. During the year, the Company's cash dividend ratio represents 32.70% of the net profit attributable to the shareholders of the parent company for the year 2023 on a consolidated basis.



## Explanations on details of the profit distribution proposal or conversion of capital reserves into share capital proposal

1. In 2023, the net profit of the parent company of the Company was RMB6,984,842,903.44. According to the Articles of Association, 10%, ie., RMB698,484,290.34, shall be allocated to each of the statutory surplus reserve, the general risk reserve and the transaction risk reserve. According to the Interim Measures for the Supervision and Administration of Risk Reserves of Publicly Offered Securities Investment Funds (公開募集證券投資基金風險準備金監督管理暫行辦法), the fund custodian shall set aside risk reserves from the fund custody fee income each month. The amount shall not be less than 2.5% of the fund custody fee income. The general risk reserve of the asset custody business shall be RMB1,502,353.98, and the remaining distributable profit shall be RMB29,283,248,266.81.

Pursuant to the requirements of China Securities Regulatory Commission's Securities Regulatory Commission Document No. [2007] No. 320 (中國證券監督管理委員會證監機構字[2007]320 號文), the portion of the gains from fair value changes in the distributable profits of securities companies shall not be used for cash dividends. After excluding the part of the gains from fair value changes in the profits available for distribution, the portion of the profit available for distribution is RMB29,283,248,266.81.

2. According to the relevant provisions of the Company Law and the Guidelines for the Self-discipline of Listed Companies on the SSE No. 9-Share Repurchase (《深交所上市公司自律監管指引第 9 號－回購股份》), the shares of the Company in its special securities repurchase account shall not be entitled to profit distribution and conversion of common reserve into share capital and other rights. In 2022, the Company repurchased 15,242,153 A shares of the Company through centralized bidding with the special securities repurchase account. Such A shares did not participate in the profit distribution.

The thirty-third meeting of the tenth session of the Board of the Company considered and approved the Profit Distribution Plan of GF Securities for 2023. The plan complies with the provisions of the Articles of Association and the requirements of the review procedures and fully protects the legitimate rights and interests of small and medium-sized investors. The independent Directors of the Company issued Independent Opinions on the Profit Distribution Plan for 2023. After the Profit Distribution Plan of GF Securities for 2023 is reviewed and approved by 2023 annual general meeting, it will be implemented within two months from the date of review and approval by the general meeting.

## XII. IMPLEMENTATION OF EQUITY INCENTIVE, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE OF THE COMPANY

During the Reporting Period, the Company had no equity incentive, employee stock ownership plan or other employee incentive and information about its implementation.

# CORPORATE GOVERNANCE

## XIII. INTERNAL CONTROL CONSTRUCTION AND IMPLEMENTATION DURING THE REPORTING PERIOD

### 1. Internal Control Construction and Implementation

The Company has established a legal person governance structure consisting of the general meeting, the Board of Directors, the Supervisory Committee and the operation management and has clearly defined the responsibilities and power, rules of procedure and working procedures of the general meeting, the Board of Directors, the Supervisory Committee and the operation management, thereby ensuring the clearly divided power and responsibilities, regulated operation and effective checks and balances among the authority organization, decision-making organization, implementation organization and supervisory organization. The Company has established three defense lines of comprehensive risk management, under which business units, branches and subsidiaries, as the first defense line of comprehensive risk management, are responsible for timely identifying, evaluating, tackling and reporting relevant risks; functional departments such as the risk management department and compliance management department, as the second defense line of comprehensive risk management, are responsible for event risk management; the auditing department, as the third defense line, is responsible for independent and objective review and assessment. The Company continued to improve various rules and systems according to the internal and external requirements and incorporated various risk control measures into its rules and procedures and strengthened the implementation of risk control measures. The Company established the internal communication, reporting and feedback mechanism. The Company has also clearly defined the responsibilities and power of the Board of Directors, the Supervisory Committee, the internal control department and business management departments in respect of internal supervision, inspection and assessment.

The Company highly emphasizes the construction of internal control system and relevant mechanism. The Company comprehensively considered internal environment, risk evaluation, controlling activities, information and communication and internal supervision according to relevant stipulations under the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, Guidelines on Internal Control of Securities Firms, the Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on the Main Board, the Hong Kong Listing Rules, and the Basic Standards for Enterprise Internal Control and its supporting guidelines, and kept improving its internal control system and further established and completed one set of internal control system which matches with the business nature, scale and complexity of the Company according to the actual condition of the Company.

In light of changes in the internal and external environment and the operation policy, the Company optimized its internal control for core and innovative business, and further improved the effectiveness of its operation and management through adjustment of organizational structure, innovation of management model, improvement of supporting systems and promotion of digital transformation.

### 2. Significant Defects in Internal Control During the Reporting Period

During the Reporting Period, there is no significant defects in internal control.

# CORPORATE GOVERNANCE

## XIV. THE COMPANY'S MANAGEMENT AND CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

As an A+H dual-listed company, the Company strictly adheres to relevant laws and regulations, self-disciplinary rules and regulatory requirements, for instance, the Company Law, the Securities Law, the SZSE Listing Rules, the Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on the Main Board, as well as the Hong Kong Listing Rules, and continues to establish and improve its management systems for subsidiaries. Relevant functional departments of the Company conscientiously perform their relevant functions, including management and supporting functions, at our subsidiaries within their respective responsibilities, enabling us to manage and control our subsidiaries in an effective manner.

## XV. ASSESSMENT REPORT ON INTERNAL CONTROL OR AUDIT REPORT ON INTERNAL CONTROL

### 1. Assessment report on internal control

Date of disclosure of the full text of Internal Control and Evaluation Report	March 28, 2024
Disclosure index of full text of Internal Control and Evaluation Report	For details, please see the website of CNINFO ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) and the HKEXnews website of the Hong Kong Stock Exchange ( <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> ) on March 28, 2024.
The percentage of total assets of units included in the evaluation scope to the total assets in the Company's consolidated financial statements	100%
The percentage of total operating income of units included in the evaluation scope to the operating income in the Company's consolidated financial statements	100%

# CORPORATE GOVERNANCE

## Defect identification criteria

Category	Financial Report	Non-financial Report
Qualitative criteria	<p>The existing significant defects or symptoms of significant defects in internal control in the financial report of the Company, which include: malpractices are conducted by the Directors, Supervisors and senior management; to modify the financial statements that have been published; in the current financial statements, certified public accountants find material misstatements that are not discovered in the process of internal control; non-standard unqualified opinions for financial report are issued by certified public accountants; monitoring of internal control by the Company's Audit Committee and internal auditors is vitiating.</p> <p>Defects in internal control, alone or in conjunction with other defects, in the financial report fail to be prevented or detected and corrected, though not significant deficiencies but aroused close attention from the Board and management and recognized as significant deficiencies.</p> <p>The defects which do not constitute substantial defects or defects of internal control from substantial defects are considered as general defects.</p>	<p>It is likely that sign of significant defects in internal control might exist in the non-financial report of the Company, which include: "three important and one substantial" matters fail to pass through the collective decision procedure; severe departure of management personnel and technicians in key positions, which affects normal course of business; systematic failure in internal control of important business; internal control defects are subject to serious legal risks; internal control defects significantly affect the Company's goodwill; internal control defects are subject to serious administrative punishment; except for the losses due to policies, the Company suffers losses for years and the continuation of business is being challenged, does not meet requirements as a listed company, and may face the risk of delisting or merger in the secondary market; failure of substantial merger or reorganization, or newly expanded affiliate with substantial impact is unable to sustain.</p> <p>Defects in internal control, alone or in conjunction with other defects, though not significant deficiencies but aroused close attention from the Board and management and recognized as significant deficiencies.</p> <p>General defects are those excluding substantial defects and important defects as mentioned above.</p>

# CORPORATE GOVERNANCE

## Defect identification criteria

Category	Financial Report	Non-financial Report
Quantitative criteria	1. Substantial defect: misstated amount as a result of internal control weaknesses is greater than 5% (inclusive) of annual net profit.	1. Substantial defect: misstated amount as a result of internal control weaknesses is greater than 5% (inclusive) of annual net profit.
	2. Important defect: misstated amount as a result of internal control weaknesses is greater than 1% (inclusive) but less than 5% of annual net profit.	2. Important defect: misstated amount as a result of internal control weaknesses is greater than 1% (inclusive) but less than 5% of annual net profit.
	3. General defect: misstated amount as a result of internal control weaknesses is less than 1% of annual net profit.	3. General defect: misstated amount as a result of internal control weaknesses is less than 1% of annual net profit.
	The number of substantial defects in financial reports (unit: piece)	0
	The number of substantial defects in non-financial reports (unit: piece)	0
	The number of important defects in financial reports (unit: piece)	0
	The number of important defects in non-financial reports (unit: piece)	0

# CORPORATE GOVERNANCE

## 2. Internal control audit report

### Review of the internal control audit report

As at December 31, 2023, GF Securities maintained effective internal control over financial reports in accordance with the Basic Standards for Enterprise Internal Control and related requirements in all material respects.

Disclosure of internal control audit report      Disclosed

Disclosure date of full text of internal control audit report      March 28, 2024

Disclosure index of full text of internal control audit report      For details, please see the website of CNINFO (www.cninfo.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on March 28, 2024.

Opinion of the internal control audit report      Standard and unqualified opinion

Whether there is any substantial defect in the non-financial report      No

Has the accounting firm issued non-standard opinions with regard to the internal control audit report?

No

Is the internal control audit report issued by the accounting firm consistent with the self-assessment report of the Board of Directors?

Yes

# CORPORATE GOVERNANCE

## XVI. ESTABLISHMENT OF DYNAMIC RISK CONTROL INDICATOR MONITORING AND COMPLEMENT MECHANISM

### 1. Establishment of the Company's dynamic risk control indicator monitoring mechanism during the Reporting Period

The Company has established and implemented risk control index dynamic monitoring mechanism, and has continuously upgraded and optimized risk control indicators monitoring system as per adjustment of regulatory standard and implementation situation of innovative business. The risk control indicators system of the Company is able to cover the business activities that affect the net capital and other risk control indicators. The Company calculates various risk control indicators daily and prepares full-set calculation form for relevant risk control indicators according to the supervision rules. The Company also sets up automatic warning for risk control indicators according to the pre-set thresholds and monitoring standards. The risk management department of the Company is responsible for monitoring and reporting daily operation situation of each risk control indicator and timely remind the Company of risks. Risk control indicators data and compliance situation will be regularly reported to the regulatory department in accordance with regulatory requirements; as for situation of early warning and non-conformance in respect of risk control indicators, basic situation, causes and solutions in written will be timely reported to the regulatory authority in accordance with requirements 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》).

### 2. Establishment of sensitivity analysis and stress test mechanism during the Reporting Period

The Company regards stress test tools as significant tools of risk assessment and management of the Company and regularly and from time to time carries out comprehensive and special stress test evaluations to provide support for business decision making and operation management in accordance with requirements of the Guidelines for Stress Test of Securities Companies (《證券公司壓力測試指引》) and in combination with business development situation and risk management demand. In 2023, the Company has carried out comprehensive stress test and submitted reports on time in accordance with requirements of the Securities Association of China. The Company has carried out special stress test analysis for the Company's important decisions, such as major business scale adjustment and long-term equity investment, and continuously improved risk factor and scenario design, optimized model and method of parameter setting to optimize the effectiveness of stress test results.

## CORPORATE GOVERNANCE

### 3. Establishment of net capital complement mechanism during the Reporting Period

The Company has established dynamic net capital complement mechanism in accordance with the Guidelines for Capital Replenishment by Securities Companies (《證券公司資本補充指引》) issued by the Securities Association of China, to broaden capital complement channels, improve capital quality and strengthen capital constraints on an ongoing basis. The Company formulated the Group's capital management plan which specifies five core elements of capital management, capital complement triggering conditions, capital adequacy evaluation mechanism, capital plan implementation and promotion mechanism. The Company continuously monitors the net capital and related risk control indicators. When the capital complement early-warning indicators related to net capital hit the threshold, the Company will comprehensively evaluate the necessity, feasibility and specific plans of complementing capital to ensure that the Company's net capital matches the needs of business development.

### 4. Compliance with risk control indicators during the Reporting Period

In 2023, the Company's core risk control indicators were in good operation and major risk control indicators were in compliance with regulatory requirements. There was no violation of regulatory alarm criteria or non-compliance with regulatory standards. As of December 31, 2023, the net assets of the parent company were RMB120,246 million, and net capital was RMB93,166 million, of which supplementary net capital was RMB27,650 million and core net capital was RMB65,516 million.

## XVII. RISK MANAGEMENT

### (I) Implementation of comprehensive risk management by the Company

The Company has always attached importance to risk management and regarded risk management as its lifeline. Under the guidance of the Group's overall development strategy planning, the Company takes comprehensive risk management as its supporting system strategy and adheres to the Three Ideas about Risk Management, "to manage risks cautiously; the three defense lines cooperate with each other and each focus on specific aspects; be people-oriented", and follow the Five Basic Principles, "comprehensive management; objectiveness and fairness; checks and balance; separate and clear duties and power; openness and transparency". The Company continuously constructs and implements powerful, independent, and precise management and control system, constructs effective overall risk management strategy, organization, system, technology and personnel system, promotes the effective utilization of group risk resources, controls the risks within the scope which matches with the Group's risk preferences, and supports steady development of the Group's business. The Company's comprehensive risk management can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.



## CORPORATE GOVERNANCE

The Company reports its risk management in various areas to the Board twice a year through half-year risk management report and annual risk management report, respectively. In 2023, the Company strengthened the prevention and control of high-risk and key business risks, continued to promote the disposal of projects at risk, and established an intelligent risk management system to build a safety barrier for the steady development of the Company's various businesses.

### (II) The Company's investment in compliance and risk control and information technology during the Reporting Period

The Company attaches great importance to the investment in compliance and risk control and information technology. The investment in compliance and risk control and information technology in 2023 is as follows: the investment in compliance and risk control in 2023 was RMB456 million, and the investment in information technology in 2023 was RMB1,329 million<sup>2</sup>.

## XVIII. COMPLIANCE MANAGEMENT SYSTEM CONSTRUCTION AND AUDIT OF AUDITING DEPARTMENT

### 1. Compliance management system construction

The Company has established the four-level compliance management organization system of “board of directors (risk management committee) — operating management (chief compliance officer) — compliance management department — compliance management personnel of various departments and branches”. The Board of Directors of the Company assumes ultimate responsibility for the effective compliance management and internal control. The Board of Directors reviews and comments on the overall objectives, basic policies, settings of the compliance department and responsibilities thereof, and compliance reports of compliance management. Operating management is responsible for implementing the compliance management objectives, and assumes the leadership for the compliance of the Company's operation and management activities and employee practices. As the person who is responsible for compliance works of the Company, the chief compliance officer reviews, supervises and inspects the compliance of the operation management and practices of the Company and its staff. The Company has established the compliance and legal affairs department to assist the chief compliance officer in his/her works, and has established full-time and concurrent compliance management personnel in various departments, compliance officers in various subsidiaries, compliance managers in various branches, and full-time and concurrent compliance management personnel at all business departments to ensure full coverage of compliance management.

<sup>2</sup> Compliance and risk control investment includes compensation of compliance and risk control staff, investment in the construction of relevant compliance and risk control system, day-to-day operation expenses for compliance and risk control work; IT investment includes compensation of IT staff, capital expenditure and IT expenses. Such amount excludes the overlapping investment in compliance and risk control and IT. Such statistics are based on the parent company's data.

# CORPORATE GOVERNANCE

## 2. Main work of compliance management during the Reporting Period

In 2023, the Company's compliance management work closely focused on new regulations and new policies, the Company's strategic deployment and business development needs. On the basis of basically achieving full coverage of compliance management, the Company continued to improve the level of risk research, judgment and control, and strengthen compliance control over key business lines such as investment banking and over-the-counter derivatives to build a safety barrier for the steady development of the Company's various businesses. Under the leadership of the Board, the compliance director of the Company organized the compliance and legal affairs department to earnestly perform various responsibilities such as the establishment of compliance management system, the promotion of compliance culture, compliance supervision and inspection, compliance review and consultation, and anti-money laundering management in strict compliance with internal and external regulations such as the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, the Implementation Guidelines for Compliance Management of Securities Companies and the Compliance Management System of the Company.

## 3. Audit of auditing department

During the Reporting Period, the auditing department played a unique role in auditing, strengthened audit supervision, focused on the Company's work focus and business layout, carried out audit work with a development perspective and risk-oriented concept, promoted the development of audit work in a real-time, intelligent and full sample direction, comprehensively covered all businesses and subsidiaries through regular audits, special audits, resignation audits, follow-up audits and other methods, and continued to strive to give full play to the functional role of supervision and service. While strictly auditing and supervising key business and management areas and key positions, as an important part of organizational governance, the auditing department paid more attention to the Company's key business operations, adopted research-based auditing methods, and paid attention to complex and innovative business risks, carried out risk identification, analysis and resolution, and escorted high-quality business development. In 2023, the auditing department completed 180 audit reports of various types.

# CORPORATE GOVERNANCE

## XIX. STATEMENT OF THE BOARD OF DIRECTORS ON RESPONSIBILITY OF INTERNAL CONTROL

It is the responsibility of the Board of Directors to establish, complete and effectively implement internal control according to the stipulations in the internal control standard system of the Company, evaluate its effectiveness and reveal assessment report of internal control. The Board monitored, reviewed and evaluated the establishment, the implementation and the effectiveness of various risk management and internal control systems of the Company through the consideration of the Work Report of Risk Management Committee of the Company for the Year, the Work Report of Audit Committee for the Year, Annual Compliance Report, Internal Control and Evaluation Report for the Year and the Report of Risk Management for the Year. In conclusion of the reports above, the Board of Directors has conducted an overall review on the internal control of the Company for the year according to requirements of the Basic Standards of Enterprise Internal Control. It is of the view that the internal control of the Company was effective and adequate as of December 31, 2023. The Supervisory Committee supervises the Board of Directors on its establishment and implementation of internal control. Operation management level is responsible for the daily functioning of internal control.

The objectives of the internal control are to reasonably ensure validity and compliance of the operation management, assets safety, authenticity and completeness of financial reports and the relevant information and thus to enhance operation efficiency and effects so as to promote realization of the development strategy. Due to the inherent limitations of the internal control, it can only provide reasonable assurance for the realization of the above targets. The Company has established supervision and examination mechanism on internal control. Once defect in internal control is recognized, the Company will immediately adopt rectification measures. Besides, changes in the situation will cause the internal control to become inappropriate or its degree on compliance with the controlling policy and procedures will be lowered, there will be certain risks to the effectiveness of the internal control in the future as inferred by the result of the evaluation of the internal control.

In 2024, the Company will continue improving its internal control system, standardizing implementation of its internal control system, reinforcing supervision and examination of internal control according to the provisions and requirements of the Basic Standards of Enterprise Internal Control and the CG Code in view of the changes in the external operation environment and actual demands of the Company's development so that the Company can have a healthy and sustainable development.

## CORPORATE GOVERNANCE

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### XX. BASIS FOR ESTABLISHING INTERNAL CONTROL FOR FINANCIAL REPORTS

The Company emphasizes the establishment and improvement of internal control system concerning financial reports and has established relevant regulations and systems in business calculation, cost expenditure, financial management and accounting information system management according to the requirements in accounting laws, accounting principles and relevant financial systems. According to the requirements in the Basic Standards of Enterprise Internal Control and Application Guidelines for Enterprise Internal Control, the Company sets scientific financial accounting organization structure, equips with qualified financial accountants, uses standard and rigorous financial accounting management system, and chooses appropriate accounting policies and reasonable accounting evaluation to ensure that the financial reports compiled by the Company conform to the requirements in the accounting principles and can genuinely, accurately and entirely reflect the financial status, operation results and cash flow of the Company. The Company's Supervisory Committee and external auditors conduct effective inspection and supervision over the Company's financial affairs in accordance with the Articles of Association of the Company and relevant requirements, and express professional audit opinions on the Company's financial reports.

During the Reporting Period, the relevant internal control systems relating to the financial reports of the Company were sound; the smooth operation could guarantee the quality of financial reports and ensure high reliability of financial information. During the Reporting Period, there were no significant defects in the internal control relating to the financial reports of the Company and the annual financial reports of the Company are truthful, accurate and complete.

### XXI. RECTIFICATION OF PROBLEMS FOUND BY SELF-EXAMINATION IN THE SPECIAL ACTIONS ON CORPORATE GOVERNANCE OF LISTED COMPANIES

No relevant self-examination and rectification were involved during the Reporting Period.

# CORPORATE GOVERNANCE

## XXII. ACCOUNT STANDARDIZATION

Standardization of the accounts in the Company was launched in July 2006. It is one of the securities companies working on this issue at the earliest time in the industry. The Company had established an account standardization leadership group and an account standardization working group with relevant chief employees as the group members to entirely arrange the work of account standardization on the principle of “overall arrangement, scattering implementation and stable promotion”. Through measures including organizing structure, system arrangement, training communication and supervision and audit, it has powerfully guaranteed the launching of account standardization. The Company had checked all accounts in the system and completed account information through contacting customers by all means, and restricted the transactions and placed into other databases for the remaining unqualified accounts according to the requirements of the regulatory authorities and finally the standardization was stably completed. On April 16, 2008, the Company officially passed the review of Guangdong Bureau of the CSRC and became one of the securities companies that first completed the account standardization in advance.

As of December 31, 2023, there were 6,133 unqualified accounts, 2,102,349 dormant accounts, 31,595 risk handling accounts, and 2,709 judicially frozen accounts maintained with the Company.

Account standardization is a long-term fundamental construction project. On the basis of standardizing historical accounts, the Company began constructing and improving long-term accounts management mechanism. According to the relevant arrangement of the China Securities Depository and Clearing Corporation Limited on accounts consolidation, the Company had established an accounts consolidation project team, which actively coordinated all the relevant departments and branch offices to entirely sort out and improve business process revision, business training, system testing and the organization of supervision after consolidating the accounts and successfully completed the relevant work on account consolidation.

# CORPORATE GOVERNANCE

## XXIII. OTHER ISSUES ON CORPORATE GOVERNANCE

### (I) Responsibility to be borne by Directors for the financial statement

The responsibility statement of the Directors on financial statements below shall be read in conjunction with that of the certified public accountants contained in the audit report of this report, while both statements shall be comprehended separately.

The Company's Directors shall compile genuine and fair consolidated financial statements according to the disclosure requirements under the China Accounting Standards, International Financial Reporting Standards issued by the International Accounting Standards Board and the Hong Kong Companies Ordinance. The Company's Directors are also responsible for the necessary internal monitoring of the consolidated financial statements so that there will not be any material misstatements as a result of fraud or errors. The Company is not subject to any event or circumstance of material uncertainty, as a result of which significant doubt may be cast upon the ability of the on-going operation of the Company.

### (II) Appointment and remuneration of the auditor

Upon approval by the general meeting of Shareholders in 2022, the Company appointed Ernst & Young as its external auditor for 2023, which is responsible for providing relevant auditing services and reviewing services in accordance with the China Accounting Standards and the International Financial Reporting Standards. The Company appointed Ernst & Young as the accounting firm for internal control audit. Please see details of its employment and remuneration in "VI. Appointment and Removal of Accounting Firms" in "Section 8 Significant Events" in this report.

### (III) Securities trading by Directors, Supervisors and relevant employees

The Company has formulated the Management Rule on Shares Held by Directors, Supervisors and Senior Management and Relevant Changes to intensify management of declaration, disclosure and supervision of the holding and trading of the Company's shares by Directors, Supervisors and senior management personnel. Meanwhile, the Company adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules as the code of conduct for all Directors, Supervisors and relevant employees (as defined in the CG Code) at the meeting of the Board on March 19, 2015. After specific enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have strictly followed the standards and code of conducts in the Model Code during the Reporting Period.

# CORPORATE GOVERNANCE

## (IV) Company Secretary

Mr. Xu Youjun was appointed as the Secretary to the Board and a joint company secretary of the Company at the 19th meeting of the Ninth session of the Board of the Company. The 16th meeting of the Tenth session of the Board of Directors of the Company appointed Ms. Mok Ming Wai (an executive director of the Corporate Services Division of Tricor Services Limited) as a joint company secretary and an authorized representative of the Company. Mr. Xu Youjun (the Secretary to the Board) and Ms. Mok Ming Wai (a joint company secretary) are the main contact persons of the Company with the Hong Kong Stock Exchange.

During the Reporting Period, in order to better perform their duties and according to the requirements of the Hong Kong Listing Rules, Mr. Xu Youjun, the Secretary to the Board and a joint company secretary, had received professional trainings for more than 15 hours, including: the advanced seminar for directors and chief financial officers of PRC companies listed in Hong Kong organized by The Hong Kong Chartered Governance Institute, the fifth follow-up training for secretaries to the boards of Main Board listed companies in 2023 organized by the Shenzhen Stock Exchange, the analysis meeting on the development of the securities industry, and the “Training on the Development of the Listing Rules of the Hong Kong Stock Exchange and Precautions for the Performance of Directors, Supervisors and Senior Management”. Ms. Mok Ming Wai, a joint company secretary of the Company, had received professional trainings for more than 15 hours, including: the 24th Annual Corporate and Regulatory Update held by The Hong Kong Chartered Governance Institute.

## (V) Investor relations

### 1. Amendments to the Company's internal rules during the Reporting Period

- (1) In accordance with the Opinions on Strengthening the Supervision of the Professional Integrity of Intermediary Institutions under the Registration System (《關於加強註冊制下中介機構廉潔從業監管的意見》) issued by the CSRC, the Ministry of Justice and the Ministry of Finance, “securities companies are encouraged to incorporate the professional integrity management objectives and general requirements into their articles of association”. The Company amended the Articles of Association based on actual situation.
- (2) In accordance with the provisions of various laws and regulations, departmental rules, normative documents and the Articles of Association amended by the regulatory authorities, the Company has amended the Measures for Management of Information Disclosure of GF Securities (《廣發證券信息披露事務管理制度》), the Measures for Management of Related Party Transactions of GF Securities (《廣發證券關聯交易管理制度》), the Measures for Management of Investor Relations of GF Securities (《廣發證券投資者關係管理制度》), the Administrative Measures for Insiders of Inside Information of GF Securities (《廣發證券內幕信息知情人管理辦法》) and the Administrative Measures for Users of External Information of GF Securities (《廣發證券外部信息使用人管理辦法》).
- (3) In order to implement the requirements of the CSRC on the integrity construction and self-discipline management of the securities industry, the Company formulated the Measures for Management of Integrity Practice of GF Securities (《廣發證券誠信從業管理制度》), which clarified the integrity construction objectives of the Company, and clarified and institutionalizes the requirements of integrity work and the division of responsibilities at all levels, and further strengthened the management of integrity practice.

# CORPORATE GOVERNANCE

## 2. *Investor relation activities during the Reporting Period*

The Company attaches great importance to and takes the initiative to do a good job in investor relations, and focuses on the establishment of a multi-channel communication mechanism to ensure smooth and effective communication between the Company and its shareholders or investors. The Company has formulated the Measures for Management of Information Disclosure (《信息披露事務管理制度》) and the Measures for Management of Investor Relations (《投資者關係管理制度》), which set out the Company's communication policy with shareholders and others. The Company strengthens communication with shareholders and public investors through various channels including the Shenzhen Stock Exchange Interactive Easy Platform, the website of the Hong Kong Stock Exchange, the website of the Company, hotlines for investors and emails, and by adopting various forms including general meetings, results briefings, results presentations, investor activity months, analyst meetings and on-site surveys, so as to ensure that shareholders and public investors are provided with ready, equal and timely access to data from the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, and listen to and respond to their opinions and suggestions in an all-round way.

In 2023, after its annual and interim results presentations were issued, the Company facilitated its communication with investors and analysts by way of telephone or online method. During the year, the Company held one annual results briefing, one annual results presentation and one interim results briefing. The Chairman of the Company attended the above meetings. In 2023, the Company's management team and investor relation team held 26 meetings in various forms with domestic and overseas institutional investors and analysts, met about 200 institutional investors; actively replied to more than 60 questions from investors through the Shenzhen Stock Exchange Interactive Easy Platform; and opened two investor hotlines to maintain smooth and effective communication with investors.

The Company will continuously make investors understand the Company's development in a convenient, fast, prompt and all-round way through the website for the Company's investors relations, investor hotlines and mailbox and other channels. The Company will actively communicate with investors through results briefings, results presentations and other means to further enrich investor relation activities and provide better services to investors and analysts.



## CORPORATE GOVERNANCE

### (VI) Establishment and implementation of Information disclosure system and insider information system of the Company

The Company has formulated the Measures for Management of Information Disclosure (《信息披露事務管理制度》) and the Accountability System for Material Mistakes in Information Disclosure in Annual Report (《年報信息披露重大差錯責任追究制度》), and has amended the Measures for Management of Information Disclosure during the Reporting Period, clearly stipulating the accountability of various departments for information disclosure, the basic principles for information disclosure, the contents for information disclosure, the procedures for information disclosure, the accountability for mistakes in information disclosure and improving the quality of information disclosure of the Company. During the Reporting Period, the Company discharged its obligation on information disclosure in strict accordance with the requirements of the systems. The Board of Directors of the Company confirmed the effective implementation of the Measures for Management of Information Disclosure, ensuring the timeliness and fairness of the Company's relevant information disclosure, as well as the truthfulness, accuracy and completeness of such information disclosure.

During the Reporting Period, the Company has amended the Administrative Measures for Insiders of Inside Information (《內幕信息知情人管理辦法》) and the Administrative Measures for Users of External Information (《外部信息使用人管理辦法》) to regulate the management of inside information and the approval procedures for external reporting of information to further strengthen the confidentiality of inside information. During the Reporting Period, the Company conducted the management of inside information and the registration of insiders of inside information in strict accordance with the requirements of the systems, and was able to truthfully and completely record the list of insiders of inside information during all stages such as the preparation, transmission, examination and disclosure of inside information before their disclosure, and keep relevant records for the contents and time of inside information which are known by insiders.

During the Reporting Period, the Supervisory Committee and independent directors organized daily and special supervision and inspections on the implementation of the Company's the Measures for Management of Information Disclosure. According to the inspection results, the Measures for Management of Information Disclosure of the Company has been established and implemented effectively.



**SECTION 7  
ENVIRONMENTAL  
AND SOCIAL  
RESPONSIBILITIES**



# ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

## I. MATERIAL ENVIRONMENTAL PROBLEMS

The Group is a financial enterprise and not a key pollutant discharge unit announced by the environmental protection authority.

The Group has strictly complied with laws and regulations, including the Environmental Protection Law of the PRC and the Energy Conservation Law of the PRC. Green operation has been applied throughout the entire course of operational management, by emphasizing on the green and environmental protection concepts in operation to realize sustainable growth and achieve the organic fusion of social, environmental and economic benefits.

### 1. Energy Conservation and Carbon Reduction

During the Reporting Period, the Company fully implemented energy conservation and carbon reduction by organizing the refined energy consumption monitoring and management and effectively reducing energy consumption rate and the waste of materials through various means such as formulating relevant operational requirements and standards, fixing positions and responsibilities, implementing onsite management signs and carrying out personnel training; energy conservation measures were taken in respect of heavy load facilities such as elevators, lighting and air-conditioning, and the equipment utilization process was optimized and controlled. During the Reporting Period, the Company achieved further improvement in energy conservation and waste management, with a decrease of 1.01% in the total comprehensive energy consumption compared with last year, a decrease of 28.56% in the total volume of waste generated compared with last year, and an improvement in environmental key performance indicator management.

### 2. Green Office

The Company advocated the concept of green office through regular green office publicity and training activities among employees. During the Reporting Period, the Company established a sound electronic equipment life cycle management system and its implementation mechanism to ensure the rational use of equipment and minimize electronic waste; waste sorting was implemented in GF Securities Tower with approximately 58 tons of recyclable waste (including paper, metal and plastic products) processed during the Reporting Period; the non-essential use of vehicles was reduced, a reasonable adjustment was made to the use of employee shuttle buses, and employees were encouraged to adopt low-carbon travel; the Company consolidated similar projects for centralized procurement based on the procurement plan to save resources and improve procurement efficiency.

## II. SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group thoroughly implemented the major strategic decisions of the CPC Central Committee and the State Council on carbon peaking and carbon neutrality, actively responded to climate change, and practiced the new sustainable development concept of “innovation, coordination, greenness, openness and sharing” to support the construction of ecological civilization and green and low-carbon industries. The Group anchored the goal of building a financial superpower, adhered to the practice of responsible investment and green finance, comprehensively enhanced its business competitiveness and comprehensive service capabilities, and achieved the common growth of the Company and its customers. The Group valued the health and safety of employees, established and improved the protection system for employees’ rights and interests and a long-term mechanism for talent development to facilitate employee development. The Group focused on rural revitalization, education promoting, financial empowerment and medical assistance, and actively responded to the concerns of stakeholders, achieving the mutual coordination between the Company’s economic and social benefits, as well as its own development and social development to ensure the Company’s stability and long-term development. The Group attached great importance to investor protection and shareholder return, strengthened its comprehensive risk management, stuck to the bottom line of compliance operation, and continuously improved the level of ESG governance.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group's social welfare expenses amounted to a total of RMB34.8787 million (including the donation to the GF Charity Foundation by the Company and the social welfare expenses of wholly-owned and holding subsidiaries). The GF Securities' Charity Foundation established by the Group had been actively participating in rural revitalization, education promoting and other activities, and incurred social welfare expenses of RMB60.308 million during the Reporting Period.

Focusing on rural revitalization, education promoting, financial empowerment and medical assistance, the GF Charity Foundation has undertaken the "United Nations Sustainable Development Demonstration Village" project, and Small-scale Start-up Support for University Students of GF Securities, GF Securities' Talent Empowerment Program to Support Rural Revitalization and High-quality Development of Social Organizations, GF Securities Rural Children's Reading Improvement Program • STARS, Caring Playground Charity Activity, "Free Breathing" Severe Pneumonia Children's Relief Fund and other public welfare programs, and established special public welfare funds such as the Xinjiang Cotton Public Welfare Fund. The foundation was re-rated as a 5A social organization.

Please refer to the 2023 Corporate Social Responsibility and Environmental, Social and Governance (ESG) Report of GF Securities Co., Ltd. concurrently disclosed with this Annual Report on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the HKEXnews website of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for details.

### III. EFFORTS TO CONSOLIDATE AND EXPAND THE ACHIEVEMENTS OF POVERTY ALLEVIATION TO PUSH FORWARD RURAL REVITALIZATION

During the Reporting Period, the Company coordinated and carried out the paired assistance of "One Enterprise for One County", and provided assistance in the areas of industry, consumption and public welfare in six formerly national-level poverty-stricken counties, namely Wuzhishan, Baisha and Lingao in Hainan, Antu and Longjing in Jilin, Nankang in Jiangxi by constructing sports grounds for rural schools, setting up the GF Inspirational Class and other education promoting programs, subsidizing the construction of agricultural industrial parks, carrying out financial training and agricultural technology training, thereby benefiting more than 2,000 people. The Company conscientiously carried out the assistance work in Zhen'an Town, Yunfu City, Guangdong Province, deepened the assistance effect, supported the construction of Party Building Garden, consolidated the achievement of poverty alleviation, leveled up industrial development, improved the public infrastructure, enhanced the level of public services by reconstructing rural roads of 2.3 kilometers, installing 500 solar street lights in 7 administrative villages, renovating and upgrading the sports field of Zhen'an Central Primary School, and releasing living allowances to the people in need, so as to continuously boost the sense of happiness and gain of the people. The Company actively participated in the High-quality Development Project of Hundreds of Counties, Thousands of Towns and Ten Thousands of Villages in Guangdong Province by setting up a work leadership group and dispatching cadres to assume temporary posts in Guangning County, Zhaoqing for vertical assistance. The Company participated in the June 30th Rural Revitalization Activity in Guangdong Province by donating RMB5 million to support rural revitalization and development in Guangdong Province. During the Reporting Period, in recognition of its social responsibility and contributions in the field of rural revitalization, the Company won more than 10 authoritative awards, such as Gold Cup in the Guangdong Poverty Alleviation Red Cotton Cup", the Best Practice Cases of Rural Revitalization of Listed Companies and the Advanced Unit of Rural Revitalization.



# SECTION 8 SIGNIFICANT EVENTS



# SIGNIFICANT EVENTS

## I. IMPLEMENTATION OF COMMITMENTS

### 1. Commitments Performed during the Reporting Period or Not Yet Performed as of the End of the Reporting Period by the De Facto Controller of the Company, Shareholders, Related Parties, Purchasers and the Company

Cause of Commitment	Undertaking Party	Type of Commitment	Details of Commitment	Date of Commitment	Term of Commitment	Performance
Share conversion commitments/ commitments made in acquisition report or equity changes report/ commitments made in asset restructuring	The Company and its shareholders, Directors, Supervisors and senior management	Others	<p>1. GF Securities and its Directors, Supervisors and senior management have made commitments that upon completion of this transaction, GF Securities, as a public company, will strictly perform its obligations in information disclosure and investor education. After listing, in addition to meeting the requirements for information disclosure by listed companies in general, GF Securities will make sufficient disclosure in regular reports on information regarding customer asset protection, risk control, compliance inspection, commencement of innovative business and risk management according to its own characteristics to enhance the unveiling of risks for investors. 2. GF Securities and its Directors, Supervisors and senior management have made commitments that they will strictly comply with the requirements of the Administrative Measures for Risk Control Indicators of Securities Companies, enhance the risk management system, improve the risk monitoring mechanism, establish a real-time risk monitoring system, strengthen dynamic monitoring of risks and enhance capabilities in identifying, measuring and controlling risks to enhance the level of risk management. 3. To avoid peer competition with the surviving company after share conversion and merger by absorption and regulate possible related transactions, Liaoning Cheng Da and Jilin Aodong have made the following commitments: ① Being the largest and second largest shareholders of the surviving company after share conversion and merger by absorption, they have undertaken not to operate the same business as that operated by the surviving company (whether at present or in future), and not to indirectly operate or participate in the investment of enterprises which compete or may compete with the business of the surviving company. At the same time, they have also warranted that they will not use their capacity as shareholders to harm the proper interest of the surviving company and other shareholders. In addition, they will procure their wholly-owned subsidiaries or subsidiaries in which they have more than 50% equity interest or relative controlling interest to comply with the above commitments. ② With respect to related transactions conducted by Liaoning Cheng Da and Jilin Aodong and their respective related parties with the surviving company in future, the decision-making procedure for related transactions of listed companies will be strictly performed and the market pricing principles will be observed to ensure fairness, impartiality and equity and the legitimate interest of minority shareholders will not be prejudiced. 4. Liaoning Cheng Da and Jilin Aodong have issued the Commitments on Maintaining the Independence of Yan Bian Road Construction Co., Ltd., respectively, and warrant to realize staff independence, asset independence, business independence, financial independence and organization independence from the Company.</p>	February 6, 2010	Nil	All undertaking parties have strictly performed the commitments.



## SIGNIFICANT EVENTS

Cause of Commitment	Undertaking Party	Type of Commitment	Details of Commitment	Date of Commitment	Term of Commitment	Performance
Net capital guarantee commitments provided to GF Asset Management	GF Securities	Others	In order to support GF Asset Management for its continuous compliance with the regulatory requirements on risk indicators, the Company has provided GF Asset Management with additional net capital guarantee commitments of up to RMB3 billion (RMB3 billion inclusive), among which, net capital guarantee commitments of RMB2.5 billion were provided for a term from the date on which the same was considered and approved by the board of directors until September 30, 2016; and net capital guarantee commitments of RMB0.5 billion were provided for a term until March 13, 2024.	July 18, 2016	Net capital guarantee commitments of RMB2.5 billion were provided for a term from the date on which the same was considered and approved by the board of directors until September 30, 2016; and net capital guarantee commitments of RMB0.5 billion were provided for a term until its net capital was able to satisfy the requirements of the regulatory authority on an ongoing basis.	GF Securities strictly performed the commitments.
Whether the commitments were performed timely?				Yes		

**2. If there are Profit Forecasts for the Assets or Projects of the Company and the Reporting Period is within the Period of the Profit Forecasts, Particulars of the Company's Assets or Projects reaching the Original Profit Forecasts and the Reasons**

N/A

## SIGNIFICANT EVENTS

### II. USE OF THE LISTED COMPANY'S FUNDS BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

The Company did not have a controlling shareholder nor a de facto controller. During the Reporting Period, there was not any misappropriation of the Company's fund by the largest shareholder and its related parties for non-operating purposes.

### III. NON-COMPLIANCE IN EXTERNAL GUARANTEES

During the Reporting Period, there was no issue of non-compliance in external guarantees of the Company.

### IV. STATEMENT ON THE LATEST "NON-STANDARD AUDIT REPORT" BY THE BOARD OF DIRECTORS

N/A.

### V. STATEMENT ON ACCOUNTING FIRM'S "NON-STANDARD AUDIT REPORT" OF THE REPORTING PERIOD BY THE BOARD OF DIRECTORS, SUPERVISORY COMMITTEE AND INDEPENDENT DIRECTORS (IF ANY)

N/A.

### VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

#### 1. Currently Appointed Accounting Firms

PRC Accounting Firm	Ernst & Young Hua Ming LLP
Audit remuneration of PRC Accounting Firm (RMB million)	2.372
Continuous term of audit service of PRC Accounting Firm	6 years
Name(s) of certified public accountant(s) of the PRC Accounting Firm	Chang Hua (昌華), He Mingzhi (何明智)
Continuous term of audit service of certified public accountant(s) of PRC Accounting Firm	4 years for Chang Hua, 1 year for He Mingzhi
International Accounting Firm	Ernst & Young
Audit remuneration of International Accounting Firm (RMB million)	1.42
Continuous term of auditing service of the International Accounting Firm	6 years
Name(s) of certified public accountant(s) of the International Accounting Firm	Benny Bing Yin Cheung (張秉賢)
Continuous term of auditing service of certified public accountant(s) of the International Accounting Firm	1 year

Note: The above is the audit/review fees for the regular report of the Company, which does not include the audit fees for consolidated subsidiaries.

## SIGNIFICANT EVENTS

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Whether there is any change in accounting firm in the current period

No

Whether there is any change in accounting firm during the audit period

No

### **2. Appointment of Accounting Firm for Internal Control Audit, Financial Advisor or Sponsor**

In 2023, the Company appointed Ernst & Young Hua Ming LLP as accounting firm for internal control audit with audit fee at RMB350,000.

### **3. Changes in Accounting Firm During the Past Three Years**

There is no change in the accounting firm of the Company during the past three years.

## **VII. SUSPENSION AND TERMINATION OF LISTING AFTER THE DISCLOSURE OF ANNUAL REPORT**

N/A.

## **VIII. SIGNIFICANT ISSUES OF THE COMPANY ABOUT BANKRUPTCY REORGANIZATION, MERGER, SEPARATION, ESTABLISHMENT AND DISPOSAL OF SUBSIDIARIES, BRANCH COMPANIES AND BUSINESS DEPARTMENTS, ETC.**

### **1. Relevant matters about bankruptcy reorganization**

There were no relevant matters about bankruptcy reorganization during the Reporting Period.

### **2. Merger or separation of the Company**

N/A.

## SIGNIFICANT EVENTS

### 3. Establishment and disposal of subsidiaries, branch companies and business departments

#### (1) Relocation and change of name of branch companies and business departments

As of December 31, 2023, the Company has a total of 349 branches, including 26 branch companies and 323 securities business departments, covering 31 provinces, municipalities directly under the Central Government and autonomous regions in Mainland China. During the Reporting Period, a total of 29 branches of the Company were relocated and renamed:

No.	Name after relocation	Name before relocation
1	Securities Business Department of GF Securities Co., Ltd. at Gaoke East Road, Shanghai	Securities Business Department of GF Securities Co., Ltd. at Tang'an Road, Shanghai
2	Securities Business Department of GF Securities Co., Ltd. at Shenzhen Science and Technology City, Shenzhen	Securities Business Department of GF Securities Co., Ltd. at Shijihui Plaza, Shenzhen
3	Securities Business Department of GF Securities Co., Ltd. at Huanxiu West Road, Yingde, Qingyuan	Securities Business Department of GF Securities Co., Ltd. at Zhenyang East Road, Yingde, Qingyuan
4	Securities Business Department of GF Securities Co., Ltd. at Shiyang Road, Chongqing	Securities Business Department of GF Securities Co., Ltd. at Keyuan 1st Road, Chongqing
5	Securities Business Department of GF Securities Co., Ltd. at Xiguan Street, Xining	Securities Business Department of GF Securities Co., Ltd. at West Street, Xining
6	Securities Business Department of GF Securities Co., Ltd. at Longhua West Road, Luoding	Securities Business Department of GF Securities Co., Ltd. at Renmin South Road, Luoding
7	Securities Business Department of GF Securities Co., Ltd. at Yuhua Road, Langfang	Securities Business Department of GF Securities Co., Ltd. at Xinkai Road, Langfang
8	Securities Business Department of GF Securities Co., Ltd. at East 2nd Road, Zhuji	Securities Business Department of GF Securities Co., Ltd. at Jidong Road, Zhuji
9	Securities Business Department of GF Securities Co., Ltd. at Guiyuan Road, Gaozhou, Maoming	Securities Business Department of GF Securities Co., Ltd. at Gaoliang Middle Road, Gaozhou, Maoming
10	Securities Business Department of GF Securities Co., Ltd. at Houjie, Dongguan	Relocation with name unchanged
11	Securities Business Department of GF Securities Co., Ltd. at Lejin Road, Zhanjiang	Securities Business Department of GF Securities Co., Ltd. at Haibin Avenue, Zhanjiang
12	Securities Business Department of GF Securities Co., Ltd. at Dongyuan West Road, Putian	Securities Business Department of GF Securities Co., Ltd. at Wenxian West Road, Putian
13	Securities Business Department of GF Securities Co., Ltd. at Qianjin West Road, Kunshan	Securities Business Department of GF Securities Co., Ltd. at Qianjin East Road, Kunshan
14	Securities Business Department of GF Securities Co., Ltd. at Enping, Jiangmen	Relocation with name unchanged
15	Securities Business Department of GF Securities Co., Ltd. at Guangfu Road, Kunming	Relocation with name unchanged
16	Securities Business Department of GF Securities Co., Ltd. at Renmin Road, Jiaozuo	Relocation with name unchanged

## SIGNIFICANT EVENTS

No.	Name after relocation	Name before relocation
17	Securities Business Department of GF Securities Co., Ltd. at Changning Road, Shanghai	Securities Business Department of GF Securities Co., Ltd. at Tianshan Road, Shanghai
18	Securities Business Department of GF Securities Co., Ltd. at GF Securities Building, Machang Road, Guangzhou	Relocation with name unchanged
19	Securities Business Department of GF Securities Co., Ltd. at Guangfa Bank Building, Jianshe Avenue, Wuhan	Securities Business Department of GF Securities Co., Ltd. at Wansongyuan Road, Wuhan
20	Securities Business Department of GF Securities Co., Ltd. at Dunzhu Financial City, Lhasa	Securities Business Department of GF Securities Co., Ltd. at Jinzhu West Road, Lhasa
21	Securities Business Department of GF Securities Co., Ltd. at Xiuyan Road, Shanghai	Relocation with name unchanged
22	Securities Business Department of GF Securities Co., Ltd. at Jianguo Road, Zhangjiakou	Securities Business Department of GF Securities Co., Ltd. at Jianshe East Street, Zhangjiakou
23	Liaoning Branch of GF Securities Co., Ltd.	Relocation with name unchanged
24	Securities Business Department of GF Securities Co., Ltd. at Nanquan North Road, Shanghai	Relocation with name unchanged
25	Securities Business Department of GF Securities Co., Ltd. at Yingang East Road, Shanghai	Securities Business Department of GF Securities Co., Ltd. at Dianshanhu Avenue, Shanghai
26	Securities Business Department of GF Securities Co., Ltd. at Jiefang Road, Shaoguan	Relocation with name unchanged
27	Securities Business Department of GF Securities Co., Ltd. at Gaofu Road, Huzhou	Securities Business Department of GF Securities Co., Ltd. at Renmin Road, Huzhou
28	Securities Business Department of GF Securities Co., Ltd. at Qingyang Road, Lanzhou	Securities Business Department of GF Securities Co., Ltd. at Gannan Road, Lanzhou
29	Suzhou Branch of GF Securities Co., Ltd.	Securities Business Department of GF Securities Co., Ltd. at Suzhou Avenue East, Suzhou (only renamed but not relocated)

## SIGNIFICANT EVENTS

### **(2) New branch companies and securities business departments**

During the Reporting Period, the Company newly established 11 securities business departments, namely Securities Business Department at Qingyun Street, Yiwu, Securities Business Department at Hexing South Road, Jiaying, Securities Business Department at Nanquan North Road, Shanghai, Securities Business Department at Huangpu Avenue Central, Jinrongcheng, Guangzhou, Securities Business Department at Tanxi Road, Xiangyang, Securities Business Department at Shenhua Road, Hangzhou, Securities Business Department at Zhongrun Avenue, Zibo, Securities Business Department at Liaobu, Dongguan, Securities Business Department at Wuyishan Road, Qingdao, Securities Business Department at Huizhan East Road, Torch Development Zone, Zhongshan and Securities Business Department at Ziyun Road, Hefei.

### **(3) Changes in subsidiaries**

For the changes of subsidiaries, please refer to “4. Explanation of Changes in the Consolidation Scope of Financial Statements” in “III. Analysis on Financial Statements” of Section 5.

The above establishment, revocation and disposal activities have no material impact on the Company’s performance.

## **4. Major asset or equity disposal, acquisition, replacement and divestment**

During the Reporting Period, there was no material disposal, acquisition, replacement or divestment of assets or equity by the Company.

During the Reporting Period, GFHK, a wholly-owned subsidiary of the Company, intended to acquire no more than 369,000,000 ordinary shares of Value Partners Group Limited (hereinafter referred to as “Value Partners Group”), representing approximately 20.20% of its total issued shares as of June 1, 2023, at a total consideration of less than RMB1 billion. The counterparties of the transaction are Cheah Capital Management Limited (hereinafter referred to as “CCML”) and Mr. YEH V-Nee, both being shareholders of Value Partners Group. CCML is a limited liability company wholly owned by a trust established by Mr. CHEAH Cheng Hye. Meanwhile, Mr. CHEAH Cheng Hye is the guarantor of CCML for the transaction.

As of January 4, 2024, the parties to the transaction have completed the equity transfer pursuant to the equity purchase agreement. GFHK holds 366,000,000 ordinary shares of Value Partners Group, which represented approximately 20.04% of the total issued shares of Value Partners Group as of January 4, 2024. For details, please refer to the announcements dated June 2, 2023 and January 5, 2024 of the Company published in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## SIGNIFICANT EVENTS

### 5. Restructuring of other companies

N/A.

## IX. SIGNIFICANT LITIGATION AND ARBITRATION

During the Reporting Period, the Company was not involved in any material litigation and arbitration required for disclosure under the SZSE Listing Rules, the claim of which were over RMB10 million and accounted for more than 10% of the absolute value of the Company's latest audited net assets. The total amount of claims incurred by the Company in respect of litigation and arbitration over the past 12 months were not more than 10% of the absolute value of the Company's latest audited net assets.

As of December 31, 2023, the Group was involved in 704 litigation and arbitration cases (including those initiated against and by the Group) pending final judgment or ruling and completed execution, involving a total amount of claims at approximately RMB12.174 billion. Among which, 90 cases were initiated by the Group, involving a total amount of claims at approximately RMB9.684 billion; and 614 cases were initiated against the Group, involving a total amount of claims at approximately RMB2.489 billion.

The Group has made a provision of approximately RMB18 million in relation to the above litigation or arbitration as of December 31, 2023.

## X. PENALTY AND RECTIFICATION

- In February 2023, Mr. Guo, an analyst of the Company, received the Decision on Taking Measures for Issuing a Warning Letter to Mr. Guo (Administrative Supervision Measures Decision [2023] No. 12 from Guangdong Bureau of the CSRC) (《關於對郭某採取出具警示函措施的決定》(廣東證監局行政監管措施決定書[2023]12號)) from Guangdong Bureau of the CSRC, which specified that without the review and approval of the Company, Mr. Guo provided the individual research drafts to sales personnel, which eventually triggered the dissemination of the same and caused adverse effects.

In this regard, the Company took internal accountability measures against the employee violating regulations. At the same time, with the introduction of various management measures such as improving mechanisms and processes, building systems and strengthening training on compliance, the Company continued to strengthen risk awareness of practitioners and regulate their practice behaviours.

## SIGNIFICANT EVENTS

2. In August 2023, Mr. Jiang and Mr. Meng received the Decision on Issuing Regulatory Warnings against Sponsor Representatives Mr. Jiang and Mr. Meng (Regulatory Measures Decision of Shanghai Stock Exchange [2023] No. 35) (《關於對保薦代表人蔣某某、孟某某予以監管警示的決定》(上海證券交易所監管措施決定書[2023]35號)) from the SSE, stating that the two persons, as sponsor representatives of Shanghai Fubei Pet Products Co., Ltd. (上海福貝寵物用品股份有限公司) designated by the Company for its application for initial public offering and listing on the Main Board, failed to fully verify the signing date of the issuer's gambling agreement that is invalid from the beginning and other matters. The verification conclusion issued is obviously inconsistent with the facts, and the performance of sponsorship responsibilities is not in place.

In this regard, the Company earnestly learned lessons, continued to standardize due diligence procedures, strengthened the promotion of compliance and risk control, and continuously improved the quality of investment banking practice.

3. In August 2023, the Company received the Administrative Penalty Decision (Guangdong Yin Fa Jue Zi [2023] No. 11) (《行政處罰決定書》(廣東銀罰決字[2023]11號)) from Guangdong Branch of the People's Bank of China, imposing a fine of RMB4.86 million on the Company and a total fine of RMB116,000 on the relevant personnel. The People's Bank of China has pointed out that the Company has violated the Anti-Money Laundering Law of the People's Republic of China and other laws and regulations, including failing to perform the customer identification obligations as required and failing to file suspicious transaction reports as required.

At present, the Company has paid the fines on time, and has completed the rectification of most of the problems identified in the law enforcement inspection, and enhanced the prevention and control of money laundering risks by improving the customer due diligence mechanism, improving internal system construction, optimizing relevant system functions, and strengthening training and publicity.

4. In September 2023, the Company received the Administrative Penalty Decision (Administrative Penalty Decision [2023] No. 65) (《行政處罰決定書》[2023]65號) from the CSRC, stating that the Company failed to perform its duties diligently in the sponsorship business in relation to the non-public issuance of shares of Meishang Ecological Co., Ltd. (美尚生態股份有限公司) in 2018, which constituted violation of law. The CSRC ordered the Company to make corrections, issued a warning, confiscated the sponsorship business income of RMB943,396.23 and imposed a fine of RMB943,396.23; confiscated the illegal gains from underwriting shares of RMB7,830,188.52 and imposed a fine of RMB500,000; issued a warning to sponsor representatives Mr. Wang and Mr. Yang who signed the project, and imposed a fine of RMB250,000 respectively.



## SIGNIFICANT EVENTS

In this regard, the Company paid the fines on time, deeply reflected on the shortcomings in the past practice, continued to follow the business philosophy of compliance and soundness, further strengthened the internal control mechanism of the investment banking business, enhanced the awareness of standardized operation, and earnestly performed the due diligence obligations, so as to comprehensively enhance the quality of investment banking business.

5. In October 2023, the business department at Xuefu Road, Harbin of the Company received the Administrative Penalty Decision (Administrative Penalty Decision Hei Hui Jian Fa [2023] No. 14) (《行政處罰決定書》(黑匯檢罰[2023]14 號)) from Heilongjiang Bureau of the State Administration of Foreign Exchange, stating that the business department failed to file the name of the bank that opened the B-share margin account with the local bureau of the State Administration of Foreign Exchange and had warned the sales department and imposed a fine of RMB50,000.

In this regard, the business department learned from the lesson and conscientiously organized rectification and regulatory reporting work. At the same time, the Company also attached great importance to it and actively carried out the self-inspection of B-share margin filing and account sorting and integration work, so as to continuously improve the internal mechanism and process.

### XI. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, the Company did not have valid court judgments pending for execution or relatively large amount of outstanding debt pending for payment.

The Company did not have controlling shareholder or de facto controller. The largest shareholder of the Company, Jilin Aodong, and its de facto controller did not have any valid court judgment pending for execution or relatively large amount of outstanding debt pending for payment during the Reporting Period.

# SIGNIFICANT EVENTS

## XII. MAJOR RELATED/CONNECTED TRANSACTIONS

### 1. Related/connected Transactions Relating to Day-to-day Operations

The related/connected transactions of the Group are conducted pursuant to the SZSE Listing Rules, Hong Kong Listing Rules, Connected Transaction Management Rules and Information Disclosure Management Rules of the Company, and the related/connected transactions of the Group observe the fair and reasonable principles, and the agreements on related/connected transactions were entered into under the principles of equality, willingness, pricing equality and compensation.

The continuing related/connected transactions relating to day-to-day operations are transactions in which the Group provides investment banking, wealth management, trading, institution and investment management services to the related/connected parties.

In 2023, our day-to-day related transactions were executed subject to the Proposal on Estimates of Annual Day-to-day Related/Connected Transactions in Year 2023 of the Company passed by the 2022 Annual General Meeting upon deliberation.

The investment banking, wealth management, trading, institutional and investment management services in respect of day-to-day operations provided by the Group to related/connected persons were conducted in the ordinary and usual course of business and on normal commercial terms, and they were exempt continuing connected transactions under the Hong Kong Listing Rules, namely the de minimis transactions, and such transactions were exempt from the requirements of reporting, announcement and approval by independent shareholders under Chapter 14A of the Hong Kong Listing Rules. Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 67 to the consolidated financial statements that falls into the category of connected transactions or continuing connected transactions that need to be disclosed under the Hong Kong Listing Rules.

During the Reporting Period, the Company did not have related/connected transactions with any related/connected party with aggregated transaction amount of over RMB30 million and accounting for more than 5% of its latest audited net asset value during its normal and ordinary business.

### 2. Related Transactions in respect of Acquisition and Sale of Assets or Equity Interest

As at the end of the Reporting Period, the Company did not have any major related transactions in respect of acquisition and sale of assets or equity interest.

### 3. Related Transactions in respect of Joint External Investment

During the Reporting Period, the Company did not have any related/connected transactions in respect of joint external investment.

## SIGNIFICANT EVENTS

### 4. Amount due to or from Related Parties

Amount due to or from Related Parties under the SZSE Listing Rules

Unit: RMB

Item Name	Related Party	Amount as of the end of the period	Amount as of the beginning of the period
Seats commission, trailing commission and custodian fee receivables	E Fund Management Co., Ltd.	19,150,467.05	29,439,043.20
Short-term structured notes payable	Shenzhen Chengda Biological Investment Co., Ltd.	90,377,426.51	—

During the Reporting Period, the amounts due to or from related parties mentioned above facilitated the Company to expand its operations in the ordinary course of business and increase profit opportunities, and were implemented at fair prices and would not harm the interests of the Company and its shareholders.

During the Reporting Period, the Company did not have any non-operational amount due to or from related parties.

### 5. Transactions with Related Financial Companies

N/A.

### 6. Transactions between Financial Companies Controlled by the Company and Related Parties

N/A.

### 7. Other Material Related-Party Transactions

No other material related/connected transactions occurred during the Reporting Period.

# SIGNIFICANT EVENTS

## XIII. MAJOR CONTRACTS AND THEIR PERFORMANCE

### 1. Custody, Contracting and Leases

#### (1) Custody

There was no occurrence of any major custody event of the Company during the Reporting Period.

#### (2) Contracting

Since May 2013, the Company and Guangzhou Construction Co., Ltd. have successively entered into the General Construction Contract for the GF Securities Tower Project and the relevant supplementary agreements. Guangzhou Construction Co., Ltd. is the main contractor for the construction of the GF Securities Tower project. The tentative contract price specified in the contract and the supplemental agreements was RMB1.062 billion. In December 2018, GF Securities Tower passed the acceptance inspection. In March 2019, the principal business address of the Company's headquarters was changed to GF Securities Tower, No. 26 Machang Road, Tianhe District, Guangzhou, Guangdong Province. During the Reporting Period, the project settlement of the general construction contract and related subcontracts was finished and the final settlement amount was RMB917 million.

#### (3) Leases

During the Reporting Period, the Company had no leasing project with profit or loss representing more than 10% of the Company's total profit for the Reporting Period.

# SIGNIFICANT EVENTS

## 2. Material Guarantees

During the Reporting Period, the Company had no material guarantees. The guarantees of the Company and its subsidiaries are as follows:

Unit: RMB '0,000

### External Guarantees Provided by the Company and Its Subsidiaries (Excluding Guarantees Provided to Subsidiaries)

Name of the Guaranteed Party	Date of Disclosure of Guarantee	Amount on the Relevant Announcement	Actual Amount of Guarantee	Actual Date of Occurrence	Type of Guarantee	Collaterals (if any)	Counter guarantee (if any)	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
Nil	—	—	—	—	—	—	—	—	—	—
Total amount of external guarantees approved during the Reporting Period (A1)				0	Total actual amount of external guarantees provided during the Reporting Period (A2)					0
Total amount of external guarantees approved as at the end of the Reporting Period (A3)				0	Total actual balance of external guarantees as at the end of the Reporting Period (A4)					0

### Guarantees Provided to Subsidiaries by the Company

Name of the Guaranteed Party	Date of Disclosure of Guarantee	Amount on the Relevant Announcement	Actual Amount of Guarantee	Actual Date of Occurrence	Type of Guarantee	Collaterals	Counter guarantee	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
GF Financial Markets (UK) Limited (the Company undertook guarantee liabilities to the extent of the amount of the letter of guarantee ultimately and actually signed)	March 30, 2021	A cumulative balance of not more than US\$140 million	September 13, 2021	US\$7,000 US\$3,050	Joint and several guarantee	—	—	Until September 1, 2025 Until August 25, 2024	No	No
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (B1)				0	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (B2)					71,181.14
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (B3)				99,157.80	Total actual balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B4)					71,181.14

## SIGNIFICANT EVENTS

### Guarantees among Subsidiaries

Name of the Guaranteed Party	Date of Disclosure of Guarantee	Amount on the Relevant Announcement	Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals	Counter guarantee	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
GF Global Capital Limited (GF Holdings (Hong Kong) Corporation Limited provided guarantee to it)	February 6, 2021	Provide performance guarantee to the guaranteed party in respect of the issue of structured notes with a total size of no more than US\$1 billion (or its equivalent in other currencies), subject to a guarantee amount of no more than US\$1 billion (or its equivalent in other currencies)	March 22, 2021	1,239,224.15	Joint and several guarantee	—	—	According to provisions of agreement	No	No
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (C1)			0	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (C2)					1,239,224.15	
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (C3)			708,270	Total actual balance of guarantee provided to subsidiaries as at the end of the Reporting Period (C4)					439,662.28	

## SIGNIFICANT EVENTS

### Total Amount of Guarantees Provided by the Company (i.e. the total of the first three major items)

Total amount of guarantees approved during the Reporting Period (A1+B1+C1)	0	Total actual amount of guarantees provided during the Reporting Period (A2+B2+C2)	1,310,405.28
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)	807,427.80	Total actual balance of guarantees provided as at the end of the Reporting Period (A4+B4+C4)	510,843.41
Total actual amount of guarantees (i.e. A4+B4+C4) as a percentage of the net assets of the Company			3.76%
Including:			
Balance of guarantees provided to shareholders, de facto controller and their related parties (D)			0
Balance of debt guarantees provided directly or indirectly to the guaranteed parties with a gearing ratio over 70% (E)			439,662.28
Amount of total guarantees above 50% of net assets (F)			0
Total of the above 3 amounts of guarantees (D+E+F)			439,662.28
For outstanding guarantees, description on the guarantee liabilities occurred or possible joint and several liabilities of repayment demonstrated during the Reporting Period (if any)			Nil
Description on the provision of external guarantee with non-compliance in required procedures (if any)			Nil
Other descriptions	In February 2018, the board of directors of GFHK resolved that it agreed to provide guarantees for its wholly-owned subsidiary, GF Global Capital Limited, to the counterparties under the agreements such as ISDA and GMRA. As of December 31, 2023, the amount of such guarantee was approximately US\$2.7666 million.		

Note 1: Calculated by the central parity exchange rates of Hong Kong dollar to Renminbi at 1:0.90622 and US dollar to Renminbi at 1:7.0827 published by the People's Bank of China on December 29, 2023.

Note 2: "Balance of debt guarantees provided directly or indirectly to the guaranteed parties with gearing ratio over 70% (E)" in the table above is filled based on the balance of guarantee when the gearing ratio of the guaranteed party exceeds 70% at the time of consideration of related proposals by the authorized organizations of the Company and subsidiaries.

## SIGNIFICANT EVENTS

### 3. Cash asset management conducted by other entrusted parties

#### (1) Entrusted wealth management

The Company was not engaged in entrusted wealth management during the Reporting Period.

#### (2) Entrusted loans

Summary of entrusted loans during the Reporting Period

Unit: RMB ' 0,000

Total amount of entrusted loans	Source of funds of entrusted loans	Outstanding balance	Unrecovered overdue amount
1,800.00	Self-owned funds	—	1,406.41

Specific particulars of entrusted loans

Unit: RMB ' 0,000

Borrower	Type of borrower	Loan interest rate	Loan amount	Source of funds	Start date	End date	Expected income	Actual profit/loss		Impairment provision	Through legal process or not	Any future plans of entrusted loans
								Reporting Period	Reporting Period			
Pingdingshan Shunyi Farming Co., Ltd.	Agricultural, forestry, farming and fishery industries	8.00%	1,800.00	Self-owned funds	October 13, 2017	April 13, 2021	—	3.60	—	1,448.75	Yes	No for the time being
Total			1,800.00	—	—	—	—	3.60	—	1,448.75	—	—

Note: The amount of impairment provision in the above table was the balance of impairment provision for entrusted loans as at the end of the Reporting Period.



## SIGNIFICANT EVENTS

### *Circumstances where expected non-recovery of principal amount or other possible causes of impairment in entrusted loans may arise*

Entrusted loans were overdue, and impairment provision was made accordingly.

#### **4. Other major contracts**

During the Reporting Period, the Company had no other major contracts.

## XIV. PARTICULARS OF OTHER SIGNIFICANT ISSUES

1. On January 11, 2023, the Company published the Announcement on Obtaining Regulatory Opinions from the China Securities Regulatory Commission on Application for Market-Making Business of Stock Index Options. Recently, the Company has received the Regulatory Opinions on GF Securities Co., Ltd.'s Application for Market-Making Business of Stock Index Options (Ji Gou Bu Han [2023] No. 13) (《關於廣發證券股份有限公司申請開展股指期權做市業務的監管意見書》(機構部函[2023]13 號)) from the CSRC. According to the regulatory opinions, the CSRC has no objection to the conduct of market-making business of stock index options by the Company. The Company will carry out the market-making business of stock index options in strict accordance with laws, regulations and regulatory requirements.
2. On February 24, 2023, the Proposal on Adjusting the Organizational Structure of the Company's Retail Business (《關於調整公司零售業務組織架構的議案》) was considered and approved at the 27th meeting of the 10th session of the Board of the Company. Pursuant to the proposal, the Board agreed that the Retail Business Management Headquarters was renamed as the "Wealth Management and Brokerage Business Headquarters"; the original Institutional and Interbank Department and the Integrated Business Department was merged into the "Institutional Client Department"; and the E-Commerce Department was renamed as the "Digital Platform Department". The adjusted Wealth Management and Brokerage Business Headquarters consists of four first-tier departments: Wealth Management Department, Digital Platform Department, Institutional Client Department and Operation Management Department.

At the same time, the Board considered and approved the Proposal on the Integration of the Company's Derivatives Business (《關於公司衍生品業務整合的議案》). Pursuant to the proposal, the Board agreed that the Equity and Derivatives Investment Department was renamed as the "Equity Investment Department"; the Over-the-counter Market Department was renamed as the "Equity Derivatives Business Department"

## SIGNIFICANT EVENTS

3. On April 8, July 7 and September 6, 2023, the Company published the Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year; on December 7, 2023, the Company published the Announcement on New Borrowings Accumulated in the Year Exceeding 40% of Net Assets at the End of the Previous Year. As of December 31, 2022, the audited net assets of the Company were RMB124.793 billion, and the borrowings balance was RMB314.208 billion. As of March 31, 2023, the Company's borrowings balance was RMB346.187 billion, and the cumulative amount of new borrowings was RMB31.979 billion, accounting for 25.63% of the net assets at the end of the previous year, i.e. exceeding 20%. As of June 30, 2023, the Company's borrowings balance was RMB351.273 billion, and the cumulative amount of new borrowings was RMB37.065 billion, accounting for 29.70% of the net assets at the end of the previous year, i.e. exceeding 20%. As of August 31, 2023, the Company's borrowings balance was RMB344.208 billion, and the cumulative amount of new borrowings was RMB30.000 billion, accounting for 24.04% of the net assets at the end of the previous year, i.e. exceeding 20%. As of November 30, 2023, the Company's borrowings balance was RMB367.454 billion, and the cumulative amount of new borrowings was RMB53.246 billion, accounting for 42.67% of the net assets at the end of the previous year, i.e. exceeding 40%.

The abovementioned new borrowings are in compliance with the requirements of relevant laws and regulations and are within the scope of the Company's normal operating activities. The abovementioned financial data have not been audited except for the relevant data at the end of 2022.

4. On December 12, 2023, the Company received the Notification Letter on Increasing in Shareholding in GF Securities Co., Ltd. (《關於增持廣發證券股份有限公司股份的告知函》) from the largest shareholder, Jilin Aodong. Pursuant to the letter, Jilin Aodong increased its shareholding of 470,900 A shares of the Company via the SZSE trading system on December 12, 2023; Jilin Aodong accumulatively increased its shareholding of 31,705,400 H shares of the Company via the Shenzhen-Hong Kong Stock Connect trading system from December 20, 2022 to December 11, 2023. After the increase, Jilin Aodong and its persons acting in concert held a total of 1,524,217,567 A shares and H shares of the Company, accounting for 20.0000% of the total share capital of the Company. Jilin Aodong and its persons acting in concert have disclosed the Detailed Report on Changes in Equity of GF Securities Co., Ltd. (《廣發證券股份有限公司詳式權益變動報告書》).
5. On January 19, 2024, the Company received the Notification Letter on the Progress of Increasing in Shareholding in GF Securities Co., Ltd. (《關於增持廣發證券股份有限公司股份進展的告知函》) from the largest shareholder, Jilin Aodong. Pursuant to the letter, based on the confidence in the sustainable and stable development of the Company in the future, Jilin Aodong increased its shareholding of 2,086,600 H shares of the Company via the Shenzhen-Hong Kong Stock Connect trading system through its owned funds from December 13, 2023 to January 19, 2024. After the increase, Jilin Aodong and its persons acting in concert held a total of 1,526,304,167 A shares and H shares of the Company, accounting for 20.0274% of the total share capital of the Company.

For details, please refer to the relevant announcements of the Company disclosed on the website of CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

# SIGNIFICANT EVENTS

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## XV. SIGNIFICANT MATTERS FOR THE SUBSIDIARIES OF THE COMPANY

N/A.

## XVI. CHANGES OF QUALIFICATIONS FOR INDIVIDUAL BUSINESSES DURING THE REPORTING PERIOD

For details, please refer to “V. Qualifications of Individual Businesses” of Section 1 in this report.

## SIGNIFICANT EVENTS

### XVII. INDEX OF INFORMATION DISCLOSURE

During the Reporting Period, the Company published the following information in respect of A Shares (excluding the “Announcements on H Shares”) in China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed the same on the website of CNINFO (www.cninfo.com.cn):

No.	Matters of Announcement	Date of Publication
1	Announcement on Extension of Book-building Period for Public Issuance of Short-term Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2023	January 10, 2023
2	Announcement on the Coupon Rate for Public Issuance of Short-term Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2023	January 10, 2023
3	Announcement on Obtaining Regulatory Opinions from the China Securities Regulatory Commission on Application for Market-Making Business of Stock Index Options	January 11, 2023
4	Announcement on the Results of Issuance of Short-term Financing Bills (First Tranche) by the Company in 2023	January 11, 2023
5	Announcement on the Results of Public Issuance of Short-term Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2023	January 12, 2023
6	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 01” Corporate Bonds Privately Issued	January 31, 2023
7	Announcement on the Results of Issuance of Short-term Financing Bills (Second Tranche) by the Company in 2023	February 14, 2023
8	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	February 17, 2023
9	Announcement on the Resolutions of the 27th Meeting of the 10th Session of the Board of Directors	February 25, 2023
10	Announcement on the Results of Issuance of Short-term Financing Bills (Third Tranche) by the Company in 2023	February 25, 2023
11	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF C1” Subordinated Bonds	March 4, 2023
12	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	March 14, 2023
13	Announcement on the Results of Issuance of Short-term Financing Bills (Fourth Tranche) by the Company in 2023	March 14, 2023
14	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 02” Corporate Bonds Privately Issued	March 17, 2023

## SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
15	Announcement on the Registration Approval of Public Issuance of Corporate Bonds to Professional Investors by China Securities Regulatory Commission	March 18, 2023
16	Announcement on the Results of Issuance of Short-term Financing Bills (Fifth Tranche) by the Company in 2023	March 22, 2023
17	Announcement in Relation to 2022 Annual Results Presentation	March 30, 2023
18	Announcement on the Resolutions of the 28th Meeting of the 10th Session of the Board of Directors	March 31, 2023
19	Announcement on the Resolutions of the 15th Meeting of the 10th Session of the Supervisory Committee	March 31, 2023
20	Summary of the 2022 Annual Report	March 31, 2023
21	Announcement on the Proposed Re-appointment of Accounting Firm	March 31, 2023
22	Announcement on the Estimates of Daily Related/Connected Transactions of the Company for 2023	March 31, 2023
23	Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year	April 8, 2023
24	Announcement of GF Securities Co., Ltd. on Receiving the Notice of Case Filing from the China Securities Regulatory Commission	April 18, 2023
25	Announcement on the Resolutions of the 29th Meeting of the 10th Session of the Board of Directors	April 29, 2023
26	2023 First Quarterly Report	April 29, 2023
27	Announcement on the Resolutions of the 16th Meeting of the 10th Session of the Supervisory Committee	April 29, 2023
28	Announcement on Changes in Accounting Policies	April 29, 2023
29	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 25” Corporate Bonds Privately Issued	May 26, 2023
30	Voluntary Announcement on the Acquisition of Certain Equity Interest in Value Partners Group Limited by Our Wholly-owned Subsidiary, GF Holdings (Hong Kong) Corporation Limited	June 2, 2023
31	Notice of the 2022 Annual General Meeting	June 7, 2023
32	Announcement on the Interest Payment in 2023 for Redemption and Delisting of 2013 Corporate Bonds (Type III) of GF Securities Co., Ltd.	June 15, 2023
33	Announcement on Reminder Notice of the 2022 Annual General Meeting	June 27, 2023
34	Announcement on the Interest Payment in 2023 for Public Issuance of Perpetual Subordinated Bonds (First Tranche) to Professional Investors in 2022	June 28, 2023

## SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
35	Announcement on the Resolutions of the 2022 Annual General Meeting	June 29, 2023
36	Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year	July 7, 2023
37	Announcement on the Interest Payment in 2023 for Public Issuance of Corporate Bonds (First Tranche) to Professional Investors in 2022	July 14, 2023
38	Announcement of GF Securities Co., Ltd. on Receiving the Prior Notice of Administrative Penalty from the China Securities Regulatory Commission	July 18, 2023
39	Announcement on the Interest Payment in 2023 for Public Issuance of Corporate Bonds (Second Tranche) to Professional Investors in 2021	July 21, 2023
40	Announcement on the Results of Issuance of Short-term Financing Bills (Sixth Tranches) by the Company in 2023	July 26, 2023
41	Announcement on the Results of Issuance of Short-term Financing Bills (Seventh Tranche) by the Company in 2023	July 28, 2023
42	Announcement on the Implementation of A Share Profit Distribution for 2022	August 5, 2023
43	Announcement on the Resolutions of the 30th Meeting of the 10th Session of the Board of Directors	August 31, 2023
44	Summary of the Interim Report for 2023	August 31, 2023
45	Announcement on the Resolutions of the 17th Meeting of the 10th Session of the Supervisory Committee	August 31, 2023
46	Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year	September 6, 2023
47	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 04” Corporate Bonds Privately Issued by GF Securities Co., Ltd.	September 8, 2023
48	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	September 9, 2023

## SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
49	Announcement of GF Securities Co., Ltd. on Receiving the Administrative Penalty Decision from the China Securities Regulatory Commission	September 23, 2023
50	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	October 17, 2023
51	Announcement on the Resolutions of the 31st Meeting of the 10th Session of the Board of Directors	October 18, 2023
52	Announcement on the Registration Approval of Public Issuance of Short-term Corporate Bonds to Professional Investors by China Securities Regulatory Commission	October 28, 2023
53	Announcement on the Resolutions of the 32nd Meeting of the 10th Session of the Board of Directors	October 31, 2023
54	2023 Third Quarterly Report	October 31, 2023
55	Announcement on the Resolutions of the 18th Meeting of the 10th Session of the Supervisory Committee	October 31, 2023
56	Announcement on New Borrowings Accumulated in the Year Exceeding 40% of Net Assets at the End of the Previous Year	December 7, 2023
57	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	December 9, 2023

## SIGNIFICANT EVENTS

During the Reporting Period, the Company disclosed the following information on H Shares (excluding “Overseas Regulatory Announcements”) on the HKEXnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)):

No.	Matters of Announcement	Date of Publication
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2022	January 3, 2023
2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2023	February 1, 2023
3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2023	March 1, 2023
4	Date of Board Meeting	March 15, 2023
5	Announcement in Relation to 2022 Annual Results Presentation	March 29, 2023
6	2022 Corporate Social Responsibility Report	March 30, 2023
7	Final Dividend for the Year Ended December 31, 2022	March 30, 2023
8	2022 Annual Results Announcement	March 30, 2023
9	Proposed Amendments to the Articles of Association	March 30, 2023
10	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2023	April 3, 2023
11	Date of Board Meeting	April 13, 2023
12	Announcement on Receiving the Notice of Case Filing from the China Securities Regulatory Commission	April 17, 2023
13	Notification Letter and Request Form to Non-Registered Shareholders	April 25, 2023
14	Notification Letter and Request Form to Registered Shareholders	April 25, 2023
15	2022 Annual Report	April 25, 2023
16	2023 First Quarterly Report	April 28, 2023
17	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2023	May 4, 2023
18	Voluntary Announcement on the Acquisition of Certain Equity Interest in Value Partners Group Limited by Our Wholly-owned Subsidiary, GF Holdings (Hong Kong) Corporation Limited	June 1, 2023
19	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2023	June 1, 2023



## SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
20	Final Dividend for the Year Ended December 31, 2022 (Updated)	June 6, 2023
21	Notification Letter and Request Form to Non-Registered Shareholders	June 6, 2023
22	Notification Letter and Request Form to Registered Shareholders	June 6, 2023
23	Proxy Form for the 2022 Annual General Meeting	June 6, 2023
24	Notice of AGM	June 6, 2023
25	2022 AGM Circular	June 6, 2023
26	Final Dividend for the Year Ended December 31, 2022 (Updated)	June 28, 2023
27	Articles of Association	June 28, 2023
28	Poll Results of the 2022 Annual General Meeting, Final Dividend for the Year Ended December 31, 2022 and Amendments to the Articles of Association	June 28, 2023
29	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended June 30, 2023	July 3, 2023
30	Announcement on Receiving the Prior Notice of Administrative Penalty from the China Securities Regulatory Commission	July 17, 2023
31	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended July 31, 2023	August 1, 2023
32	Date of Board Meetings	August 14, 2023
33	Interim Results Announcement for the Six Months Ended June 30, 2023	August 30, 2023
34	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended August 31, 2023	September 4, 2023
35	Notification Letter and Request Form to Non-registered Shareholders	September 7, 2023
36	Notification Letter and Request Form to Registered Holders	September 7, 2023
37	2023 Interim Report	September 7, 2023
38	Announcement on Receiving the Administrative Penalty Decision from the China Securities Regulatory Commission	September 22, 2023
39	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended September 30, 2023	October 9, 2023
40	Date of Board Meeting	October 13, 2023
41	2023 Third Quarterly Report	October 30, 2023
42	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended October 31, 2023	November 1, 2023
43	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended November 30, 2023	December 1, 2023



**SECTION 9  
CHANGES IN  
SHAREHOLDINGS  
AND  
PARTICULARS  
ABOUT  
SHAREHOLDERS**



# CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

## I. CHANGES IN SHAREHOLDINGS

### 1. Changes in shareholdings

During the Reporting Period, there were no changes in the total number of ordinary shares and the shareholding structure of the Company.

Set out below is the share capital of the Company:

		Unit: Share
	Number of shares	Percentage
I. Shares with selling restrictions	0	0
II. Shares without selling restrictions	7,621,087,664	100.00%
1. RMB-denominated ordinary shares	5,919,291,464	77.67%
2. Domestic listed foreign shares	0	0
3. Overseas listed foreign shares	1,701,796,200	22.33%
4. Others	0	0
III. Total number of shares	7,621,087,664	100.00%

### 2. Changes in shares with selling restrictions

N/A.

## II. SECURITIES ISSUANCE AND LISTING

### 1. Issuance of securities (exclusive of preference shares) during the Reporting Period

For details about the issuance of corporate bonds, subordinated bonds, short-term corporate bonds, short-term financing bills, please refer to “Section 11 Bonds” of this report.

### 2. Changes in the total number of shares and the shareholding structure of the Company, and changes in the assets and liabilities structure of the Company

Changes in the total number of shares and the shareholding structure of the Company: N/A.

As at the end of 2023, the Group’s gearing ratio was 74.43%. As at the end of 2022, the Group’s gearing ratio was 73.98%.

### 3. Existing employees’ shares

N/A.

# CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

## III. SHAREHOLDERS AND DE FACTO CONTROLLERS

### 1. Number of shareholders and their shareholdings in the Company

Unit: Share

<b>Total number of ordinary shareholders at the end of the Reporting Period</b>	237,772 (of which, 236,325 were holders of A Shares, 1,447 were registered holders of H Shares)	<b>Total number of ordinary shareholders as at the end of the last month before the date of disclosure of the annual report</b>	218,124 (of which, 216,676 were holders of A Shares, 1,448 were registered holders of H Shares)	<b>Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period</b>	Nil	<b>Total number of preferred shareholders whose voting rights were resumed as at the end of the last month before the date of disclosure of the annual report</b>	Nil
---------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------	-----	-------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----

Shareholdings of shareholders who hold more than 5% of the shares or shareholdings of the top ten shareholders (Excluding shares lending through re-financing)

Name of shareholder	Capacity of shareholder	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledged, marked or frozen	
							Status of shares	Number of shares
HKSCC Nominees Limited	Overseas legal entity	22.31%	1,700,168,240	15,990	—	1,700,168,240	—	—
JiIn Aodong Pharmaceutical Group Co., Ltd.	Domestic general legal entity	16.44%	1,252,768,767	470,900	—	1,252,768,767	—	—
Liaoning Cheng Da Co., Ltd.	State-owned legal entity	16.40%	1,250,154,088	0	—	1,250,154,088	—	—
Zhongshan Public Utilities Group Co., Ltd.	State-owned legal entity	9.01%	686,754,216	0	—	686,754,216	—	—
China Securities Finance Corporation Limited	Domestic general legal entity	2.99%	227,870,638	0	—	227,870,638	—	—
National Social Security Fund No. 118 Portfolio	Fund, wealth management products, etc.	1.00%	76,479,934	21,578,868	—	76,479,934	—	—
Hong Kong Securities Clearing Company Limited	Overseas legal entity	0.87%	66,495,138	-32,049,161	—	66,495,138	—	—
China Construction Bank Corporation — Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.84%	63,872,413	3,212,800	—	63,872,413	—	—
China Construction Bank Corporation — Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.56%	42,982,134	-2,432,400	—	42,982,134	—	—
Industrial and Commercial Bank of China Limited — Huatai-PB SHSZ CSI 300 Index Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.29%	21,927,736	9,716,600	—	21,927,736	—	—

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of shares held without selling restrictions as at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
HKSCC Nominees Limited	1,700,168,240	Overseas listed foreign shares	1,700,168,240
Jilin Aodong Pharmaceutical Group Co., Ltd.	1,252,768,767	RMB-denominated ordinary shares	1,252,768,767
Liaoning Cheng Da Co., Ltd.	1,250,154,088	RMB-denominated ordinary shares	1,250,154,088
Zhongshan Public Utilities Group Co., Ltd.	686,754,216	RMB-denominated ordinary shares	686,754,216
China Securities Finance Corporation Limited	227,870,638	RMB-denominated ordinary shares	227,870,638
National Social Security Fund No. 118 Portfolio	76,479,934	RMB-denominated ordinary shares	76,479,934
Hong Kong Securities Clearing Company Limited	66,495,138	RMB-denominated ordinary shares	66,495,138
China Construction Bank Corporation — Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	63,872,413	RMB-denominated ordinary shares	63,872,413
China Construction Bank Corporation — Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	42,982,134	RMB-denominated ordinary shares	42,982,134
Industrial and Commercial Bank of China Limited — Huatai-PB SHSZ CSI 300 Index Investment Banking & Brokerage Index Exchange-traded Fund	21,927,736	RMB-denominated ordinary shares	21,927,736

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

- Note 1: Among the holders of H Shares of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited;
- Note 2: In the table above, shares held by HKSCC Nominees Limited are overseas listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares);
- Note 3: According to the information provided by Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities, as of December 31, 2023, Jilin Aodong held 234,580,000 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 271,448,800 H Shares, representing 3.56% of the total share capital of the Company; Liaoning Cheng Da held 115,300,000 H Shares of the Company and held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), which is a wholly-owned subsidiary of Liaoning Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司) (a wholly-owned subsidiary of Liaoning Cheng Da), a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company; Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. As of December 31, 2023, the percentages of A Shares and H Shares of the Company held in aggregate by Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties, and Zhongshan Public Utilities and its concert parties in the total share capital of the Company were 20.00%, 17.94% and 10.34%, respectively;
- Note 4: According to the public information disclosed on the HKEXnews website of the Hong Kong Stock Exchange, as of December 31, 2023, other than those as set out in Note 3, shareholders holding 5% or more of the H Shares of the Company are as follows: on January 31, 2020, the labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 long-position H Shares of the Company, representing 16.01% of the H Share capital of the Company. The above shares are held by HKSCC Nominees Limited on their behalf;
- Note 5: At the end of the Reporting Period, no shares of the Company were held by the holders of A Shares as mentioned above through credit-based securities accounts;
- Note 6: At the end of the Reporting Period, no holders of A Shares as mentioned above conducted Securities Transactions with Repurchase Agreement.

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### Shares lending through refinancing business of the top ten participating shareholders

Unit: Share

Name of shareholders (full name)	Shares lending through re-financing of the top ten participating shareholders									
	Shareholding of ordinary account and credit account at the beginning of the period				Outstanding shares of refinancing and securities lending business at the beginning of the Reporting Period		Shareholding of ordinary account and credit account at the end of the period		Outstanding shares of refinancing and securities lending business at the beginning of the Reporting Period	
	Percentage of		Percentage of		Percentage of		Percentage of			
	Total number of shares	total share capital	Total number of shares	total share capital	Total number of shares	total share capital	Total number of shares	total share capital		
China Construction Bank Corporation - Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	60,659,613	0.80%	886,000	0.01%	63,872,413	0.84%	409,000	0.01%		
China Construction Bank Corporation - Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	45,414,534	0.60%	224,100	0.00%	42,982,134	0.56%	235,000	0.00%		
Industrial and Commercial Bank of China Limited - Huatai-PB SHSZ CSI 300 Index Investment Banking & Brokerage Index Exchange-traded Fund	12,211,136	0.16%	0	0.00%	21,927,736	0.29%	37,700	0.00%		

### Change in shareholding of the top ten shareholders compared with last period

Unit: Shares

Name of shareholders (full name)	Add/exit during the Reporting Period	Change in shareholding of the top ten shareholders compared with the end of the previous period			
		Outstanding shares of refinancing and securities lending business and not yet repaid at the end of the Reporting Period		Number of shares held by ordinary account and credit account as well as outstanding shares of refinancing and securities lending business at the end of Reporting Period	
		Total number of shares	Percentage of total share capital	Total number of shares	Percentage of total share capital
Industrial and Commercial Bank of China Limited - Huatai - PB SHSZ CSI 300 Index Investment Banking & Brokerage Index Exchange-traded Fund	Add	37,700	0.00%	21,927,736	0.29%
National Social Security Fund 111 Portfolio	Exit	0	0.00%	21,360,237	0.28%



## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### 2. Shareholdings of top 5 shareholders who hold more than 10% (including 10%) shares (as of December 31, 2023)

Name of shareholder	Legal representative	General manager	Date of establishment	Code of organization	Registered capital (RMB)	Principal business
Jilin Aodong	Li Xiulin	Guo Shuqin	March 20, 1993	United social credit code: 91222400243805786K	1,168,418,131	Planting and breeding, business (except for special projects controlled by the State and franchise); machinery repair, warehousing; import of raw and auxiliary materials, mechanical equipment, instruments, spare parts (except for the 12 imported items which are operated by the specified companies approved by the State) required for the production of the enterprise and by scientific research; pharmaceutical industry, pharmaceutical business, pharmaceutical research and development; vehicle rental service; self-owned real estate operating activities. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)
Liaoning Cheng Da	Shang Shuzhi	Ge Yu	September 2, 1993	United social credit code: 91210000117590366A	1,529,709,816	Engaging in and acting as an agent for import and export of goods and technology (except for those restricted by the State, and operation related to restricted items may only commence after obtaining licenses), engaging in the processing of imported materials and the "Three Forms of Processing/Assembly Operations and Compensatory Trade", conducting counter trade and entrepot trade, contracting overseas projects and international bidding projects within China for the industry, exporting equipment and materials required for the above overseas projects; dispatching abroad any laborers in engineering, manufacturing and service sectors of the industry, acquiring subsidiary agricultural products (except for foods), chain operation of fertilizers, planting of Chinese herbs, leasing of houses, warehousing services, coal wholesale business. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)
Zhongshan Public Utilities	Guo Jingyi	Huang Zhuwen	December 26, 1992	United social credit code: 914420001935372689	1,475,111,351	Investment and management of public utilities, market operation and management, investments and investment planning, consultancy and management, etc. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### 3. Substantial Shareholders' and Other Persons' interests and Short Positions in Shares and Underlying Shares

As of December 31, 2023, as far as the Directors of the Company are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company) held interests or short positions in the shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under section 336 of the SFO:

No.	Name of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share)	Long position (Note 1)/ short position (Note 2)	Percentage of total issued shares of the Company (%) (Note 8)	Percentage of total issued A Shares/ H Shares of the Company (%) (Note 8)
1	Jilin Aodong	A Shares	Beneficial owner	1,252,768,767	Long position	16.44	21.16
		H Shares	Beneficial owner and interest in a controlled corporation	271,448,800 (Note 3)	Long position	3.56	15.95
2	Liaoning Cheng Da	A Shares	Beneficial owner	1,250,154,088	Long position	16.40	21.12
		H Shares	Beneficial owner and interest in a controlled corporation	116,773,600 (Note 4)	Long position	1.53	6.86
3	Zhongshan Investment Holdings Group Company Limited	A Shares	Beneficial owner and interest in a controlled corporation	686,754,216	Long position	9.01	11.60
		H Shares	Beneficial owner and interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
4	Zhongshan Public Utilities	A Shares	Beneficial owner	686,754,216	Long position	9.01	11.60
		H Shares	Beneficial owner and interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
5	Public Utilities International (Hong Kong) Investment Company Ltd.	H Shares	Beneficial owner	100,904,000 (Note 5)	Long position	1.32	5.93
6	The labor union committee of GF Securities Co., Ltd.	H Shares	Trustee of a trust	272,500,600 (Note 6)	Long position	3.58	16.01

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

Note 1: A shareholder has a “long position” if such shareholder has an interest in shares, including interests through holding, writing or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to take the underlying shares; (ii) such shareholder is under an obligation to take the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares increases.

Note 2: A shareholder has a “short position” if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, writes or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to take the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares declines.

Note 3: Jilin Aodong held 234,580,000 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 271,448,800 H Shares, representing 3.56% of the total share capital of the Company.

Note 4: Liaoning Cheng Da held 115,300,000 H Shares of the Company and held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), which is a wholly-owned subsidiary of Liaoning Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司) (a wholly-owned subsidiary of Liaoning Cheng Da), a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company. Therefore, Liaoning Cheng Da and Liaoning Chengda Steel Co., Ltd. were deemed to have interests in the shares held by Chengda Steel Hongkong Co., Limited.

Note 5: Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. Zhongshan Investment Holdings Group Company Limited held 48.54% of the issued shares of Zhongshan Public Utilities. Therefore, Zhongshan Investment Holdings Group Company Limited and Zhongshan Public Utilities were deemed to have interests in the shares held by Public Utilities International (Hong Kong) Investment Company Ltd.

Note 6: The labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 H Shares of the Company, representing 16.01% of the H Share capital of the Company.

Note 7: Under Part XV of the SFO, forms for disclosure of interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of Shareholders' shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be differences between substantial Shareholders' latest shareholdings in the Company and the shareholding information as reported to the Hong Kong Stock Exchange.

Note 8: The relevant percentages are calculated based on 1,701,796,200 H Shares and/or 5,919,291,464 A Shares of the Company in issue as of December 31, 2023.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as at December 31, 2023 required to be recorded in the register pursuant to section 336 of the SFO.

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### 4. Controlling Shareholders of the Company

There was no controlling shareholder in the Company.

### 5. De facto Controllers and their Concert Parties of the Company

There was no de facto controller in the Company. Shareholders who hold more than 5% of shares in the Company are Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities (exclusive of HKSCC Nominees Limited who holds H Shares on behalf of non-registered shareholders). As of December 31, 2023, the percentages of A Shares and H Shares of the Company held in aggregate by Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties, and Zhongshan Public Utilities and its concert parties in the total share capital of the Company were 20.00%, 17.94% and 10.34%, respectively.

### 6. The Company's Controlling Shareholder or the Largest Shareholder and its Concert Parties whose Cumulative Pledged Shares Account for 80% of the Company's Shares Held by them

N/A.

### 7. Legal Entity Shareholders who Hold More Than 10% of the Shares of the Company

N/A.

### 8. Restrictions to Reduction in Shareholdings to Controlling Shareholders, De facto Controllers, Re-organization Parties and Other Commitment Bodies

N/A.

### 9. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As of December 31, 2023, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange. As of December 31, 2023, none of the Company, its holding company, any of subsidiaries or fellow subsidiaries was a party to any arrangements during the year to enable the Directors of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

### IV. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

#### 1. Progress on the Implementation of the Share Repurchase

During the Reporting Period, neither the Company nor its subsidiaries repurchased, sold or bought back any securities of the Company.

The Resolution on the Company's Proposed Repurchase of A Shares by Way of Centralised Price Bidding (《關於公司擬以集中競價方式回購 A 股股份的議案》) was considered and approved at the 23rd meeting of the 10th session of the Board of Directors of the Company held on March 30, 2022, in which based on its confidence in the Company's future development prospect and high recognition of the Company's value, the Board of Directors agreed that the Company shall repurchase A Shares of the Company by way of centralised price bidding with its own funds. In 2022, the plan for the repurchase of A Shares by the Company has been completed. The Company has repurchased, out of its own funds, 15,242,153 A Shares at a consideration of RMB234 million.

The repurchased A shares are deposited in the securities account designated for share repurchase of the Company. According to the share repurchase plan, the repurchased shares will be used for the A Share restricted share incentive scheme. If the repurchased shares fail to be used for the above purpose within three years from the date of the announcement on results of the repurchase and changes in shares, the unused repurchased shares will be canceled in accordance with the relevant laws and regulations. During the period when the repurchased shares are deposited in the securities account designated for share repurchase of the Company, they are not entitled to rights such as voting rights at general meetings, profit distribution, capitalisation of reserve, subscription of new shares, and allotment and pledge of shares. Subsequently, the Company will utilise the repurchased shares for such purpose as disclosed and fulfill its decision-making procedures and information disclosure obligation in accordance with regulations.

#### 2. Progress on the Implementation of Reduction in the Holding of Repurchased Shares by Way of Centralised Price Bidding

N/A.

### V. SUFFICIENT PUBLIC FLOAT

According to the information which is publicly available to the Company and to the best of the knowledge of the Directors as at the latest practicable date (March 28, 2024) prior to the publication of this annual report, the Company has always maintained the public float as required under the Hong Kong Listing Rules.



**SECTION 10  
PREFERENCE  
SHARES**



## PREFERENCE SHARES

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During the Reporting Period, the Company did not have any preference shares.





# SECTION 11 BONDS



# BONDS

## I. ENTERPRISE BONDS

During the Reporting Period, the Company did not have any enterprise bonds.

## II. CORPORATE BONDS

### 1. Basic Information of Corporate Bond

#### 1. Non-public issuance of subordinated bonds in 2020

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Subordinated Bonds of Securities Firms of GF Securities Co., Ltd. in 2020 (First Tranche) (Type II)	20 GF C2	115106	2020-03-02	2020-03-03	2025-03-03	250,000	3.80%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Suitability arrangement of investors (if any)	Target investors are eligible institutional investors who hold an eligible A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and transferred on the integrated agreement trading platform of SZSE, and offered to professional institutional investors.								
Any risk of suspension of trading in the shares of the listed company (if any) and the response	N/A								

# BONDS

## 2. Public Issuance of Corporate Bonds in 2021

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (First Tranche) (Type I)	21 GF 03	149499	2021-06-07	2021-06-08	2024-06-08	450,000	3.40%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (First Tranche) (Type II)	21 GF 04	149500	2021-06-07	2021-06-08	2026-06-08	100,000	3.68%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type I)	21 GF 05	149562	2021-07-22	2021-07-23	2024-07-23	300,000	3.13%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type II)	21 GF 06	149563	2021-07-22	2021-07-23	2026-07-23	450,000	3.45%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE

# BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type III)	21 GF 07	149564	2021-07-22	2021-07-23	2031-07-23	150,000	3.77%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type I)	21 GF 10	149633	2021-09-15	2021-09-16	2024-09-16	300,000	3.10%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type II)	21 GF 11	149634	2021-09-15	2021-09-16	2026-09-16	200,000	3.50%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type III)	21 GF 12	149635	2021-09-15	2021-09-16	2031-09-16	200,000	3.90%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fifth Tranche) (Type I)	21 GF 13	149638	2021-10-14	2021-10-15	2024-10-15	300,000	3.30%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE

# BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Sixth Tranche) (Type II)	21 GF 17	149687	2021-10-28	2021-10-29	2024-10-29	480,000	3.30%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type I)	21 GF 19	149702	2021-11-16	2021-11-17	2024-11-17	400,000	3.15%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type II)	21 GF 20	149703	2021-11-16	2021-11-17	2026-11-17	350,000	3.50%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type III)	21 GF 21	149704	2021-11-16	2021-11-17	2031-11-17	100,000	3.85%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional investors who comply with the Management Measures on Corporate Bond Issuance and Trading and open an eligible securities account with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

### 3. Non-public Issuance of Perpetual Subordinated Bonds in 2021

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Non-public Issuance of Perpetual Subordinated Bonds by GF Securities Co., Ltd. in 2021 (First Tranche)	21 GF Y1	115125	2021-09-03	2021-09-06	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	100,000	3.95%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and transferred on the integrated agreement trading platform of SZSE, and offered to professional institutional investors.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 4. Public Issuance of Corporate Bonds in 2022

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type I)	22 GF 01	149989	2022-07-14	2022-07-15	2025-07-15	340,000	2.85%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type II)	22 GF 02	149990	2022-07-14	2022-07-15	2027-07-15	200,000	3.24%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type III)	22 GF 03	149991	2022-07-14	2022-07-15	2032-07-15	60,000	3.70%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type I)	22 GF 04	148009	2022-08-03	2022-08-04	2025-08-04	250,000	2.59%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type II)	22 GF 05	148010	2022-08-03	2022-08-04	2027-08-04	300,000	3.03%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type III)	22 GF 06	148011	2022-08-03	2022-08-04	2032-08-04	150,000	3.59%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type I)	22 GF 07	148026	2022-08-15	2022-08-16	2025-08-16	80,000	2.68%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE

# BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type II)	22 GF 08	148027	2022-08-15	2022-08-16	2027-08-16	250,000	3.12%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type III)	22 GF 09	148028	2022-08-15	2022-08-16	2032-08-16	120,000	3.60%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fourth Tranche)	22 GF 10	148041	2022-08-26	2022-08-29	2025-08-29	100,000	2.60%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fifth Tranche) (Type I)	22 GF 11	148066	2022-09-16	2022-09-19	2025-09-19	100,000	2.55%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fifth Tranche) (Type II)	22 GF 12	148067	2022-09-16	2022-09-19	2027-09-19	50,000	2.95%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



# BONDS

## 5. Public Issuance of Subordinated Bonds in 2022

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type I)	22 GF C1	148085	2022-10-14	2022-10-17	2025-10-17	300,000	2.85%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type II)	22 GF C2	148086	2022-10-14	2022-10-17	2027-10-17	50,000	3.20%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type I)	22 GF C3	148121	2022-11-11	2022-11-14	2025-11-14	200,000	2.86%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type II)	22 GF C4	148122	2022-11-11	2022-11-14	2027-11-14	50,000	3.20%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 6. Public Issuance of Perpetual Subordinated Bonds in 2022

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche)	22 GF Y1	149967	2022-06-29	2022-06-30	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	270,000	3.75%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche)	22 GF Y2	148004	2022-07-26	2022-07-27		500,000	3.53%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche)	22 GF Y3	148016	2022-08-10	2022-08-11		230,000	3.48%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 7. Public Issuance of Short-term Corporate Bonds in 2023

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF D2	148238	2023-04-07	2023-04-10	2024-04-10	500,000	2.70%	The principal and interest shall be fully repaid upon maturity.	SZSE
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Fourth Tranche) (Type I)	23 GF D4	148501	2023-11-09	2023-11-10	2024-08-06	300,000	2.64%	The principal and interest shall be fully repaid upon maturity.	SZSE
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Fourth Tranche) (Type II)	23 GF D5	148502	2023-11-09	2023-11-10	2024-11-08	300,000	2.68%	The principal and interest shall be fully repaid upon maturity.	SZSE
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Fifth Tranche)	23 GF D6	148520	2023-11-23	2023-11-24	2024-08-20	400,000	2.65%	The principal and interest shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 8. Non-public Issuance of Corporate Bonds in 2023

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (First Tranche)	23 GF 01	133424	2023-02-15	2023-02-16	2025-02-16	380,000	3.20%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Second Tranche) (Type I)	23 GF 02	133442	2023-03-10	2023-03-13	2025-03-13	50,000	3.23%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Second Tranche) (Type II)	23 GF 03	133443	2023-03-10	2023-03-13	2026-03-13	200,000	3.30%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Third Tranche)	23 GF 07	133651	2023-09-07	2023-09-08	2024-09-12	200,000	2.49%	Use simple interest to accrue interest on an annual basis without compound interest. The principal and interest shall be fully repaid upon maturity.	SZSE

# BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Fourth Tranche)	23 GF 08	133689	2023-10-13	2023-10-16	2024-11-06	170,000	2.60%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. to Professional Investors in 2023 (Fifth Tranche)	23 GF 10	133725	2023-12-07	2023-12-08	2024-12-24	290,000	2.88%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (unless otherwise provided by laws and regulations).								
Applicable trading system	Listed and transferred on the SZSE, and the transaction methods include click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 9. Public Issuance of Perpetual Subordinated Bonds in 2023

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche)	23 GF Y1	148192	2023-03-03	2023-03-06	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	50,000	4.20%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF Y2	148253	2023-04-14	2023-04-17		300,000	4.10%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Third Tranche)	23 GF Y3	148286	2023-05-12	2023-05-15		500,000	3.78%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Fourth Tranche)	23 GF Y4	148309	2023-06-02	2023-06-05		300,000	3.73%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 10. Public Issuance of Corporate Bonds in 2023

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche) (Type I)	23 GF 04	148270	2023-04-21	2023-04-24	2026-04-24	350,000	3.06%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche) (Type II)	23 GF 05	148271	2023-04-21	2023-04-24	2028-04-24	100,000	3.21%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF 06	148376	2023-07-14	2023-07-17	2026-07-17	150,000	2.75%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Third Tranche)	23 GF 09	148484	2023-10-23	2023-10-24	2026-10-24	210,000	3.00%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (unless otherwise provided by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 11. Public Issuance of Subordinated Bonds in 2023

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche)	23 GF C1	148441	2023-08-24	2023-08-25	2026-08-25	100,000	2.95%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



# BONDS

## 12. Public Issuance of Subordinated Bonds in 2024

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche)	24 GF C1	148567	2024-01-11	2024-01-12	2027-01-12	300,000	2.90%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 13. Public Issuance of Corporate Bonds in 2024

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche) (Type I)	24 GF 01	148583	2024-01-18	2024-01-19	2027-01-19	260,000	2.75%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche) (Type II)	24 GF 02	148584	2024-01-18	2024-01-19	2029-01-19	200,000	2.93%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche) (Type III)	24 GF 03	148585	2024-01-18	2024-01-19	2034-01-19	140,000	3.07%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (Second Tranche) (Type I)	24 GF 04	148603	2024-02-23	2024-02-26	2027-02-26	170,000	2.56%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (Second Tranche) (Type II)	24 GF 05	148604	2024-02-23	2024-02-26	2029-02-26	130,000	2.70%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (unless otherwise provided by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 14. Public Issuance of Perpetual Subordinated Bonds in 2024

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche)	24 GF Y1	148591	2024-01-25	2024-01-26	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	200,000	3.15%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

# BONDS

## 15. Public Issuance of Short-term Corporate Bonds in 2024

Unit: RMB ' 0,000

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2024 (First Tranche)	24 GF D1	148630	2024-03-08	2024-03-11	2024-06-14	400,000	2.12%	Interests and the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (unless otherwise provided by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

### Outstanding Overdue Bonds

N/A.

### 2. Trigger and Performance of the Issuer or Investor Option Terms and Investor Protection Terms

N/A.

# BONDS

## 3. Information on Intermediaries

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
<b>Principal underwriters or trustee managers</b>					
Public Issuance of Corporate Bonds in 2021	China Merchants Securities Co., Ltd.	China Merchants Securities Tower, No. 111 Fuhua 1st Road, Futian Subdistrict, Futian District, Shenzhen	—	Xu Si, Guo Lin	0755-83081492
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D4, 23 GF D5, 23 GF D6)					
Public Issuance of Short-term Corporate Bonds in 2024					
Non-public Issuance of Subordinated Bonds in 2020	SDIC Securities Co., Ltd.	26/F, Essence Financial Building, No. 119 Fuhua 1st Road, Futian Subdistrict, Futian District, Shenzhen, Guangdong Province	—	Xu Yingjie	0755-81682808
Non-public Issuance of Corporate Bonds in 2023					
Non-public Issuance of Perpetual Subordinated Bonds in 2021	Guosen Securities Co., Ltd.	29/F, Guosen Financial Building, No.125 Fuhua 1st Road, Futian District, Shenzhen	—	Guo Rui	0755-81983098
Public Issuance of Corporate Bonds in 2022	Orient Securities Investment Banking Co., Ltd.	10/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai	—	Song Yanwei, Wang Yibin, Zhang Zhixiao	021-23153888
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2023					
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Perpetual Subordinated Bonds in 2024					
Public Issuance of Corporate Bonds in 2023	Haitong Securities Co., Ltd.	15/F, Tianyuan Xiangtai Tower, No. 5 Anding Road, Chaoyang District, Beijing	—	Guo Shi, Liu Peirong, He Hongxiang, Meng Xue	010-88027267
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D4, 23 GF D5, 23 GF D6)					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Perpetual Subordinated Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2024					

# BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
Public Issuance of Corporate Bonds in 2023	China Galaxy Securities Co., Ltd.	Room 101, 7-18/F, Building No.1, No. 8 Xiying Street, Fengtai District, Beijing	—	Chen Qu, Deng Xiaoxia, Liu Jiahui	010-80927268
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D4, 23 GF D5, 23 GF D6)	Shenwan Hongyuan Securities Co., Ltd.	45/F, No. 989 Changle Road, Xuhui District, Shanghai	—	Qiu Yuan, Yang Lindai, Liu Zhen	010-88013859
Public Issuance of Short-term Corporate Bonds in 2024					
Public Issuance of Corporate Bonds in 2023	Kaiyuan Securities Co., Ltd.	5/F, Block B, City Gate, No. 1 Jinye Road, High-tech Zone, Xi'an, Shaanxi Province	—	Zhao Xin, Xu Mengyuan	029-88365801
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Corporate Bonds in 2023	Huaying Securities Co., Ltd.	Building F12, China IoT International Innovation Park, No. 200 Linghu Avenue, Xinwu District, Wuxi	—	Xu Rui, Yang Hui, Sun Zheng	0510-85200510
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D4, 23 GF D5, 23 GF D6)					
Public Issuance of Corporate Bonds in 2024 (24 GF 01, 24 GF 02, 24 GF 03)					
Public Issuance of Corporate Bonds in 2022	Ping An Securities Co., Ltd.	22-25/F, Tower B, Pingan Finance Tower, No. 5023 Yitian Road, Futian Subdistrict, Futian District, Shenzhen	—	Zhou Shunqiang, Guo Jinzhi, Liu Haowen	0755-22101049
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Public Issuance of Subordinated Bonds in 2023					
Public Issuance of Subordinated Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2024					
Public Issuance of Corporate Bonds in 2022	Great Wall Securities Co., Ltd.	10-19/F, South Tower, Shenzhen Energy Mansion, No. 2026 Jintian Road, Futian Subdistrict, Futian District, Shenzhen	—	Jiang Tingyu, Hu Hairan, Jia Zhizhong	010-88366060
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D2)					

# BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
<b>Accounting Offices</b>					
Public Issuance of Corporate Bonds in 2021	Ernst & Young Hua Ming LLP	16th Floor, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing, China	Changhua, Zhao Ya, He Yanyi	He Mingzhi	020-28812888
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D2)					
Non-public Issuance of Corporate Bonds in 2023 (23 GF 01, 23 GF 02, 23 GF 03)					
Public Issuance of Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Short-term Corporate Bonds in 2023 (23 GF D4, 23 GF D5, 23 GF D6)					
Non-public Issuance of Corporate Bonds in 2023 (23 GF 07, 23 GF 08, 23 GF 10)					
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Subordinated Bonds in 2024					
Public Issuance of Perpetual Subordinated Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2024					

# BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
<b>Law Offices</b>					
Non-public Issuance of Subordinated Bonds in 2020	Jia Yuan Law Offices	F408 Ocean Plaza, No. 158 Fuxingmennei Avenue, Xicheng District, Beijing	—	Su Dunyuan, Wang Hao	010-66413377
Public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Non-public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2023					
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Subordinated Bonds in 2024					
Public Issuance of Perpetual Subordinated Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2024					



# BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
<b>Rating Agencies</b>					
Non-public Issuance of Subordinated Bonds in 2020	China Cheng Xin International Credit Rating Co. Ltd.	Building 5, Galaxy SOHO, Chaoyangmennei Avenue, Dongcheng District, Beijing	—	Jiao Binbin	010-66428877-344
Public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Non-public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2023					
Public Issuance of Corporate Bonds in 2024					
Public Issuance of Subordinated Bonds in 2024					
Public Issuance of Perpetual Subordinated Bonds in 2024					
Public Issuance of Short-term Corporate Bonds in 2024					

# BONDS

## 4. Use of Proceeds

Unit: RMB ' 0,000

Name of bond	Total amount of proceeds	Amount of proceeds utilized	Amount of proceeds not utilized	Operation of special account for the proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus
23 GF D2	500,000	500,000	—	The Company designated a special account for the collection of the proceeds according to the requirements in the prospectus; as of the date of this report, the proceeds have been used according to the plan set forth in the prospectus.	There was no non-compliant use of proceeds.	Yes
23 GF D4	300,000	300,000	—			
23 GF D5	300,000	300,000	—			
23 GF D6	400,000	400,000	—			
24 GF D1	400,000	400,000	—			
21 GF 03	450,000	450,000	—			
21 GF 04	100,000	100,000	—			
21 GF 05	300,000	300,000	—			
21 GF 06	450,000	450,000	—			
21 GF 07	150,000	150,000	—			
21 GF 10	300,000	300,000	—			
21 GF 11	200,000	200,000	—			
21 GF 12	200,000	200,000	—			
21 GF 13	300,000	300,000	—			
21 GF 17	480,000	480,000	—			
21 GF 19	400,000	400,000	—			
21 GF 20	350,000	350,000	—			
21 GF 21	100,000	100,000	—			
22 GF 01	340,000	340,000	—			
22 GF 02	200,000	200,000	—			
22 GF 03	60,000	60,000	—			
22 GF 04	250,000	250,000	—			
22 GF 05	300,000	300,000	—			
22 GF 06	150,000	150,000	—			
22 GF 07	80,000	80,000	—			
22 GF 08	250,000	250,000	—			
22 GF 09	120,000	120,000	—			
22 GF 10	100,000	100,000	—			
22 GF 11	100,000	100,000	—			
22 GF 12	50,000	50,000	—			
23 GF 01	380,000	380,000	—			

# BONDS

Name of bond	Total amount of proceeds	Amount of proceeds utilized	Amount of proceeds not utilized	Operation of special account for the proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus
23 GF 02	50,000	50,000	—			
23 GF 03	200,000	200,000	—			
23 GF 04	350,000	350,000	—			
23 GF 05	100,000	100,000	—			
23 GF 06	150,000	150,000	—			
23 GF 07	200,000	200,000	—			
23 GF 08	170,000	170,000	—			
23 GF 09	210,000	210,000	—			
23 GF 10	290,000	290,000	—			
24 GF 01	260,000	260,000	—			
24 GF 02	200,000	200,000	—			
24 GF 03	140,000	140,000	—			
24 GF 04	170,000	170,000	—			
24 GF 05	130,000	130,000	—			
20 GF C2	250,000	250,000	—			
22 GF C1	300,000	300,000	—			
22 GF C2	50,000	50,000	—			
22 GF C3	200,000	200,000	—			
22 GF C4	50,000	50,000	—			
23 GF C1	100,000	100,000	—			
24 GF C1	300,000	300,000	—			
21 GF Y1	100,000	100,000	—			
22 GF Y1	270,000	270,000	—			
22 GF Y2	500,000	500,000	—			
22 GF Y3	230,000	230,000	—			
23 GF Y1	50,000	50,000	—			
23 GF Y2	300,000	300,000	—			
23 GF Y3	500,000	500,000	—			
23 GF Y4	300,000	300,000	—			
24 GF Y1	200,000	200,000	—			

Use of proceeds for construction projects

N/A

Change by the Company of the use of proceeds from issuance of bonds as mentioned above during the Reporting Period

N/A

## BONDS

### 5. Adjustments to Credit Rating during the Reporting Period

N/A

### 6. Performance of and Changes in Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and the Effects on the Interests of Bond Investors

The above corporate bonds bear no warranties.

The debt repayment plans of the above corporate bonds: The Company will fulfil the obligation of interest payment on a timely basis as agreed in the bond prospectus. Such interest payment date shall be postponed to the next business day if the interest payment date or the repayment date falls on a statutory holiday or rest day, and no interest shall be accrued during such period. The principal and interest of corporate bonds shall be paid through registration authorities and relevant institutions. The detailed matters about principal and interest payment shall be explained by the Company in the relevant announcement published through the media designated by the CSRC according to the relevant national provisions. During the Reporting Period, there was no delayed payment of principal and interests for these corporate bonds and there was no default in debt settlement thereof.

The safeguard measures on debt repayment of the above corporate bonds include but are not limited to: retaining a bond manager; establishing a special repayment work team; establishing the Bondholder Meeting Rules; and disclosing information strictly. Furthermore, if it is predicted that the principal and interest of the bonds cannot be repaid on time when due or if the principal and interest of the bonds cannot be repaid at the end of the period, the Company shall adopt the following measures in accordance with the mandatory requirements (if applicable) under laws, regulations or regulatory documents: 1. the proportion of discretionary surplus reserve fund and the proportion of general risk reserves shall be increased during the duration of the bonds in order to reduce the solvency risk; 2. no profit shall be distributed to the shareholders; 3. significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed; 4. salary and bonus of the Directors and senior management shall be reduced or suspended; and 5. the main responsible person shall not be transferred.

During the Reporting Period, the above corporate bonds' credit enhancement mechanism, debt repayment plan and the other debt repayment supporting measures were not changed.

# BONDS

## III. DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL BUSINESSES

The breakdown of other debt financing instruments of the Company subsisting as of the approval date of this report is as follows:

Abbreviation of the debt financing instruments	Type	Code of debt financing instruments	Value date	Maturity date	Amount (RMB' 0,000)	Coupon rate
23 Guangfa Securities CP007	Short-term financing bill	072310160	2023-07-26	2024-07-26	400,000	2.32%

## IV. CONVERTIBLE CORPORATE BONDS

During the Reporting Period, the Company had no convertible corporate bonds.

## V. LOSSES DURING THE REPORTING PERIOD REPRESENTING MORE THAN 10% OF NET ASSETS AS AT THE END OF LAST YEAR ON A CONSOLIDATED BASIS

N/A

## VI. INTEREST-BEARING DEBTS OTHER THAN BONDS OVERDUE AT THE END OF THE REPORTING PERIOD

N/A

## VII. WHETHER THERE WAS ANY NON-COMPLIANCE OF RULES AND REGULATIONS DURING THE REPORTING PERIOD

No.

**DOCUMENTS  
AVAILABLE  
FOR  
INSPECTION**



## DOCUMENTS AVAILABLE FOR INSPECTION

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- (1) Text of the annual financial report (H Share).
- (2) The original text of the auditor's report issued by Ernst & Young.
- (3) The original copies of all corporate documents and announcements publicly disclosed during the Reporting Period.
- (4) Annual reports published at other securities markets.





**INDEPENDENT  
AUDITOR'S  
REPORT,  
CONSOLIDATED  
FINANCIAL  
STATEMENTS  
AND NOTES**



# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

## To the Shareholders of GF Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

### OPINION

We have audited the consolidated financial statements of GF Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 271 to 444, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS – *continued*

### Key audit matters

### How our audit addressed the key audit matter

#### Valuation of financial instruments

The Group has applied valuation techniques to determine the fair value of financial instruments that do not have quoted price in active markets, such as unlisted equity investments, private equity fund investments, over-the-counter derivatives and certain debt instruments. These valuation techniques may involve the use of significant unobservable inputs requiring assumptions and estimates based on management's subjective judgements. The valuation results can vary significantly under different valuation techniques and assumptions.

As at 31 December 2023, the carrying amount of the Group's financial assets and financial liabilities measured at fair value totalled RMB366.10 billion and RMB22.31 billion respectively, accounting for 53.67% and 4.12% of total assets and total liabilities respectively. Given the higher uncertainty in valuation results, financial instruments whose fair value measurement involves significant unobservable inputs are categorised as Level 3 within the fair value hierarchy. As at 31 December 2023, RMB18.86 billion or 5.15% of financial assets and RMB5.01 billion or 22.45% of financial liabilities measured at fair value were categorised as Level 3. Given the materiality of the balances and the significant judgements involved in the valuation measurement of Level 3 financial instruments, we consider the valuation of financial instruments a key audit matter.

Relevant disclosures are included in notes 4 and 71 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of key controls over the valuation of financial instruments.

We performed audit procedures to evaluate the appropriateness of valuation techniques, inputs and assumptions, including comparison with the valuation techniques commonly used in the markets by industry peers, assessment of observable inputs using external market data, and comparison with valuation results calculated using various pricing sources.

For financial instruments whose valuations were calculated using significant unobservable inputs, such as unlisted equity investments, private equity fund investments, over-the-counter derivatives and certain debt instruments, we evaluated the competency of valuation experts used by the Group, and involved our internal valuation specialists to assess valuation models for such financial instruments, performed independent valuations on selected samples with reference to relevant market data, contracts and other documents, and compared the valuation results with those of the Group.

We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of fair value.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS – *continued*

### Key audit matters

### How our audit addressed the key audit matter

#### **Impairment assessment of debt instruments at amortised cost, debt instruments at fair value through other comprehensive income, advances to customers, financial assets held under resale agreements and lease receivables**

The Group applied expected credit loss model to determine and measure the impairment allowance for certain financial assets, in accordance with IFRS 9 *Financial instruments*.

Such financial assets mainly include debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, advances to customers, financial assets held under resale agreements and lease receivables, which amounted to RMB250.29 billion as at 31 December 2023, accounting for 36.7% of total assets. Allowance for impairment losses of the above financial assets amounted to RMB2.41 billion. As the measurement of expected credit losses involves significant judgements and assumptions, in view of the materiality of the balances, we consider the impairment assessment of the above financial instruments a key audit matter.

Relevant disclosures are included in notes 4, 27, 28, 30, 32(ii), 33, and 35 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key internal controls over investment approval, post approval management, credit rating, collateral management, impairment assessment and model governance, including relevant data quality and information systems.

We involved our internal specialists to assess the expected credit loss model, key parameters and assumptions, including staging, possibility of default, loss given default, exposure at default and forward-looking information, and assessed the reasonableness of key management judgements involved.

We evaluated and tested the design and operating effectiveness of internal controls related to disclosures of expected credit losses.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS – *continued*

### Key audit matters

### How our audit addressed the key audit matter

#### Consolidation assessment of structured entities

The Group holds interests in various structured entities as a result of its business activities in financial investment and asset management. Such interests in structured entities include wealth management products, funds and trust plans. The Group comprehensively considers the power it possesses, its exposure to variable returns, and the link between such power and returns to determine whether it has control over such structured entities, and therefore whether it should include them in the scope of consolidation.

The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and relevant activities and decision-making process of structured entities, the Group's ability to direct the relevant activities, direct and indirect beneficial interests and returns, performance fee and remuneration. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgements and estimates. In view of the materiality and the complexity of management judgements, we consider consolidation assessment of structured entities a key audit matter.

Relevant disclosures are included in notes 4, 26 and 72.3 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key controls over the Group's assessment of whether it controls a structured entity.

We assessed the Group's analysis and conclusions on whether it controls the structured entities based on the Group's analysis on its power over these structured entities, and the magnitude and variability of variable returns from its involvement with structured entities. Through review of contractual documents on a sampling basis, we analyzed whether the Group has legal or constructive obligation to absorb losses of the structured entities, the fairness of transactions between the Group and the structured entities, and the Group's substantive power to direct relevant activities of the structured entities.

We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of unconsolidated structured entities.

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITOR'S REPORT

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## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Benny Bing Yin Cheung.

### ***Ernst & Young***

Certified Public Accountants

Hong Kong

28 March 2024



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2023 RMB' 000	2022 RMB' 000
Revenue			
Commission and fee income	6	14,814,495	16,670,137
Interest income	7	13,546,682	12,855,140
Net investment gains	8	3,731,495	603,485
Total revenue		32,092,672	30,128,762
Other income and gains or losses	9	1,205,681	3,127,130
Total revenue and other income		33,298,353	33,255,892
Depreciation and amortisation	10	(929,475)	(819,394)
Staff costs	11	(8,772,983)	(8,880,262)
Commission and fee expenses	12	(302,152)	(306,946)
Interest expenses	13	(10,410,661)	(8,754,030)
Other operating expenses	14	(4,754,677)	(5,407,330)
Credit impairment losses	15	(95,485)	372,062
Other assets impairment losses	16	(3,627)	(12,017)
Total expenses		(25,269,060)	(23,807,917)
Share of results of associates and joint ventures		715,143	939,813
Profit before income tax		8,744,436	10,387,788
Income tax expense	17	(881,519)	(1,489,785)
Profit for the year		7,862,917	8,898,003
Attributable to:			
Owners of the Company		6,977,800	7,929,282
Non-controlling interests		885,117	968,721
		7,862,917	8,898,003
Earnings per share (Expressed in RMB Yuan per share)			
– Basic/Diluted	18	0.83	1.02

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 RMB' 000	2022 RMB' 000
Profit for the year	7,862,917	8,898,003
<b><i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i></b>		
Revaluation losses on equity instruments at fair value through other comprehensive income	(39,120)	(145,010)
Income tax related to the above	9,249	38,372
Share of other comprehensive (losses)/gains of an associate	(47)	40
Total items that will not be reclassified to profit or loss in subsequent periods	<u>(29,918)</u>	<u>(106,598)</u>
<b><i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i></b>		
Exchange differences on translation of foreign operations	<u>94,541</u>	<u>506,258</u>
Debt instruments at fair value through other comprehensive income:		
– Net fair value changes during the year	805,241	(384,256)
– Reclassification to profit or loss on disposal	(176,193)	(554,903)
– Reclassification to profit or loss on impairment	71,561	(11,930)
– Income tax related to the above	<u>(164,564)</u>	<u>234,943</u>
Net gains/(losses) on debt instruments at fair value through other comprehensive income	<u>536,045</u>	<u>(716,146)</u>
Share of other comprehensive income of associates and joint ventures:		
– Share of fair value losses on financial assets of associates and joint ventures	–	(213)
– Share of exchange differences arising on translation of associates	<u>1,236</u>	<u>6,560</u>
Net gains on other comprehensive income of associates and joint ventures	<u>1,236</u>	<u>6,347</u>
Total items that may be reclassified to profit or loss in subsequent periods	<u>631,822</u>	<u>(203,541)</u>
Other comprehensive income for the year, net of tax	<u>601,904</u>	<u>(310,139)</u>
Total comprehensive income for the year	<u><b>8,464,821</b></u>	<u><b>8,587,864</b></u>
Attributable to:		
Owners of the Company	7,577,085	7,604,705
Non-controlling interests	<u>887,736</u>	<u>983,159</u>
	<u><b>8,464,821</b></u>	<u><b>8,587,864</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current assets</b>			
Property and equipment	19	3,230,375	3,206,420
Right-of-use assets	20	2,024,845	1,873,785
Investment properties	21	199,157	187,433
Goodwill	22	2,352	2,318
Other intangible assets	23	520,022	437,828
Investments in associates	24	7,249,310	6,435,901
Investments in joint ventures	25	1,981,901	2,321,689
Debt instruments at amortised cost	27	101,484	142,088
Equity instruments at fair value through other comprehensive income	29	5,696,951	727,783
Other accounts receivable, other receivables and prepayments	32	–	1,912
Financial assets held under resale agreements	35	19,847	149,281
Financial assets at fair value through profit or loss	36	10,066,050	9,824,524
Deferred tax assets	42	2,562,495	2,582,609
Total non-current assets		<b>33,654,789</b>	27,893,571
<b>Current assets</b>			
Debt instruments at amortised cost	27	28,227	212,047
Debt instruments at fair value through other comprehensive income	28	139,295,121	143,937,772
Advances to customers	30	91,107,898	82,822,991
Accounts receivable	31	11,045,443	13,646,992
Other accounts receivable, other receivables and prepayments	32	1,567,488	1,767,324
Financial leasing receivables	33	39,305	244,053
Amounts due from joint ventures and associates	34	127,511	136,490
Financial assets held under resale agreements	35	19,701,054	18,791,008
Financial assets at fair value through profit or loss	36	206,002,361	147,962,544
Derivative financial assets	37	5,034,081	2,642,474
Deposits with exchanges and non-bank financial institutions	38	21,252,801	20,342,292
Clearing settlement funds	39	34,510,389	27,680,241
Bank balances	40	118,815,211	129,176,483
Total current assets		<b>648,526,890</b>	589,362,711
Total assets		<b>682,181,679</b>	617,256,282

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current liabilities</b>			
Borrowings	44	6,838,049	4,491,782
Short-term financing payables	45	45,363,288	37,308,357
Financial liabilities at fair value through profit or loss	46	15,768,777	9,713,427
Due to banks and other financial institutions	47	22,653,003	19,071,426
Accounts payable to brokerage clients	48	132,010,529	137,585,256
Accounts payable to underwriting clients		–	149,300
Accrued staff costs	49	4,285,092	4,614,991
Other accounts payable, other payables and accruals	50	43,252,310	26,121,911
Contract liabilities		115,859	93,691
Amounts due to joint ventures and associates		12,450	16,639
Provisions	51	446,850	439,511
Current tax liabilities		258,815	580,594
Other liabilities	52	599,972	460,607
Derivative financial liabilities	37	4,700,926	2,098,281
Financial assets sold under repurchase agreements	53	153,748,802	125,057,826
Bonds payable	54	39,872,687	36,976,821
Long-term loans	55	–	64,670
Lease liabilities	20	307,699	287,530
Total current liabilities		<b>470,235,108</b>	405,132,620
Net current assets		<b>178,291,782</b>	184,230,091
Total assets less current liabilities		<b>211,946,571</b>	212,123,662
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	46	502,393	666,066
Accrued staff costs	49	5,211,211	5,532,077
Other accounts payable, other payables and accruals	50	–	1,750
Deferred tax liabilities	42	449,045	574,491
Bonds payable	54	63,707,808	78,910,208
Lease liabilities	20	662,484	501,186
Other liabilities	52	737,920	1,145,044
Total non-current liabilities		<b>71,270,861</b>	87,330,822
Net assets		<b>140,675,710</b>	124,792,840

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Capital and reserves</b>			
Share capital	56	7,621,088	7,621,088
Other equity instruments	57	22,478,500	10,990,000
Capital reserve		31,296,848	31,286,181
Treasury shares	58	(233,609)	(233,609)
Investment revaluation reserve	59	840,235	329,599
Translation reserve		498,473	405,336
General reserves	60	33,066,912	30,480,844
Retained profits	61	40,149,201	39,266,193
Equity attributable to owners of the Company		135,717,648	120,145,632
Non-controlling interests		4,958,062	4,647,208
Total equity		140,675,710	124,792,840

Approved and authorised for issue by the Board of Directors on 28 March 2024.

**Lin Chuanhui**

Executive Director, Chairman  
and General Manager

**Sun Xiaoyan**

Executive Director, Deputy General Manager  
and Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 56)	(Note 57)		(Note 58)	(Note 59)		(Note 60)	(Note 61)			
At 1 January 2023	7,621,088	10,990,000	31,286,181	(233,609)	329,599	405,336	30,480,844	39,266,193	120,145,632	4,647,208	124,792,840
Profit for the year	-	-	-	-	-	-	-	6,977,800	6,977,800	885,117	7,862,917
Other comprehensive income for the year	-	-	-	-	506,148	93,137	-	-	599,285	2,619	601,904
Total comprehensive income for the year	-	-	-	-	506,148	93,137	-	6,977,800	7,577,085	887,736	8,464,821
Issue of perpetual bonds	-	11,488,500	-	-	-	-	-	-	11,488,500	-	11,488,500
Appropriation to general reserves	-	-	-	-	-	-	2,586,068	(2,586,068)	-	-	-
Ordinary shares' dividends recognised as distribution (Note 62)	-	-	-	-	-	-	-	(2,662,046)	(2,662,046)	(576,882)	(3,238,928)
Distribution to other equity instrument holders (Note 62)	-	-	-	-	-	-	-	(842,190)	(842,190)	-	(842,190)
Others	-	-	10,667	-	4,488	-	-	(4,488)	10,667	-	10,667
At 31 December 2023	7,621,088	22,478,500	31,296,848	(233,609)	840,235	498,473	33,066,912	40,149,201	135,717,648	4,958,062	140,675,710

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 56)	(Note 57)		(Note 58)	(Note 59)		(Note 60)	(Note 61)			
At 1 January 2022	7,621,088	1,000,000	31,283,732	-	1,153,511	(93,999)	27,520,090	38,140,088	106,624,510	4,176,833	110,801,343
Profit for the year	-	-	-	-	-	-	-	7,929,282	7,929,282	968,721	8,898,003
Other comprehensive income for the year	-	-	-	-	(823,912)	499,335	-	-	(324,577)	14,438	(310,139)
Total comprehensive income for the year	-	-	-	-	(823,912)	499,335	-	7,929,282	7,604,705	983,159	8,587,864
Issue of perpetual bonds	-	9,990,000	-	-	-	-	-	-	9,990,000	-	9,990,000
Acquisition of treasury shares	-	-	-	(233,609)	-	-	-	-	(233,609)	-	(233,609)
Appropriation to general reserves	-	-	-	-	-	-	2,960,754	(2,960,754)	-	-	-
Ordinary shares' dividends recognised as distribution (Note 62)	-	-	-	-	-	-	-	(3,802,923)	(3,802,923)	(512,784)	(4,315,707)
Distribution to other equity instrument holders (Note 62)	-	-	-	-	-	-	-	(39,500)	(39,500)	-	(39,500)
Others	-	-	2,449	-	-	-	-	-	2,449	-	2,449
At 31 December 2022	7,621,088	10,990,000	31,286,181	(233,609)	329,599	405,336	30,480,844	39,266,193	120,145,632	4,647,208	124,792,840

# CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 RMB' 000	2022 RMB' 000
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	<b>8,744,436</b>	10,387,788
Adjustments for:		
Interest expenses	<b>10,410,661</b>	8,754,030
Share of results of associates and joint ventures	<b>(715,143)</b>	(939,813)
Depreciation and amortisation	<b>929,475</b>	819,394
Other assets impairment losses	<b>3,627</b>	12,017
Credit impairment losses	<b>95,485</b>	(372,062)
Gains on disposal of property and equipment and other intangible assets	<b>(1,291)</b>	(99)
(Gains)/losses on disposal of subsidiaries, associates and joint ventures	<b>(5,354)</b>	4,258
Foreign exchange losses, net	<b>10,184</b>	47,043
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	<b>(176,193)</b>	(554,903)
Dividend income and interest income from financial instruments at fair value through other comprehensive income	<b>(4,046,590)</b>	(3,049,476)
Interest income from debt instruments at amortised cost	<b>(25,962)</b>	(6,134)
Unrealised fair value changes in financial assets at fair value through profit or loss	<b>(43,617)</b>	4,345,951
Unrealised fair value changes in financial liabilities at fair value through profit or loss	<b>698,636</b>	(432,414)
Unrealised fair value changes in derivatives	<b>9,098</b>	(1,350,341)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

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# CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 RMB' 000	2022 RMB' 000
Operating cash flows before movements in working capital	<b>15,887,452</b>	17,665,239
(Increase)/Decrease in advances to customers	<b>(8,251,252)</b>	14,816,330
(Increase)/Decrease in financial assets held under resale agreements	<b>(710,875)</b>	1,360,620
Increase in financial assets at fair value through profit or loss	<b>(57,100,424)</b>	(36,306,003)
Increase in deposits with exchanges and non-bank financial institutions	<b>(910,631)</b>	(7,840,868)
Increase in restricted bank deposits	<b>(633,047)</b>	(1,699,076)
Decrease/(Increase) in other current assets	<b>2,799,098</b>	(9,311,745)
Increase in clearing settlement funds – clients	<b>(6,248,051)</b>	(251,318)
Decrease/(Increase) in cash held on behalf of customers	<b>12,768,412</b>	(10,109,507)
Increase in financial liabilities at fair value through profit or loss	<b>5,137,526</b>	1,964,672
(Decrease)/Increase in accounts payable to brokerage clients	<b>(5,610,416)</b>	10,376,858
(Decrease)/Increase in accrued staff costs	<b>(653,124)</b>	20,188
Increase in other accounts payable, other payables and accruals and other liabilities	<b>16,092,250</b>	14,761,214
Increase in financial assets sold under repurchase agreements	<b>28,420,556</b>	43,548,319
Increase in amounts due to banks and other financial institutions	<b>3,521,248</b>	7,227,413
Increase/(Decrease) in provision	<b>1,473</b>	(757)
Cash from operations	<b>4,510,195</b>	46,221,579
Income taxes paid	<b>(1,667,109)</b>	(2,580,528)
Interest paid	<b>(5,195,476)</b>	(3,477,713)
<b>Net cash (used in)/from operating activities</b>	<b>(2,352,390)</b>	40,163,338



# CONSOLIDATED STATEMENT OF CASH FLOWS

	2023 RMB' 000	2022 RMB' 000
<b>INVESTING ACTIVITIES</b>		
Dividends and interest received from investments	4,728,345	3,662,483
Purchases of property and equipment and other intangible assets	(941,479)	(717,791)
Proceeds from disposal of property and equipment and other intangible assets	1,289	2,279
Capital injection to associates and joint ventures	(1,141,409)	(865,858)
Proceeds from disposal of interests in associates and joint ventures	183,717	488,974
Purchase or proceeds from disposal of financial instruments at fair value through other comprehensive income, net	323,907	(33,754,728)
Purchase or proceeds from disposal of debt instruments at amortised cost, net	188,303	(215,889)
<b>Net cash from/(used in) investing activities</b>	<b>3,342,673</b>	<b>(31,400,530)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from perpetual subordinated bonds issued	11,488,300	9,997,700
Dividends paid to shareholders and non-controlling interests	(3,636,218)	(4,412,130)
Repayment of interest of borrowings	(319,995)	(47,353)
Repayment of short-term financing payables and bond interest	(4,439,634)	(5,814,186)
Repayment of interest of long-term loans	(1,190)	(17,012)
Proceeds from short-term financing payables and bonds issued	86,737,992	100,805,264
Repayment of short-term financing payables and bonds	(91,128,134)	(113,509,658)
Proceeds from borrowings	2,457,226	3,836,043
Repayment of borrowings	(189,315)	(475,911)
Repayment of long-term loans	(63,827)	(269,588)
Payment of principal and interest on lease liabilities	(378,004)	(340,702)
Proceeds from other financing activities	1,191,970	–
Payment of acquisition of treasury shares	–	(233,609)
Repayment of other financing activities	(82,783)	(686,474)
<b>Net cash from/(used in) financing activities</b>	<b>1,636,388</b>	<b>(11,167,616)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,626,671</b>	<b>(2,404,808)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>19,072,052</b>	<b>21,281,276</b>
<b>Effect of foreign exchange rate changes</b>	<b>42,638</b>	<b>195,584</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>21,741,361</b>	<b>19,072,052</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION OF THE GROUP

With the approval of the People's Bank of China, Guangdong Development Bank (廣東發展銀行) (now known as China Guangfa Bank) established a securities department on 9 April 1991. With the approval of the Guangdong Administration for Industry and Commerce, GF Securities Co., Ltd. (the "Company") was duly established as the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部) on 21 May 1993. On 25 January 1994, the Company was converted into Guangdong Guangfa Securities Company (廣東廣發證券公司) whose capital was contributed by Guangdong Development Bank with its own funds. On 26 December 1996, the Company was converted into a limited liability company and changed its name to Guangfa Securities Limited Liability Company (廣發證券有限責任公司). On 26 August 1999, the Company was spun off from Guangdong Development Bank as required by the sectoral regulation of the financial industries under PRC laws. On 25 July 2001, the Company was converted into a joint stock company and changed its name to GF Securities Co., Ltd. (廣發證券股份有限公司). On 12 February 2010, the Company was listed on the Shenzhen Stock Exchange by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) ("Yan Bian Road"), with the stock code 000776. On 10 April 2015, the Company issued H Shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The registered office of the Company is located at Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong, People's Republic of China ("PRC").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in securities brokerage, securities investment consultation, the financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, the proxy sale of securities investment funds, the provision of futures intermediary services for futures companies, margin financing and securities lending, the proxy sale of financial products, securities investment fund custodian, market-making of stock options, asset management, project and investment management, commodity futures brokerage, financial futures brokerage and futures investment advisory.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.2 BASIS OF CONSOLIDATION – *continued*

### **Changes in the Group’s ownership interests in existing subsidiaries**

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the related assets (including goodwill), any non-controlling interests and the exchange fluctuation reserve. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Group serves as the manager of asset management schemes and funds. These asset management schemes and funds invest mainly in equities, debt securities and monetary market instruments. The Group’s percentage ownership in these structured entities can fluctuate from day to day according to the Group’s and third-party participation in them. Where the Group is deemed to control such asset management schemes and funds, with control determined based on an analysis of the guidance in IFRS 10 Consolidated Financial Statements, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units in such asset management schemes and funds for cash. These are presented as “Third-party interests in consolidated structured entities” within other liabilities in the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for the current year:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules*</i>

- \* The amendments to IAS 12 have been introduced in response to the Pillar Two model rules published by the Organisation for Economic Co-operation and Development and include:
- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules; and
  - Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted.

The application of the revised IFRSs has had no significant impact on the Group’s consolidated financial statements.

## 2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1</sup>
Amendments to IFRS 7 and IAS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to IFRS 21	<i>Lack of Exchangeability</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The application of the new and revised IFRSs will not have a significant impact on the Group’s consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies are set out below.

### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within a group of cash-generating units in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

### **Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Investments in associates and joint ventures – *continued***

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Investments in associates and joint ventures – *continued***

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### **Revenue recognition**

#### ***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Revenue recognition – *continued***

#### ***Revenue from contracts with customers – continued***

##### *(a) Securities brokerage and investment consulting business*

Income from the securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

##### *(b) Underwriting and sponsorship business*

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

##### *(c) Asset management business*

Income from regular management fees is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when the associated contingent criteria are met.

##### *(d) Other business*

Income from other business is recognised when control of goods or services is transferred to the customers.

### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods and services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

### **Contract costs**

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Leases – continued*

#### *Group as a lessee – continued*

##### *(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### *(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Leases – continued*

#### *Group as a lessee – continued*

##### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### Property and equipment

Property and equipment including buildings and leasehold land (classified as finance leases) for use in the supply of services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
Properties and buildings	nil	30 – 50 years
Electronic and communication equipment	nil	3 – 5 years
Motor vehicles	nil	4 – 6 years
Office equipment	nil	5 – 11 years
Improvements	nil	5 – 10 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

### **Intangible assets**

#### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives (i.e. trading seats) that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

The estimated useful lives of each class of intangible assets with finite useful lives are as follows:

<b>Classes</b>	<b>Useful lives</b>
Computer software	5 years
Others	5 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Intangible assets – *continued***

#### ***Intangible assets acquired in a business combination***

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **Impairment of tangible and intangible assets other than goodwill and financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Impairment of tangible and intangible assets other than goodwill and financial assets – *continued***

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Related parties – *continued***

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Employee benefits**

In the reporting period in which an employee has rendered services, the Group recognises the employee benefit expenses for those services in profit or loss.

### ***Short-term social welfare***

Short-term social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on a certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the reporting period.

### ***Defined contribution plans***

Payments to defined contribution plans which include the mandatory the social pension insurance plan and unemployment insurance plan managed by the mainland government, the Mandatory Provident Fund Scheme to the employees in Hong Kong and the annuity scheme for qualified employees, are recognised as expenses when employees have rendered service entitling them to the contributions.

### ***Early retirement benefits***

The Group provides early retirement benefits to those employees in Chinese Mainland who accepted an early retirement arrangement.

The liability related to early retirement benefits is recognised when the employees voluntarily retired before the normal retirement date, as approved by management. The early retirement benefits represented the liability at the end of the reporting period with the changes recognised in profit or loss.

### ***Other long-term benefits***

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before income tax’ as reported in the consolidated statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Taxation – *continued***

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **Other equity instruments**

The perpetual subordinated bonds issued by the Group have no fixed maturity dates. The Group has the option to defer interest payment, the Group contain no contractual obligation to deliver cash or another financial asset, classified as equity instruments.

### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments**

#### ***Financial assets***

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments – *continued***

#### ***Financial assets – continued***

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value changes recognised in other comprehensive income is recycled to the statement of profit or loss.

##### Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as net investment gains when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Financial instruments – continued*

#### *Financial assets – continued*

#### *Subsequent measurement – continued*

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as net investment gains in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments – *continued***

#### ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### ***Impairment of financial assets***

The Group recognises an allowance for Expected Credit Loss (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### ***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Financial instruments – continued*

#### *Impairment of financial assets – continued*

##### *General approach – continued*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired (“POCI”) assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments – *continued***

#### ***Impairment of financial assets – continued***

##### *Simplified approach*

For accounts receivable, contract assets and other receivables and prepayments that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For accounts receivable, contract assets and other receivables and prepayments that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

### ***Financial liabilities***

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term financing payables, amounts due to banks and other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments – *continued***

#### ***Financial liabilities – continued***

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

##### Other financial liabilities

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### **Financial instruments – *continued***

#### ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

#### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### ***Derivative financial instruments***

##### ***Initial recognition and subsequent measurement***

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Financial instruments – continued*

#### ***Financial assets held under resale agreements and financial assets sold under repurchase agreements***

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognised in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognised as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

#### ***Accounts payable to brokerage customers***

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognises the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of the purchased securities exceeds that of the sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of the sold securities exceeds that of the purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

#### ***Margin financing and securities lending services***

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

#### ***Margin financing services***

The Group recognises margin financing services to customers as margin accounts receivable, and recognises the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivable is determined with reference to the policy of provision for impairment of financial assets measured at amortised cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. MATERIAL ACCOUNTING POLICIES – *continued*

### *Financial instruments – continued*

#### *Margin financing and securities lending services – continued*

##### *Securities lending services*

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognised as interest income according to the margin financing agreement. The securities lending services are not derecognised. The financial assets are recognised as securities lending services in financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, and are subsequently measured according to financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Determination of consolidation scope**

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as investment manager and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

### **Fair values of financial assets and derivative financial instruments determined using valuation techniques**

If the market for a financial instrument is not active, the Group estimates fair value by using valuation techniques, such as the discounted cash flow analysis model. In practice, the discounted cash flow analysis model makes the maximum use of observable inputs, but management still needs to make estimations on counterparty credit risk, the volatility of the market interest rate and correlation factors. If there is a change in any assumption of the above factors, the assessment of the fair value of financial instruments will be affected.

### **Impairment of financial instruments**

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgement and estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such judgement and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

### **Income taxes**

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realisation of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in note 42.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. SEGMENT REPORTING

Information reported to the chief operating decision maker (hereinafter referred to as the “CODM”), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of services provided by the Group, which is also consistent with the Group’s basis of organisation, whereby the businesses are organised and managed separately as individual strategic business units that offer different services and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors of the Company, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group’s operating segments are as follows:

- (a) Investment banking, which primarily includes underwriting commissions and sponsorship and advisory fees from equity and debt underwriting and financial advisory services;
- (b) Wealth management, which primarily includes fees and commissions earned from providing brokerage and investment advisory services to retail clients, as well as interest income earned from margin financing and securities lending activities, reverse repurchase transactions, financial leasing, cash held on behalf of clients and fees earned from selling financial products developed by the Group and other financial institutions;
- (c) Trading and institution, which primarily includes investment gains and interest income earned from investment trading of, and market-making in equity, fixed income, derivative securities and other financial products, as well as investment gains from alternative investments, and fees and commissions earned from providing investment research and prime brokerage services to institutional clients;
- (d) Investment management, which primarily includes management and advisory fees earned from providing asset management, mutual fund management, private fund management services to clients and etc;
- (e) Others, which primarily includes income from head office operations.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the year.

Segment profit or loss represents the profit earned or loss incurred by each segment without the allocation of income tax expenses as well as the share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets or liabilities. Inter-segment balances mainly resulted from branches’ operating funds injected by the head office are eliminated on consolidation. The segment results exclude income tax expense and share of results of associates and joint ventures, while the segment assets and liabilities include prepaid taxes, current tax liabilities as well as interests in associates and joint ventures, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. SEGMENT REPORTING – continued

The operating and reportable segment information provided to the chief operating decision maker for the years ended 31 December 2023 and 2022 is as follows:

	Investment banking RMB' 000	Wealth management RMB' 000	Trading and institution RMB' 000	Investment management RMB' 000	Others RMB' 000	Segment total RMB' 000	Elimination RMB' 000	Consolidated total RMB' 000
<b>For the year ended 31 December 2023</b>								
<b>Segment revenue and results</b>								
Segment revenue	598,795	13,252,813	10,963,214	7,116,368	161,482	32,092,672	–	32,092,672
Segment other income and gains or losses	15	430,474	(12,856)	277,949	510,099	1,205,681	–	1,205,681
Segment revenue and other income	598,810	13,683,287	10,950,358	7,394,317	671,581	33,298,353	–	33,298,353
Segment expenses	(866,078)	(7,309,087)	(8,916,356)	(5,678,553)	(2,498,986)	(25,269,060)	–	(25,269,060)
Segment results	(267,268)	6,374,200	2,034,002	1,715,764	(1,827,405)	8,029,293	–	8,029,293
Share of results of associates and joint ventures	–	280	31,832	686,785	(3,754)	715,143	–	715,143
Profit/(loss) before income tax	(267,268)	6,374,480	2,065,834	2,402,549	(1,831,159)	8,744,436	–	8,744,436
<b>As at 31 December 2023</b>								
<b>Segment assets and liabilities</b>								
Segment assets	143,895	138,910,418	342,342,088	36,282,054	163,544,729	681,223,184	(1,604,000)	679,619,184
Deferred tax assets								2,562,495
Group's total assets								<u>682,181,679</u>
Segment liabilities	101,291	115,866,288	201,020,749	11,752,097	212,316,499	541,056,924	–	541,056,924
Deferred tax liabilities								449,045
Group's total liabilities								<u>541,505,969</u>
<b>Other segment information</b>								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	5,376	345,726	32,912	134,549	410,912	929,475	–	929,475
Credit impairment losses	456	(78,437)	118,249	55,796	(579)	95,485	–	95,485
Other assets impairment losses	–	3,577	–	–	50	3,627	–	3,627
Capital expenditure	4,247	178,431	46,766	122,798	323,951	676,193	–	676,193

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. SEGMENT REPORTING – continued

	Investment banking RMB ' 000	Wealth management RMB ' 000	Trading and institution RMB ' 000	Investment management RMB ' 000	Others RMB ' 000	Segment total RMB ' 000	Elimination RMB ' 000	Consolidated total RMB ' 000
<b>For the year ended 31 December 2022</b>								
<b>Segment revenue and results</b>								
Segment revenue	615,685	13,369,875	8,346,465	7,681,421	115,316	30,128,762	–	30,128,762
Segment other income and gains or losses	(525)	1,168,757	(31,088)	1,369,094	620,892	3,127,130	–	3,127,130
Segment revenue and other income	615,160	14,538,632	8,315,377	9,050,515	736,208	33,255,892	–	33,255,892
Segment expenses	(861,656)	(7,859,965)	(7,077,298)	(6,046,310)	(1,962,688)	(23,807,917)	–	(23,807,917)
Segment results	(246,496)	6,678,667	1,238,079	3,004,205	(1,226,480)	9,447,975	–	9,447,975
Share of results of associates and joint ventures	–	(27)	23,673	954,387	(38,220)	939,813	–	939,813
Profit/(loss) before income tax	(246,496)	6,678,640	1,261,752	3,958,592	(1,264,700)	10,387,788	–	10,387,788
<b>As at 31 December 2022</b>								
<b>Segment assets and liabilities</b>								
Segment assets	328,053	146,415,378	277,254,511	36,216,948	156,029,783	616,244,673	(1,571,000)	614,673,673
Deferred tax assets								2,582,609
Group's total assets								<u>617,256,282</u>
Segment liabilities	252,083	123,173,313	143,534,152	13,035,958	211,893,445	491,888,951	–	491,888,951
Deferred tax liabilities								574,491
Group's total liabilities								<u>492,463,442</u>
<b>Other segment information</b>								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	4,636	327,965	26,191	123,027	337,575	819,394	–	819,394
Credit impairment losses	5,850	(368,116)	(17,170)	8,484	(1,110)	(372,062)	–	(372,062)
Other assets impairment losses	–	4,381	7,586	–	50	12,017	–	12,017
Capital expenditure	4,765	184,746	43,180	313,699	307,668	854,058	–	854,058

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue is substantially derived from its operations in the PRC. The Group's inter-segment revenue is not material and is not included in the report to the CODM.

There are no sales to a single customer from which the revenue amounted to over 10% to the Group's revenue for the years ended 31 December 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. COMMISSION AND FEE INCOME

	2023 RMB' 000	2022 RMB' 000
Asset management and fund management fee income	7,727,649	8,939,142
Securities brokerage business commission and fee income	5,526,104	6,119,633
Underwriting and sponsorship fee income	532,961	556,850
Futures brokerage business commission and fee income	549,094	541,626
Consultancy and financial advisory fee income	162,179	174,734
Others	316,508	338,152
	<b>14,814,495</b>	<b>16,670,137</b>

## 7. INTEREST INCOME

	2023 RMB' 000	2022 RMB' 000
Margin financing and securities lending	5,596,926	5,724,477
Debt instruments at fair value through other comprehensive income	3,680,127	3,036,482
Deposits with exchanges and financial institutions	3,514,397	3,197,574
Financial assets held under resale agreements	702,525	751,665
Debt instruments at amortised cost	25,962	6,134
Leasing business	15,022	41,325
Others	11,723	97,483
	<b>13,546,682</b>	<b>12,855,140</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. NET INVESTMENT GAINS

	2023 RMB' 000	2022 RMB' 000
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	176,193	554,903
Net realised losses from disposal of financial instruments at fair value through profit or loss	(260,814)	(3,290,640)
Dividend income and interest income from financial instruments at fair value through profit or loss	4,274,546	3,819,220
Dividend income from financial instruments at fair value through other comprehensive income	366,463	12,994
Net realised gains from derivatives	16,262	2,355,224
Unrealised fair value changes of financial instruments at fair value through profit or loss		
– Financial assets at fair value through profit or loss	43,617	(4,345,951)
– Financial liabilities at fair value through profit or loss	(698,636)	432,414
– Derivatives	(186,136)	1,065,321
	<b>3,731,495</b>	<b>603,485</b>

## 9. OTHER INCOME AND GAINS OR LOSSES

	2023 RMB' 000	2022 RMB' 000
Government grants <sup>(i)</sup>	923,674	1,364,717
Commodity trading income	342,574	1,056,311
Third-party profit or loss in consolidated structured entities	(162,352)	661,285
Commission from tax withholding and remitting	58,088	67,766
Gains/(losses) on disposal of subsidiaries, associates and joint ventures	5,354	(4,258)
Others	38,343	(18,691)
	<b>1,205,681</b>	<b>3,127,130</b>

- (i) The government grants were received unconditionally by the Group from the local government to support operations in the designated locations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. DEPRECIATION AND AMORTISATION

	2023 RMB ' 000	2022 RMB ' 000
Depreciation of property and equipment	401,382	352,909
Depreciation of right-of-use assets	371,699	338,788
Amortisation of other intangible assets	146,182	121,563
Depreciation of investment properties	10,212	6,134
	<b>929,475</b>	<b>819,394</b>

## 11. STAFF COSTS

	2023 RMB ' 000	2022 RMB ' 000
Salaries, bonuses and allowances and other long-term benefits	7,162,490	7,374,720
Defined contribution plans	688,507	591,049
Short-term social welfares	457,862	417,119
Others	464,124	497,374
	<b>8,772,983</b>	<b>8,880,262</b>

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, unemployment insurance, health care insurance, housing funds and other social welfare plan operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. The social pension insurance and unemployment insurance are defined contribution plans.

In addition to the above social welfare plans, the Group also provides annuity schemes for certain qualified employees in the PRC. The employees' and the Group's contributions for the annuity schemes are calculated based on a certain percentage of employees' salaries and recognised in profit or loss as expenses. These annuity schemes are defined contribution plans.

The Group also operates the Mandatory Provident Fund Scheme, also a defined contribution plan, for all qualified employees in Hong Kong. The Group contributes a certain percentage of relevant payroll costs to the scheme, and the contribution is matched by employees but subject to a maximum amount for each employee. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The contributions to the defined contribution plans are expensed as incurred. The Group cannot withdraw or utilise its fund contributions made to the defined contribution plans under any circumstance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12. COMMISSION AND FEE EXPENSES

	2023 RMB' 000	2022 RMB' 000
Securities and futures brokerage business expenses	265,043	274,407
Underwriting and sponsorship fee expenses	14,572	6,296
Other service expenses	22,537	26,243
	<u>302,152</u>	<u>306,946</u>

Note: Distribution expenses for the fund and asset management business amounting to RMB1,836.47 million (2022: RMB2,045.68 million) are classified under other operating expenses as described in note 14.

## 13. INTEREST EXPENSES

	2023 RMB' 000	2022 RMB' 000
Bonds payable	3,502,384	3,954,879
Financial assets sold under repurchase agreements	3,470,464	2,220,184
Short-term financing payables	1,024,204	1,012,935
Due to banks and other financial institutions	1,117,772	705,398
Accounts payable to brokerage clients	580,399	600,692
Borrowings	319,479	60,116
Lease liabilities	35,464	33,392
Long-term loans	736	8,992
Others	359,759	157,442
	<u>10,410,661</u>	<u>8,754,030</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14. OTHER OPERATING EXPENSES

	2023 RMB' 000	2022 RMB' 000
Distribution expenses for fund and asset management business	1,836,473	2,045,682
Commodity trading costs	334,165	1,053,623
General and administrative expenses	1,162,899	988,709
Post and telecommunications expenses	290,793	267,664
Advertisement and business development expenses	228,674	205,773
Taxes and surcharges	165,748	175,114
Rents and utilities	160,725	146,682
Securities and futures investor protection funds	69,643	74,779
Auditors' remuneration	8,092	8,366
Sundry expenses	497,465	440,938
	<u>4,754,677</u>	<u>5,407,330</u>

## 15. CREDIT IMPAIRMENT LOSSES

	2023 RMB' 000	2022 RMB' 000
Debt instruments at amortised cost	34,439	(22,341)
Debt instruments at fair value through other comprehensive income	71,561	(11,930)
Advances to customers	(18,702)	(211,304)
Accounts receivable	59,263	41,664
Lease receivables	(22,447)	22,385
Financial assets held under resale agreements	(34,340)	(199,947)
Others	5,711	9,411
	<u>95,485</u>	<u>(372,062)</u>

## 16. OTHER ASSETS IMPAIRMENT LOSSES

	2023 RMB' 000	2022 RMB' 000
Other intangible assets	50	50
Others	3,577	11,967
	<u>3,627</u>	<u>12,017</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. INCOME TAX EXPENSE

	2023 RMB' 000	2022 RMB' 000
Current tax:		
PRC Enterprise Income Tax	1,100,745	1,825,359
Hong Kong Profits Tax and other jurisdictions	41,621	21,616
	<u>1,142,366</u>	<u>1,846,975</u>
Deferred income tax (Note 42)	(260,847)	(357,190)
	<u>881,519</u>	<u>1,489,785</u>

Under the Enterprise Income Tax of the PRC (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the Company and its main subsidiaries in the PRC is 25% (2022: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for both years. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	2023 RMB' 000	2022 RMB' 000
Profit before income tax	8,744,436	10,387,788
Tax at the statutory tax rate of 25%	2,186,109	2,596,947
Tax effect of share of profits of associates and joint ventures	(193,309)	(225,419)
Effect of non deductible costs, expenses and losses	98,239	42,706
Tax effect of non taxable income	(1,162,593)	(967,587)
Tax effect of tax losses and temporary differences not recognised	71,829	68,009
Tax effect of utilize deductible losses and deductible temporary differences previously not recognised	1,987	(1,058)
Effect of different tax rates of subsidiaries	(3,123)	(16,784)
Others	(117,620)	(7,029)
Income tax expense for the year	<u>881,519</u>	<u>1,489,785</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18. EARNINGS PER SHARE

The calculation of earnings per share attributable to owners of the Company is based on the following data:

	2023	2022
Earnings for the purpose of basic earnings per share:		
Profit attributable to owners of the Company (RMB in thousand)	<b>6,977,800</b>	7,929,282
Less: Profit attributable to other equity instrument holders of the Company (RMB in thousand)	<b>685,882</b>	198,579
Profit attributable to ordinary shareholders of the Company (RMB in thousand)	<b>6,291,918</b>	7,730,703
Weighted average number of ordinary shares outstanding (in thousands of shares) <sup>(i)</sup>	<b>7,605,846</b>	7,612,196
Earnings per share (RMB)		
– Basic	<b>0.83</b>	1.02
– Diluted	<b>0.83</b>	1.02
(i) Weighted average number of ordinary shares outstanding (in thousands of shares)		
Number of issued ordinary shares as at the beginning of the year	<b>7,621,088</b>	7,621,088
Less: Weighted average number of ordinary shares repurchased	<b>15,242</b>	8,892
Weighted average number of ordinary shares as at the end of the year	<b>7,605,846</b>	7,612,196

There were no potential dilutive ordinary shares outstanding for 2023 and 2022.

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. PROPERTY AND EQUIPMENT

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Construction in progress RMB' 000	Total RMB' 000
<b>Cost</b>							
As at 1 January 2023	2,666,091	1,236,317	132,830	270,580	974,857	246,301	5,526,976
Additions	-	338,636	8,804	18,903	78,381	-	444,724
Transfers during the year	(30,309)	-	-	-	-	-	(30,309)
Disposals/write-off	(382)	(46,237)	(9,399)	(8,157)	(41,571)	-	(105,746)
Effect of foreign currency exchange differences	-	732	29	123	465	-	1,349
As at 31 December 2023	<u>2,635,400</u>	<u>1,529,448</u>	<u>132,264</u>	<u>281,449</u>	<u>1,012,132</u>	<u>246,301</u>	<u>5,836,994</u>
<b>Accumulated depreciation and impairment</b>							
As at 1 January 2023	633,722	787,675	86,077	193,850	619,232	-	2,320,556
Charge for the year	74,927	176,938	13,992	35,122	104,818	-	405,797
Transfers during the year	(16,296)	-	-	-	-	-	(16,296)
Disposals/write-off	(2)	(46,034)	(9,228)	(8,000)	(41,361)	-	(104,625)
Effect of foreign currency exchange differences	-	638	20	114	415	-	1,187
As at 31 December 2023	<u>692,351</u>	<u>919,217</u>	<u>90,861</u>	<u>221,086</u>	<u>683,104</u>	<u>-</u>	<u>2,606,619</u>
<b>Net carrying amount</b>							
As at 31 December 2023	<u>1,943,049</u>	<u>610,231</u>	<u>41,403</u>	<u>60,363</u>	<u>329,028</u>	<u>246,301</u>	<u>3,230,375</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. PROPERTY AND EQUIPMENT – continued

	Properties and buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Improvements	Construction in progress	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
<b>Cost</b>							
As at 1 January 2022	2,819,136	1,056,698	124,709	252,151	938,376	–	5,191,070
Additions	–	250,836	19,690	29,362	79,485	246,301	625,674
Transfers during the year	(121,174)	–	–	–	–	–	(121,174)
Disposals/write-off	(31,871)	(74,708)	(11,682)	(11,281)	(45,169)	–	(174,711)
Effect of foreign currency exchange differences	–	3,491	113	348	2,165	–	6,117
As at 31 December 2022	<u>2,666,091</u>	<u>1,236,317</u>	<u>132,830</u>	<u>270,580</u>	<u>974,857</u>	<u>246,301</u>	<u>5,526,976</u>
<b>Accumulated depreciation and impairment</b>							
As at 1 January 2022	567,152	715,828	83,276	172,077	572,005	–	2,110,338
Charge for the year	76,417	143,450	14,299	32,637	90,302	–	357,105
Transfers during the year	(9,492)	–	–	–	–	–	(9,492)
Disposals/write-off	(355)	(74,573)	(11,599)	(11,144)	(45,082)	–	(142,753)
Effect of foreign currency exchange differences	–	2,970	101	280	2,007	–	5,358
As at 31 December 2022	<u>633,722</u>	<u>787,675</u>	<u>86,077</u>	<u>193,850</u>	<u>619,232</u>	<u>–</u>	<u>2,320,556</u>
<b>Net carrying amount</b>							
As at 31 December 2022	<u>2,032,369</u>	<u>448,642</u>	<u>46,753</u>	<u>76,730</u>	<u>355,625</u>	<u>246,301</u>	<u>3,206,420</u>

As at 31 December 2023, the Group's properties and buildings amounting to RMB289.26 million (31 December 2022: RMB322.25 million) included the leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, and therefore the entire lease is accounted for as properties and buildings.

The Group is still in the process of applying for the title certificates for its properties and buildings with a carrying amount of RMB23.56 million as at 31 December 2023 (31 December 2022: RMB25.69 million) and GF Securities Tower with a carrying amount of RMB1,783.28 million, of which RMB1,653.79 million were classified as property and equipment and RMB129.49 million were classified as investment properties. The Group expects that the aforesaid matter would not affect its rights over the assets or have no significant impact on its operation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. LEASES

### The Group as a lessee

The Group has lease contracts for various items of properties and buildings used in its operations. The Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (1) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties and buildings RMB ' 000	Land use rights RMB ' 000	Total RMB ' 000
<b>Cost</b>			
As at 1 January 2023	1,462,041	1,293,656	2,755,697
Additions	532,501	–	532,501
Disposals/write-off	(170,491)	–	(170,491)
Transfers during the year	–	(1,600)	(1,600)
Effect of foreign currency exchange differences	1,728	–	1,728
As at 31 December 2023	<u>1,825,779</u>	<u>1,292,056</u>	<u>3,117,835</u>
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2023	696,570	185,342	881,912
Charge for the year	341,364	30,335	371,699
Disposals/write-off	(160,339)	–	(160,339)
Transfers during the year	–	(530)	(530)
Effect of foreign currency exchange differences	248	–	248
As at 31 December 2023	<u>877,843</u>	<u>215,147</u>	<u>1,092,990</u>
<b>Net carrying amount</b>			
As at 31 December 2023	<u>947,936</u>	<u>1,076,909</u>	<u>2,024,845</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. LEASES – continued

### The Group as a lessee – continued

#### (1) Right-of-use assets – continued

	Properties and buildings RMB ' 000	Land use rights RMB ' 000	Total RMB ' 000
<b>Cost</b>			
As at 1 January 2022	1,356,248	1,324,150	2,680,398
Additions	274,131	–	274,131
Disposals/write-off	(179,434)	–	(179,434)
Transfers during the year	–	(30,494)	(30,494)
Effect of foreign currency exchange differences	11,096	–	11,096
As at 31 December 2022	<u>1,462,041</u>	<u>1,293,656</u>	<u>2,755,697</u>
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2022	538,457	164,125	702,582
Charge for the year	308,220	30,568	338,788
Disposals/write-off	(155,981)	–	(155,981)
Transfers during the year	–	(9,351)	(9,351)
Effect of foreign currency exchange differences	5,874	–	5,874
As at 31 December 2022	<u>696,570</u>	<u>185,342</u>	<u>881,912</u>
<b>Net carrying amount</b>			
As at 31 December 2022	<u><u>765,471</u></u>	<u><u>1,108,314</u></u>	<u><u>1,873,785</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. LEASES – continued

### The Group as a lessee – continued

#### (2) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Properties and buildings</b>		
Current	307,699	287,530
Non-current	662,484	501,186
Total	<u>970,183</u>	<u>788,716</u>

Details of the maturity analysis of lease liabilities are disclosed in Note 70.

#### (3) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB' 000	2022 RMB' 000
Interest on lease liabilities	35,464	33,392
Depreciation of right-of-use assets	371,699	338,788
Expense relating to short-term leases (included in other operating expenses)	18,636	21,980
Total amount recognised in profit or loss	<u>425,799</u>	<u>394,160</u>

As at 31 December 2023 and 31 December 2022, the future cash outflows relating to leases that have not yet commenced are insignificant.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. INVESTMENT PROPERTIES

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Cost</b>		
At the beginning of the year	268,752	117,084
Additions	6,852	–
Transfers during the year	31,909	151,668
At the end of the year	<u>307,513</u>	<u>268,752</u>
<b>Accumulated depreciation</b>		
At the beginning of the year	81,319	56,342
Charge for the year	10,211	6,134
Transfers during the year	16,826	18,843
At the end of the year	<u>108,356</u>	<u>81,319</u>
<b>Net carrying amount</b>		
At the end of the year	<u><u>199,157</u></u>	<u><u>187,433</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22. GOODWILL

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Cost</b>		
Unit A – securities brokerage branches	76,574	76,574
Unit B – GF Financial Markets (UK) Limited	2,318	2,040
At the beginning and the end of the year	<u>78,892</u>	<u>78,614</u>
<b>Accumulated impairment losses</b>		
Unit A – securities brokerage branches	76,574	76,574
Unit B – GF Financial Markets (UK) Limited	–	–
At the beginning and the end of the year	<u>76,574</u>	<u>76,574</u>
<b>Net carrying amount</b>		
Unit A – securities brokerage branches	–	–
Unit B – GF Financial Markets (UK) Limited	2,318	2,040
Unit B – effect of foreign currency exchange differences	34	278
At the end of the year	<u>2,352</u>	<u>2,318</u>

Unit A is the securities brokerage CGU acquired, the acquisition cost of which exceeds the fair value of the net identifiable assets. The commercial registration of these securities brokerage branches in the prior year was changed. As the CGU no longer generated future cash flows, Unit A was fully impaired in the prior year.

Unit B is the CGU of GF Financial Markets (UK) Limited by GF Futures (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company. As at 31 December 2023, the management of the Group determined that there was no impairment of the CGU as the recoverable amount of the CGU exceeded its carrying amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. OTHER INTANGIBLE ASSETS

	<b>Trading seats</b>	<b>Computer software</b>	<b>Others</b>	<b>Total</b>
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
<b>Cost</b>				
As at 1 January 2022	76,455	1,027,463	1,977	1,105,895
Additions	–	228,385	–	228,385
Disposals/write-off	(500)	(1,098)	–	(1,598)
Effect of foreign currency exchange differences	67	3,189	–	3,256
As at 31 December 2022	<u>76,022</u>	<u>1,257,939</u>	<u>1,977</u>	<u>1,335,938</u>
Additions	–	<b>231,469</b>	–	<b>231,469</b>
Disposals/write-off	<b>(3,200)</b>	<b>(4,795)</b>	–	<b>(7,995)</b>
Effect of foreign currency exchange differences	<b>11</b>	<b>743</b>	–	<b>754</b>
As at 31 December 2023	<u><b>72,833</b></u>	<u><b>1,485,356</b></u>	<u><b>1,977</b></u>	<u><b>1,560,166</b></u>
<b>Accumulated amortisation and impairment</b>				
As at 1 January 2022	74,215	700,956	768	775,939
Charge for the year	–	121,562	1	121,563
Disposals/write-off	(500)	(1,098)	–	(1,598)
Effect of foreign currency exchange differences	–	2,156	–	2,156
Impairment loss recognised in the year	50	–	–	50
As at 31 December 2022	<u>73,765</u>	<u>823,576</u>	<u>769</u>	<u>898,110</u>
Charge for the year	–	<b>146,182</b>	<b>1</b>	<b>146,183</b>
Disposals/write-off	<b>(1,800)</b>	<b>(2,874)</b>	–	<b>(4,674)</b>
Effect of foreign currency exchange differences	–	<b>475</b>	–	<b>475</b>
Impairment loss recognised in the year	<b>50</b>	–	–	<b>50</b>
As at 31 December 2023	<u><b>72,015</b></u>	<u><b>967,359</b></u>	<u><b>770</b></u>	<u><b>1,040,144</b></u>
<b>Net carrying amount</b>				
As at 31 December 2023	<u><b>818</b></u>	<u><b>517,997</b></u>	<u><b>1,207</b></u>	<u><b>520,022</b></u>
As at 31 December 2022	<u>2,257</u>	<u>434,363</u>	<u>1,208</u>	<u>437,828</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. INVESTMENTS IN ASSOCIATES

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Cost of investments in associates	3,025,098	2,591,596
Share of post-acquisition profits and other comprehensive income, net of dividends received	4,218,273	3,830,867
	<b>7,243,371</b>	6,422,463
Investment in an associate at fair value through profit or loss (Note)	5,939	13,438
	<b>7,249,310</b>	6,435,901

Note: The Group elects to measure its investment in GEGEJIA Corporation of RMB5.94 million (31 December 2022: RMB13.44 million) held through GF Beacon Capital Management Limited, a venture capital organisation and an indirectly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this associate on a fair value basis as at 31 December 2023. The valuation determination, including valuation techniques, key inputs and fair value information, for the associate measured at fair value through profit or loss is set out in note 71.

Details of the Group's significant associate at the end of the year are as follows:

Name of associate	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at 31.12.2023	As at 31.12.2022	
易方達基金管理有限公司 E Fund Management Co., Limited ("E Fund")	PRC 17 April 2001	22.65%	22.65%	Publicly offered securities investment fund management, fund sale, asset management for specific customers

### Summarised financial information of the material associate

Summarised financial information of the Group's material associate is set out below. The summarised financial information below represents the amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. INVESTMENTS IN ASSOCIATES – continued

### Summarised financial information of the material associate – continued

#### E Fund

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Total assets	25,363,554	24,301,603
Total liabilities	<u>8,793,561</u>	<u>9,661,926</u>
Net assets	<u><u>16,569,993</u></u>	<u><u>14,639,677</u></u>
	2023 RMB' 000	2022 RMB' 000
Total revenue	12,421,592	13,908,259
Profit for the year	3,381,924	3,836,996
Other comprehensive income/(expense)	<u>5,254</u>	<u>29,138</u>
Total comprehensive income	<u><u>3,387,178</u></u>	<u><u>3,866,134</u></u>
Dividend received from the associate during the year	<u><u>330,000</u></u>	<u><u>390,000</u></u>

The reconciliation of the above summarised financial information to the carrying amount of the interest in E Fund recognised in the consolidated financial statements:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Net assets attributable to equity holders of the associate	16,547,338	14,617,448
Proportion of the Group's ownership interest	22.65%	22.65%
Proportion of equity interest held by the Group	3,747,972	3,310,852
Other adjustments	<u>(2,552)</u>	<u>(2,879)</u>
Carrying amount of the Group's interest	<u><u>3,745,420</u></u>	<u><u>3,307,973</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. INVESTMENTS IN ASSOCIATES – *continued*

### Aggregate information of associates that are not individually material

	2023 RMB' 000	2022 RMB' 000
The Group's share of profits	13,574	240,693
The Group's share of other comprehensive income	–	(213)
The Group's share of total comprehensive income	<u>13,574</u>	<u>240,480</u>
	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Aggregate carrying amount of the Group's interests in these associates	<u>3,503,890</u>	<u>3,127,928</u>

## 25. INVESTMENTS IN JOINT VENTURES

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Cost of investments in joint ventures	2,392,504	2,637,480
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>(410,603)</u>	<u>(315,791)</u>
	<u>1,981,901</u>	<u>2,321,689</u>

### Aggregate information of joint ventures that are not individually material

	2023 RMB' 000	2022 RMB' 000
The Group's share of profit	(64,690)	(164,592)
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	<u>(64,690)</u>	<u>(164,592)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities managed or held by the Group mainly include investment funds, asset management plans, etc. The objectives of the structured entities are to manage investors' assets and to collect management fees, and they are financed through the issue of investment products to investors. The interests held by the Group in these unconsolidated structured entities mainly involve the investments held by the Group or management fees and performance fees collected from managing structured entities.

At the end of 2023, the net assets of the unconsolidated structured entities which were sponsored and whose financial interest held by the Group were RMB472,553.23 million. The carrying amounts of the interests held by the Group were RMB17,032.60 million, which were classified as financial assets at fair value through profit or loss in the consolidated statement of financial position. The carrying amounts are approximate to the maximum loss exposure.

At the end of 2023, the carrying amounts of the interests held by the Group from unconsolidated structured entities sponsored by third parties were RMB84,513.72 million, of which RMB84,491.02 million were classified as financial assets at fair value through profit or loss, RMB12.76 million were classified as equity instruments at fair value through other comprehensive income and RMB9.94 million were classified as debt instruments at amortised cost in the consolidated statement of financial position. The carrying amounts are approximate to the maximum loss exposure.

During the year, the management fee income earned from the unconsolidated structured entities managed by the Group in which the Group held no interests was RMB4,907.61 million (2022: RMB5,810.68 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. DEBT INSTRUMENTS AT AMORTISED COST

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Debt securities	74,393	88,384
Others	318,884	312,420
Less: Allowance for ECLs	291,793	258,716
	<u>101,484</u>	<u>142,088</u>
<b>Analysed as:</b>		
Unlisted	<u>101,484</u>	<u>142,088</u>
<b>Current</b>		
Debt securities	20,325	139,394
Entrusted loans	14,506	14,470
Others	178,827	288,269
Less: Allowance for ECLs	185,431	230,086
	<u>28,227</u>	<u>212,047</u>
<b>Analysed as:</b>		
Unlisted	<u>28,227</u>	<u>212,047</u>
<b>Total</b>	<u>129,711</u>	<u>354,135</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. DEBT INSTRUMENTS AT AMORTISED COST – *continued*

Movements of allowance for ECLs during the year are as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	488,802	507,234
Charge for the year <sup>(i)</sup>	48,019	21,092
Reversal	(13,580)	(43,433)
Amounts written off as uncollectible	(46,685)	–
Effect of foreign currency exchange differences and others	668	3,909
At the end of the year	<u>477,224</u>	<u>488,802</u>

(i) Charge for the year comprises the impairment losses from new and existing debt instruments at amortised cost, model/risk parameters adjustment, etc.

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2023	<u>316</u>	<u>–</u>	<u>476,908</u>	<u>477,224</u>
As at 31 December 2022	<u>254</u>	<u>–</u>	<u>488,548</u>	<u>488,802</u>

In the current year, the debt instruments at amortised cost were not transferred among stages.

Debt securities are analysed by external rating as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
External rating grade		
AAA	36,151	185,079
AA+ ~A-	45,515	42,445
Unrated	12,736	–
Total	<u>94,402</u>	<u>227,524</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current</b>		
Debt securities	<u>139,295,121</u>	<u>143,937,772</u>
<b>Analysed as:</b>		
Listed outside Hong Kong <sup>(i)</sup>	<u>49,359,624</u>	45,958,639
Unlisted	<u>89,935,497</u>	<u>97,979,133</u>
	<u><b>139,295,121</b></u>	<u><b>143,937,772</b></u>

- (i) Securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

Movements of allowance for ECLs during the year are as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	<b>287,164</b>	295,924
Charge for the year <sup>(ii)</sup>	<b>176,058</b>	124,358
Reversal	<b>(104,497)</b>	(136,288)
Effect of foreign currency exchange differences	<u>572</u>	<u>3,170</u>
At the end of the year	<u><b>359,297</b></u>	<u>287,164</u>

- (ii) Charge for the year comprises the impairment losses from new and existing debt instruments at fair value through other comprehensive income, model/risk parameters adjustment, etc.

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2023	<u><b>166,302</b></u>	<u>–</u>	<u><b>192,995</b></u>	<u><b>359,297</b></u>
As at 31 December 2022	<u>137,350</u>	<u>19</u>	<u>149,795</u>	<u>287,164</u>

In the current year, the debt instruments at fair value through other comprehensive income were not transferred among stages.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – *continued*

Debt securities are analysed by external rating as follows:

	As at <b>31.12.2023</b> RMB ' 000	As at 31.12.2023 RMB ' 000
<b>External rating grade</b>		
AAA	<b>82,073,744</b>	89,790,092
AA+ ~ A-	<b>4,478,234</b>	3,921,214
BBB+ ~ B-	<b>85,533</b>	97,803
Unrated <sup>(iii)</sup>	<b>52,657,610</b>	50,128,663
Total	<b><u>139,295,121</u></b>	<u>143,937,772</u>

(iii) Unrated bonds are mainly local government bonds, policy financial bonds and government bonds.

Fair values of the Group's debt instruments at fair value through other comprehensive income ("FVTOCI") are determined in the manner described in note 71.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Equity securities	5,612,943	659,208
Others	84,008	68,575
	<u>5,696,951</u>	<u>727,783</u>
Analysed as:		
Listed in Hong Kong	385,975	–
Listed outside Hong Kong <sup>(i)</sup>	5,228,999	649,254
Unlisted	81,977	78,529
Total	<u>5,696,951</u>	<u>727,783</u>

(i) Securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the “Listed outside Hong Kong” category.

As at 31 December 2023, equity instruments at fair value through other comprehensive income (“FVTOCI”) include non-traded equity instruments held by the Group. As the equity instruments are not held for trading purpose, the Group has designated these investments as FVTOCI.

During 2023, due to the Group’s disposal of equity instruments measured at fair value through other comprehensive income, RMB4.49 million of other comprehensive income transferred into retained earnings (2022: nil).

During the year ended 31 December 2023, the dividend income from equity instruments at fair value through other comprehensive income held by the Group is disclosed in note 8.

Fair values of the Group’s equity instruments at FVTOCI are determined in the manner described in note 71.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. ADVANCES TO CUSTOMERS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current</b>		
Loans to margin clients	91,434,944	83,197,235
Restricted equity incentive financing	75,170	42,989
Less: Allowance for ECLs	402,216	417,233
Total	<u>91,107,898</u>	<u>82,822,991</u>

Movements of allowance for ECLs during the year are as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	417,233	609,658
Charge for the year <sup>(i)</sup>	59,922	39,833
Reversal	(78,624)	(251,137)
Amounts written off as uncollectible	–	(4,296)
Effect of foreign currency exchange differences	3,685	23,175
At the end of the year	<u>402,216</u>	<u>417,233</u>

- (i) Charge for the year comprises the impairment losses from new and existing advances to customers, model/risk parameters adjustment, etc.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. ADVANCES TO CUSTOMERS – *continued*

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2023	<u>129,191</u>	<u>3,510</u>	<u>269,515</u>	<u>402,216</u>
As at 31 December 2022	<u>123,417</u>	<u>11,464</u>	<u>282,352</u>	<u>417,233</u>

In the current year, advances to customers with gross carrying amount of RMB266.61 million was transferred from Stage 2 to Stage 1, and the corresponding impairment allowance was RMB11.46 million. Other transfers among stages were not significant.

The credit facility limits to margin clients and restricted equity incentive financing clients are determined by the discounted market value of the collateral securities accepted by the Group.

Loans to margin clients and restricted equity incentive financing clients which are secured by the underlying pledged securities and cash collateral as disclosed in note 48 are interest-bearing. The Group maintains a list of approved stocks at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call where the customers have to make up the difference.

Advances to customers as at 31 December 2023 were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral with an undiscounted market value of approximately RMB255,867.57 million (31 December 2022: RMB246,696.09 million).

As at 31 December 2023 and 2022, the overall advances to customers have been assessed for impairment using a forward-looking approach in accordance with the policies as set out in note 3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31. ACCOUNTS RECEIVABLE

Accounts receivable from/related to:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current</b>		
Commission and fee	1,485,432	1,748,046
Brokers	2,325,754	1,367,035
Cash clients	198,142	85,933
Clearing house	6,471	81,753
Deposits for OTC business	5,779,612	9,608,604
Others	1,539,201	985,021
Less: Allowance for ECLs	289,169	229,400
	<b>11,045,443</b>	<b>13,646,992</b>

The following is an ageing analysis of accounts receivable net of allowance for ECLs:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current</b>		
Within 1 year	10,830,266	13,031,504
Between 1 and 2 years	72,916	439,228
Between 2 and 3 years	17,667	104,784
More than 3 years	124,594	71,476
	<b>11,045,443</b>	<b>13,646,992</b>

Movements of allowance for ECLs during the year are as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	229,400	185,532
Charge for the year <sup>(i)</sup>	68,556	43,860
Reversal	(9,293)	(2,196)
Amounts written off as uncollectible	(127)	(49)
Effect of foreign currency exchange differences	633	2,253
At the end of the year	<b>289,169</b>	<b>229,400</b>

- (i) Charge for the year comprises the impairment losses from new and existing accounts receivable, model/risk parameters adjustment, etc.

The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management and most of them were impaired as at 31 December 2023 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
<b>Non-current</b>		
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	–	1,936
Less: Allowance for impairment	–	24
	<u>–</u>	<u>1,912</u>
<b>Current</b>		
Investment prepayments	320,350	890,405
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	41,604	43,026
Other receivables	1,108,960	775,151
Others	221,835	173,710
Less: Allowance for impairment	125,261	114,968
	<u>1,567,488</u>	<u>1,767,324</u>
Total	<u>1,567,488</u>	<u>1,769,236</u>

Movements of allowance for ECLs/allowance for impairment during the year are as follows:

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
At the beginning of the year	114,992	105,839
Charge for the year <sup>(i)</sup>	12,084	13,002
Reversal	(1,781)	(2,059)
Amounts written off as uncollectible	(40)	(1,811)
Effect of foreign currency exchange differences and others	6	21
At the end of the year	<u>125,261</u>	<u>114,992</u>

- (i) Charge for the year comprises the impairment losses from new and existing other accounts receivable, other receivables and prepayments, model/risk parameters adjustment, etc.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – *continued*

(ii) Minimum lease payments to be received and the corresponding present value are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Minimum lease payments RMB ' 000	Present value RMB ' 000	Minimum lease payments RMB ' 000	Present value RMB ' 000
Within 1 year (including 1 year)	41,637	41,604	43,834	43,026
Between 1 and 2 years (including 2 years)	–	–	2,100	1,936
Total	41,637	41,604	45,934	44,962
Less: Unrealised finance income	33	N/A	972	N/A
Balance of receivables arising from sale and leaseback arrangements	41,604	41,604	44,962	44,962
Less: Allowance for ECLs	40,728	40,728	39,492	39,492
Receivables arising from sale and leaseback arrangements, net	876	876	5,470	5,470

As at 31 December 2023, the effective interest rates ranged from 8% to 9% (31 December 2022: 6% to 9%) per annum.

Movements of ECLs during the year are as follows:

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
At the beginning of the year	39,492	38,977
Charge for the year <sup>(iii)</sup>	1,280	2,476
Reversal	(44)	(1,961)
At the end of the year	40,728	39,492

(iii) Charge for the year comprises the impairment losses from new and existing receivables arising from sale and leaseback arrangements, model/risk parameters adjustment, etc.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – *continued*

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB ' 000	Stage 2 RMB ' 000	Stage 3 RMB ' 000	Total RMB ' 000
As at 31 December 2023	–	–	<b>40,728</b>	<b>40,728</b>
As at 31 December 2022	44	–	39,448	39,492

In the current year, the receivables arising from sale and leaseback arrangements were not transferred between stages.

## 33. FINANCIAL LEASING RECEIVABLES

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
Analysed as:		
Current assets	<b>39,305</b>	244,053
	<b>39,305</b>	244,053

Minimum lease payments to be received and the corresponding present value are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Minimum lease payments RMB ' 000	Present value RMB ' 000	Minimum lease payments RMB ' 000	Present value RMB ' 000
Within 1 year (including 1 year)	<b>597,742</b>	<b>596,574</b>	829,718	825,005
Total	<b>597,742</b>	<b>596,574</b>	829,718	825,005
Less: Unrealised finance income	<b>1,168</b>	N/A	4,713	N/A
Balance of financial leasing receivables	<b>596,574</b>	<b>596,574</b>	825,005	825,005
Less: Allowance for ECLs	<b>557,269</b>	<b>557,269</b>	580,952	580,952
Financial leasing receivables, net	<b>39,305</b>	<b>39,305</b>	244,053	244,053

As at 31 December 2023, the effective interest rate ranged from 7% to 17%(31 December 2022: 6% to 17%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. FINANCIAL LEASING RECEIVABLES – continued

Movements of ECLs during the year are as follows:

	<b>As at 31.12.2023 RMB' 000</b>	As at 31.12.2022 RMB' 000
At the beginning of the year	<b>580,952</b>	559,082
Charge for the year <sup>(i)</sup>	<b>29,262</b>	32,615
Reversal	<b>(52,945)</b>	(10,745)
At the end of the year	<b><u>557,269</u></b>	<u>580,952</u>

- (i) Charge for the year comprises the impairment losses from new and existing financial leasing receivables, model/risk parameters adjustment, etc.

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2023	<u>–</u>	<u>–</u>	<u>557,269</u>	<u>557,269</u>
As at 31 December 2022	<u>208</u>	<u>–</u>	<u>580,744</u>	<u>580,952</u>

During the current year, the financial leasing receivables were not transferred between stages.

## 34. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

As at 31 December 2023, amounts due from joint ventures and associates are unsecured, repayable on demand, and non-interest-bearing. The Group expected that the amounts due from joint ventures and associates can be recovered within one year from the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	20,000	150,000
Less: Allowance for ECLs	153	719
	<u>19,847</u>	<u>149,281</u>
Analysed by market:		
Stock exchanges	<u>19,847</u>	<u>149,281</u>
<b>Current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	12,371,014	9,550,320
Bonds <sup>(ii)</sup>	7,906,700	9,851,122
Less: Allowance for ECLs	576,660	610,434
	<u>19,701,054</u>	<u>18,791,008</u>
Analysed by market:		
Stock exchanges	11,809,285	9,250,028
Interbank bond market	5,465,938	7,670,246
Over the counter	2,425,831	1,870,734
	<u>19,701,054</u>	<u>18,791,008</u>
Total	<u>19,720,901</u>	<u>18,940,289</u>

(i) The financial assets (pledged by stocks) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price. The fair value of the stock collateral amounted to RMB32,156.97 million as at 31 December 2023(31 December 2022: RMB31,508.92 million).

(ii) The financial assets (pledged by bonds) held under resale agreements are mainly for inter-bank pledged resale agreements and inter-bank outright resale agreements, and the fair value of collateral collected and underlying assets transferred to Group amounted to RMB11,148.02 million as at 31 December 2023 (31 December 2022: RMB11,961.69 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS – *continued*

Movements of allowance for ECLs during the year are as follows:

	<b>As at 31.12.2023 RMB' 000</b>	As at 31.12.2022 RMB' 000
At the beginning of the year	<b>611,153</b>	811,100
Charge for the year <sup>(iii)</sup>	<b>142,541</b>	92,663
Reversal	<b>(176,881)</b>	(292,610)
At the end of the year	<b>576,813</b>	611,153

(iii) Charge for the year comprises the impairment losses from new and existing financial assets held under resale agreements, model/risk parameters adjustment, etc.

Analysis of the stages of allowance for ECLs:

	<b>Stage 1 RMB' 000</b>	<b>Stage 2 RMB' 000</b>	<b>Stage 3 RMB' 000</b>	<b>Total RMB' 000</b>
As at 31 December 2023	<b>171,364</b>	–	<b>405,449</b>	<b>576,813</b>
As at 31 December 2022	175,996	–	435,157	611,153

In the current year, the financial assets held under resale agreements were not transferred among stages.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
<b>Non-current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Listed equity securities	–	36,677
Unlisted equity instruments	9,345,292	9,148,117
Mutual funds	168,606	154,533
Convertible preference shares	348,516	161,228
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	165,039	166,403
Other investments <sup>(iii)</sup>	38,597	157,566
	<b>10,066,050</b>	<b>9,824,524</b>
Analysed as:		
Listed outside Hong Kong <sup>(iv)</sup>	–	36,677
Unlisted <sup>(v)</sup>	10,066,050	9,787,847
	<b>10,066,050</b>	<b>9,824,524</b>
<b>Current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Debt securities	68,954,833	44,544,302
Listed equity securities	37,373,546	25,147,925
Unlisted equity instruments	8	275
Mutual funds	66,396,379	62,913,757
Convertible preference shares	70,836	–
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	2,407,375	1,921,278
Collective trusts	6,933	84,033
Wealth management products launched by banks <sup>(iii)</sup>	4,055,580	1,133,361
Other investments <sup>(iii)</sup>	26,736,871	12,217,613
	<b>206,002,361</b>	<b>147,962,544</b>
Analysed as:		
Listed in Hong Kong	2,642,033	2,362,366
Listed outside Hong Kong <sup>(iv)</sup>	65,501,070	43,911,843
Unlisted <sup>(v)</sup>	137,859,258	101,688,335
	<b>206,002,361</b>	<b>147,962,544</b>
Total	<b>216,068,411</b>	<b>157,787,068</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – *continued*

- (i) During the year, the Group classified the following financial assets at fair value through profit or loss: debt instruments that do not qualify for measurement at either amortised cost or FVTOCI; equity instruments that are held for trading, and equity instruments for which the Group has not elected to recognise fair value gains and losses through OCI.
- (ii) The Group has committed to hold some of its investments in asset management schemes managed by the Group for specified periods due to contractual or regulatory requirements, the amount of which was RMB15.24 million as at 31 December 2023 (31 December 2022: RMB2.00 million).
- (iii) These investments include asset management schemes and other products launched and managed by the Group and other financial institutions. The Group's interests in these asset management schemes managed by the Group are not individually significant.
- (iv) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.
- (v) Unlisted securities mainly comprise unlisted funds, debt securities traded on the Interbank Bond Market, unlisted equity instruments, convertible debt instruments, convertible preference shares and asset management schemes and other products launched by financial institutions.

As at 31 December 2023, the Group's equity securities included restricted shares of approximately RMB1,410.06 million (31 December 2022: RMB7,216.27 million). The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of them within the specified period.

As at 31 December 2023, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss ("FVTPL") (including equity securities and exchange traded funds) to clients, with a fair value amounted to RMB831.93 million (31 December 2022: RMB528.88 million) to clients. The Group continued to recognize these financial assets.

Fair value of the Group's financial assets at fair value through profit or loss is determined in the manner described in note 71.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31.12.2023			As at 31.12.2022		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
	amounts RMB' 000	RMB' 000	RMB' 000	amounts RMB' 000	RMB' 000	RMB' 000
<b>Interest rate derivatives</b>						
– Interest rate swaps <sup>(i)</sup>	845,454,270	12,625	15,457	924,228,219	231	10,506
– Standard bond forward <sup>(i)</sup>	–	–	–	278,911	–	–
– Interest rate options	1,000,000	–	9,990	–	–	–
– Treasury bond futures <sup>(i)</sup>	13,708,410	8,528	–	13,776,239	2,338	101,130
<b>Currency derivatives</b>						
– Currency swaps	85,397	2,206	–	428,313	896	2,660
– Currency forward	5,357,132	19,052	42,445	3,476,512	23,224	36,410
– Currency futures	1,610,042	1,725	324	756,396	10,381	–
<b>Equity derivatives</b>						
– Stock index futures <sup>(i)</sup>	30,144,347	82,050	2,753	28,599,589	60,704	53,815
– Exchange-traded options	20,606,691	149,240	484,916	7,528,401	60,530	89,167
– Over-the-counter equity derivatives transactions	135,436,561	3,810,493	3,822,956	81,789,638	2,068,733	1,530,915
<b>Credit derivatives</b>						
– Credit risk mitigation warrants	50,000	–	533	–	–	–
<b>Others</b>						
– Commodity futures <sup>(i)</sup>	10,791,364	259	22,972	9,321,130	571	109,391
– Others	44,744,605	947,903	298,580	26,335,914	414,866	164,287
<b>Total</b>	<b>1,108,988,819</b>	<b>5,034,081</b>	<b>4,700,926</b>	<b>1,096,519,262</b>	<b>2,642,474</b>	<b>2,098,281</b>

- (i) Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC futures contracts, standard bond forward contracts, and interest rate swaps contracts traded in the Shanghai Clearing House were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 31 December 2023 and 31 December 2022. Accordingly, the net position of the above contracts was nil at the year-end date. Balances as at year end were the unrealised profits and losses from contracts in Hong Kong or other overseas areas.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Shanghai Stock Exchange	882,737	648,015
Shenzhen Stock Exchange	387,399	386,543
Hong Kong Stock Exchange	21,199	39,316
Hong Kong Futures Exchange Limited	564,519	1,055,584
Shanghai Futures Exchange	1,868,670	2,356,189
Zhengzhou Commodity Exchange	1,141,409	882,758
Dalian Commodity Exchange	1,943,522	1,945,878
China Financial Futures Exchange	10,404,994	6,820,028
Intercontinental Exchange, Inc.	238,698	289,721
China Securities Finance Corporation Limited	460,963	2,385,783
Shanghai Clearing House	308,100	295,520
Guarantee fund paid to China Financial Futures Exchange	128,424	41,719
LME Clear Limited	336,157	582,474
Brokers	1,795,388	2,417,978
Shanghai International Energy Exchange Co., Ltd.	319,164	184,874
Others	451,458	9,912
Total	<u>21,252,801</u>	<u>20,342,292</u>

## 39. CLEARING SETTLEMENT FUNDS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Clearing settlement funds held with clearing houses for:		
House accounts	4,862,681	4,281,897
Clients	29,647,708	23,398,344
	<u>34,510,389</u>	<u>27,680,241</u>

These clearing settlement funds are held by the clearing houses for the Group and these balances bear interest at prevailing market interest rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. BANK BALANCES

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Bank balances:		
House accounts	23,976,538	21,569,629
Cash held on behalf of customers <sup>(i)</sup>	94,838,673	107,606,854
	<u>118,815,211</u>	<u>129,176,483</u>

Bank balances comprise term and demand deposits at banks which bear interest at the prevailing market rates.

As at 31 December 2023, the Group's bank balances with restricted rights of use is detailed in Note 43.

- (i) The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The Group had recognised the corresponding amount in accounts payable to brokerage clients (note 48).

## 41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Bank balances – house accounts	16,882,222	14,793,137
Clearing settlement funds – house accounts	4,859,139	4,278,915
	<u>21,741,361</u>	<u>19,072,052</u>

## 42. DEFERRED TAX

For presentation purposes, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Deferred tax assets	2,562,495	2,582,609
Deferred tax liabilities	(449,045)	(574,491)
	<u>2,113,450</u>	<u>2,008,118</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. DEFERRED TAX – continued

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Financial instruments at fair value through profit or loss/ derivatives RMB' 000	Financial instruments at fair value through other comprehensive income RMB' 000	Accrued staff cost RMB' 000	Allowance for impairment losses RMB' 000	Properties and equipment RMB' 000	Others RMB' 000	Total RMB' 000
At 1 January 2022	(295,592)	(324,588)	1,475,223	606,909	(15,198)	(69,286)	1,377,468
Charge/(credit) to profit or loss (Note 17)	355,306	(3,064)	104,578	(83,046)	984	(17,568)	357,190
Charge/(credit) to other comprehensive income	(177)	273,315	-	7	-	315	273,460
At 31 December 2022	<u>59,537</u>	<u>(54,337)</u>	<u>1,579,801</u>	<u>523,870</u>	<u>(14,214)</u>	<u>(86,539)</u>	<u>2,008,118</u>
Charge/(credit) to profit or loss (Note 17)	<b>146,316</b>	<b>16,624</b>	<b>(65,348)</b>	<b>5,141</b>	<b>984</b>	<b>157,130</b>	<b>260,847</b>
Charge/(credit) to other comprehensive income	<b>(477)</b>	<b>(155,315)</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>275</b>	<b>(155,515)</b>
At 31 December 2023	<u><b>205,376</b></u>	<u><b>(193,028)</b></u>	<u><b>1,514,453</b></u>	<u><b>529,013</b></u>	<u><b>(13,230)</b></u>	<u><b>70,866</b></u>	<u><b>2,113,450</b></u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

As at 31 December 2023, the Group has unused tax losses of approximately RMB2,211.27 million (31 December 2022: RMB1,570.38 million) available for offset against future profits. No deferred tax asset has been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. Most of these tax losses may be carried forward indefinitely.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43. RESTRICTED ASSET RIGHTS

	As at 31.12.2023 RMB' 000	Reason of restrictions
Bank balances	6,016,801	Risk reserves
Financial assets at fair value through profit or loss	45,980,965	Pledged for repurchase, margin financing and securities lending, bond lending, due to banks and other financial institutions and compensation of deposits for futures business
Equity instruments at fair value through other comprehensive income	469,525	Deposits for refinancing business
Debt instruments at fair value through other comprehensive income	113,166,899	Pledged for repurchase, refinancing, bond lending, due to banks and other financial institutions and compensation of deposits for futures business
Debt instruments at amortized cost	89,339	Pledged for repurchase and due to banks and other financial institutions business
Total	<u>165,723,529</u>	

## 44. BORROWINGS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Secured short-term loans <sup>(i)</sup>	629,628	422,238
Unsecured short-term loans <sup>(ii)</sup>	6,208,421	4,069,544
Total	<u>6,838,049</u>	<u>4,491,782</u>

(i) GF Securities (Hong Kong) Brokerage Limited pledges its margin financing clients' securities to banks in order to get credit facilities which allow it to get revolving loans from the banks. As at 31 December 2023, the total market value of securities pledged amounted to RMB1,945.64 million (31 December 2022: RMB2,853.19 million) and the credit facilities utilised amounted to RMB628.99 million (31 December 2022: RMB422.20 million) which bear interest rates ranging from 1.43% to 6.99% (31 December 2022: 1.70% to 4.85%) per annum.

(ii) As at 31 December 2023, the Group's unsecured short-term bank loans bear interest rate ranging from 6.00% to 7.17% (31 December 2022: 3.98% to 6.30%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45. SHORT-TERM FINANCING PAYABLES

	As at <b>31.12.2023</b> RMB' 000	As at 31.12.2022 RMB' 000
Short-term financing bills (Note 1)	<b>10,138,526</b>	29,718,507
Corporate bonds (Note 2)	<b>18,203,447</b>	–
Structured notes (Note 3)	<b>17,021,315</b>	7,589,850
Total	<b>45,363,288</b>	37,308,357

Note 1: Short-term financing bills

The details of short-term financing bills as at 31 December 2023 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
23GFCP004	3,000,000	2023/03/09	2024/03/08	2.81%
23GFCP006	3,000,000	2023/07/21	2024/02/21	2.20%
23GFCP007	4,000,000	2023/07/26	2024/07/26	2.32%

Note 2: Corporate bonds

The details of corporate bonds as at 31 December 2023 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
23GFD1	3,000,000	2023/01/12	2024/01/12	2.79%
23GFD2	5,000,000	2023/04/10	2024/04/10	2.70%
23GFD4	3,000,000	2023/11/10	2024/08/06	2.64%
23GFD5	3,000,000	2023/11/10	2024/11/08	2.68%
23GFD6	4,000,000	2023/11/24	2024/08/20	2.65%

Note 3: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interest. As at 31 December 2023, the undue structured notes bear interest at fixed rates ranging from 2.05% to 6.80% per annum (31 December 2022: 1.75% to 6.80%) or variable rate linked to a certain subjects. The structured notes with a variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the consolidated financial statements after being bifurcated from their respective host contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 46. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Designated at fair value through profit or loss:		
Structured notes	<u>502,393</u>	<u>666,066</u>
Analysed as:		
Unlisted	<u>502,393</u>	<u>666,066</u>
<b>Current</b>		
At fair value through profit or loss:		
Bonds	233,749	781,610
Stocks	176,412	–
Designated at fair value through profit or loss:		
Structured notes	<u>15,358,616</u>	<u>8,931,817</u>
	<u>15,768,777</u>	<u>9,713,427</u>
Analysed as:		
Unlisted	<u>15,768,777</u>	<u>9,713,427</u>
Total	<u>16,271,170</u>	<u>10,379,493</u>

As at 31 December 2023, the fair value of the Group's financial liabilities designated at fair value through profit or loss had no significant change related to the changes in the credit risk of the Group.

Fair values of the Group's financial liabilities at fair value through profit or loss are determined in the manner described in note 71.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 47. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at <b>31.12.2023</b> RMB' 000	As at 31.12.2022 RMB' 000
Due to banks and other financial institutions	<b><u>22,653,003</u></b>	<u>19,071,426</u>

As at 31 December 2023, the effective interest rates on amounts due to banks ranged from 2.02% to 3.20% (31 December 2022: 2.07% to 3.25%) per annum. Included in the balance was an amount of RMB4,271.49 million (31 December 2022: RMB1,682.87 million) which was secured by the Group's securities amounting to RMB2,409.30 million as at 31 December 2023 (31 December 2022: RMB2,695.29 million).

## 48. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the excessive amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

The directors of the Company are of the opinion that the ageing analysis does not give additional value in view of the nature of these businesses. As a result, no ageing analysis is disclosed.

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group respectively, and are bear interest at the prevailing market interest rate.

As at 31 December 2023, accounts payable to brokerage clients of approximately RMB7,961.35 million (31 December 2022: RMB9,848.88 million) were related to cash collateral received from clients for margin financing and securities lending arrangements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 49. ACCRUED STAFF COSTS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Other long-term benefits	<u>5,211,211</u>	<u>5,532,077</u>
<b>Current</b>		
Salaries, bonuses and allowances	<b>4,001,154</b>	4,391,053
Short-term social welfares	<b>170</b>	373
Defined contribution plans <sup>(i)</sup>	<b>166,494</b>	121,294
Others	<u>117,274</u>	<u>102,271</u>
	<b>4,285,092</b>	4,614,991
Total	<u><b>9,496,303</b></u>	<u>10,147,068</u>

- (i) The defined contribution plans refer to the social pension insurance plan and the unemployment insurance plan required by the government, and the annuity schemes launched by the Group. The Group participates in the social pension insurance plan and unemployment insurance plan pursuant to pertinent regulations and contributes to the funds set up by the Government on a monthly basis. Besides, the Group sets up the annuity schemes and Mandatory Provident Fund Scheme for qualified employees in Chinese Mainland and Hong Kong and contributes to the schemes which are managed by third parties on an annual basis or on a monthly basis. Except for the amounts contributed, the Group will assume no further payment obligations. The amounts accrued have been paid in subsequent periods.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 50. OTHER ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Deposits of financial leasing business	–	1,750
<b>Current</b>		
Business margin payable to clients	<b>33,420,817</b>	19,821,668
Payables for open-ended fund clearing and other clearing	<b>3,313,291</b>	1,197,240
Notes payable	<b>2,395,312</b>	1,165,009
Commission payable and related accrued expenses for the sale of funds	<b>856,369</b>	804,269
Interest payables for the perpetual subordinated bonds	<b>444,900</b>	–
Accrued expenses	<b>433,683</b>	341,627
Other taxes	<b>296,763</b>	319,525
Futures risk reserve	<b>216,868</b>	194,954
Payable for property and equipment purchases	<b>139,767</b>	248,204
Fund risk reserve	<b>126,261</b>	113,980
Interest payable	<b>64,616</b>	53,549
Payables for securities investor protection fund and futures investor protection fund	<b>26,610</b>	31,548
Block trade deposits	–	100,000
Others <sup>(i)</sup>	<b>1,517,053</b>	1,730,338
	<b>43,252,310</b>	26,121,911
Total	<b>43,252,310</b>	26,123,661

- (i) Others represent primarily other accounts payable and accrued operating expenses which are non-interest-bearing and are repayable within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 51. PROVISIONS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	439,511	405,872
Addition	19,162	35,836
Reduction	11,823	2,197
At the end of the year (Note)	<u>446,850</u>	<u>439,511</u>

Note: As at 31 December 2023, the Group recognised a provision of USD58.27 million (31 December 2022: USD58.27 million), approximately RMB412.79 million, in connection with a potential litigation that may arise relating to the matters of GTEC Pandion Multi-Strategy Fund SP as mentioned in the 2019 annual report.

## 52. OTHER LIABILITIES

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Third-party interests in consolidated structured entities	<u>737,920</u>	1,145,044
<b>Current</b>		
Third-party interests in consolidated structured entities	<u>599,972</u>	460,607
Total	<u>1,337,892</u>	<u>1,605,651</u>

Third-party interests in consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are reflected as liabilities since there is a contractual obligation for the Group to repurchase or redeem the unit for cash.

The realisation of third-party interests in consolidated structured entities cannot be predicted with accuracy since these interests represent the interests of third-party unit holders in consolidated structured entities held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 53. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current</b>		
Analysed by collateral type:		
Bonds <sup>(i)</sup>	135,812,969	116,084,589
Gold <sup>(ii)</sup>	11,285,719	7,571,602
Others	6,650,114	1,401,635
	<u>153,748,802</u>	<u>125,057,826</u>
Analysed by market:		
Stock exchanges	38,725,129	31,481,473
Interbank bond market	97,950,736	82,983,467
Shanghai gold exchange	11,285,719	7,622,833
Over the counter	5,787,218	2,970,053
	<u>153,748,802</u>	<u>125,057,826</u>
Total	<u>153,748,802</u>	<u>125,057,826</u>

- (i) As at 31 December 2023, included in the balance was an amount of RMB31,915.32 million (31 December 2022: RMB28,702.97 million) which was secured by bonds borrowed from the interbank bond market, which were not recognised in the consolidated financial statements as it is the banks rather than the Group that are subject to all the risks and returns of the bonds, and the fair value of such bonds was RMB34,949.21 million (31 December 2022: RMB30,990.97 million).
- (ii) As at 31 December 2023, the fair value of gold transferred, which was from leasing and is not recognised in the consolidated financial statements, was RMB11,893.83 million (31 December 2022: RMB7,881.41 million).

Repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities, and the carrying amount of assets transferred is disclosed in note 63.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 54. BONDS PAYABLE

	As at <b>31.12.2023</b> RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current</b>		
Corporate bonds (Note 1)	<b>49,863,816</b>	59,840,363
Subordinated bonds (Note 1)	<b>9,495,315</b>	8,494,330
Structured notes (Note 2)	<b>4,348,677</b>	10,575,515
	<b><u>63,707,808</u></b>	<u>78,910,208</u>
<b>Current</b>		
Corporate bonds (Note 1)	<b>31,998,483</b>	33,252,013
Subordinated bonds (Note 1)	<b>120,310</b>	2,165,687
Structured notes (Note 2)	<b>7,753,894</b>	1,559,121
	<b><u>39,872,687</u></b>	<u>36,976,821</u>
Total	<b><u>103,580,495</u></b>	<u>115,887,029</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 54. BONDS PAYABLE – continued

Note 1: Details of the bonds as of 31 December 2023 are as follows:

Name	Issue amount ' 000	Value date	Maturity date	Coupon rate
<b>Corporate bonds</b>				
21GF03	4,495,500	2021/06/08	2024/06/08	3.40%
21GF04	999,000	2021/06/08	2026/06/08	3.68%
21GF05	2,997,000	2021/07/23	2024/07/23	3.13%
21GF06	4,495,500	2021/07/23	2026/07/23	3.45%
21GF07	1,498,500	2021/07/23	2031/07/23	3.77%
21GF10	2,997,000	2021/09/16	2024/09/16	3.10%
21GF11	1,998,000	2021/09/16	2026/09/16	3.50%
21GF12	1,998,000	2021/09/16	2031/09/16	3.90%
21GF13	2,997,000	2021/10/15	2024/10/15	3.30%
21GF17	4,795,200	2021/10/29	2024/10/29	3.30%
21GF19	3,996,000	2021/11/17	2024/11/17	3.15%
21GF20	3,496,500	2021/11/17	2026/11/17	3.50%
21GF21	999,000	2021/11/17	2031/11/17	3.85%
22GF01	3,396,600	2022/07/15	2025/07/15	2.85%
22GF02	1,998,000	2022/07/15	2027/07/15	3.24%
22GF03	599,400	2022/07/15	2032/07/15	3.70%
22GF04	2,497,500	2022/08/04	2025/08/04	2.59%
22GF05	2,997,000	2022/08/04	2027/08/04	3.03%
22GF06	1,498,500	2022/08/04	2032/08/04	3.59%
22GF07	799,200	2022/08/16	2025/08/16	2.68%
22GF08	2,497,500	2022/08/16	2027/08/16	3.12%
22GF09	1,198,800	2022/08/16	2032/08/16	3.60%
22GF10	999,000	2022/08/29	2025/08/29	2.60%
22GF11	999,000	2022/09/19	2025/09/19	2.55%
22GF12	499,500	2022/09/19	2027/09/19	2.95%
23GF01	3,800,000	2023/02/16	2025/02/16	3.20%
23GF02	500,000	2023/03/13	2025/03/13	3.23%
23GF03	2,000,000	2023/03/13	2026/03/13	3.30%
23GF04	3,493,000	2023/04/24	2026/04/24	3.06%
23GF05	998,000	2023/04/24	2028/04/24	3.21%
23GF06	1,497,000	2023/07/17	2026/07/17	2.75%
23GF07	2,000,000	2023/09/08	2024/09/12	2.49%
23GF08	1,700,000	2023/10/16	2024/11/06	2.60%
23GF09	2,095,800	2023/10/24	2026/10/24	3.00%
23GF10	2,900,000	2023/12/08	2024/12/24	2.88%
GF HOLD B2409	USD 298,441	2021/09/15	2024/09/15	1.125%
<b>Subordinated bonds</b>				
20GFC2	2,500,000	2020/03/03	2025/03/03	3.80%
22GFC1	2,997,000	2022/10/17	2025/10/17	2.85%
22GFC2	499,500	2022/10/17	2027/10/17	3.20%
22GFC3	1,998,000	2022/11/14	2025/11/14	2.86%
22GFC4	499,500	2022/11/14	2027/11/14	3.20%
23GFC1	999,000	2023/08/25	2026/08/25	2.95%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 54. BONDS PAYABLE – *continued*

Note 2: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interest. As at 31 December 2023, the undue structured notes bear interest at fixed rates ranging from 2.38% to 3.40% per annum (31 December 2022: 2.38% to 3.80%) or variable rate linked to a certain subjects. The structured notes with a variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the consolidated financial statements after being bifurcated from their respective host contracts.

## 55. LONG-TERM LOANS

	<b>As at 31.12.2023 RMB' 000</b>	As at 31.12.2022 RMB' 000
<b>Current</b>		
Unsecured long-term loans	–	23,642
Secured long-term loans	–	41,028
	<u>–</u>	<u>64,670</u>
<b>Total</b>	<u>–</u>	<u>64,670</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 56. SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at 31.12.2023	As at 31.12.2022
Number of registered, issued and fully paid ordinary shares of RMB1 each (in thousands):		
Domestic shares	5,919,291	5,919,291
H shares	1,701,797	1,701,797
	<u>7,621,088</u>	<u>7,621,088</u>
Share capital (in RMB' 000)		
Domestic shares	5,919,291	5,919,291
H shares	1,701,797	1,701,797
Total	<u>7,621,088</u>	<u>7,621,088</u>

## 57. OTHER EQUITY INSTRUMENTS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Perpetual subordinated bonds	<u>22,478,500</u>	<u>10,990,000</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 57. OTHER EQUITY INSTRUMENTS – *continued*

The details of perpetual subordinated bonds as at 31 December 2023 are as follows:

Issue date	Name	Issue amount RMB' 000	Coupon rate
2021/09	21 GF Y1	1,000,000	3.95%
2022/06	22 GF Y1	2,700,000	3.75%
2022/07	22 GF Y2	5,000,000	3.53%
2022/08	22 GF Y3	2,300,000	3.48%
2023/03	23 GF Y1	500,000	4.20%
2023/04	23 GF Y2	3,000,000	4.10%
2023/05	23 GF Y3	5,000,000	3.78%
2023/06	23 GF Y4	3,000,000	3.73%

As approved by the CSRC, the Company issued eight batches of perpetual subordinated bonds. The Company has options to redeem the bonds at principal amounts plus any accrued interest (all deferred interest payments and accreted interest thereon included) on the fifth interest payment date or any interest payment date afterwards. The coupon rates for the perpetual subordinated bonds are fixed in the first 5 years. If the Company does not use the right of redemption, the coupon rates will be repriced every 5 years from the 6th year. The coupon rates will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on the China Bond website 5 working days before the interest repricing date.

The issuer has the right to defer interest payments, unless “mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interest thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital 12 months before the interest payment date. When the mandatory interest payment events occur, the Company cannot defer the current interest as well as any previously deferred interest and accreted interest thereon.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the consolidated statement of financial position of the Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 58. TREASURY SHARES

	As at 31.12.2022	Increase	Decrease	As at 31.12.2023
	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000
Treasury shares	<u>233,609</u>	<u>–</u>	<u>–</u>	<u>233,609</u>

On 30 March 2022, the 23rd meeting of the 10th session of the Board of Directors of the Company approved the Resolution on the Company's Proposed Repurchase of A Shares by Way of Centralised Price Bidding. Up to 31 December 2023, a total of 15,242,153 of A shares had been repurchased from the Shenzhen Stock Exchange by centralised price bidding for the restricted share incentive scheme. The total repurchasing cost was RMB233.61 million (transaction expenses included).

## 59. INVESTMENT REVALUATION RESERVE

The movements of the investment revaluation reserve of the Group are set out below:

	As at 31.12.2023	As at 31.12.2022
	RMB ' 000	RMB ' 000
At the beginning of the year	<b>329,599</b>	1,153,511
Equity instruments at fair value through other comprehensive income		
Net fair value changes during the year	<b>(39,093)</b>	(145,965)
Income tax impact	<b>9,243</b>	38,372
Debt instruments at fair value through other comprehensive income		
Net fair value changes during the year	<b>805,241</b>	(384,256)
Reclassification to profit or loss	<b>(176,193)</b>	(554,903)
Changes in allowance for expected credit losses	<b>71,561</b>	(11,930)
Income tax impact	<b>(164,564)</b>	234,943
Share of fair value losses on financial assets of associates and joint ventures	<b>(47)</b>	(173)
Others	<b>4,488</b>	–
At the end of the year	<u><b>840,235</b></u>	<u>329,599</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 60. GENERAL RESERVES

General reserves comprise the statutory reserve, discretionary reserve, reserve for general risk and transaction risk reserve.

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalisation. If the statutory reserve is capitalised into share capital, the remaining reserve is required to be no less than 25% of the Company's registered capital before capitalisation.

The Company may also make appropriations from its net profit to the discretionary reserve provided the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit before distribution, determined in accordance with PRC GAAP, to the reserve for general risk; and in accordance with *Interim Measures for the Supervision and Administration of Risk Reserve of the Public Offering of Securities Investment Fund*, the Company, as a custodian of securities investment fund, is required to appropriate no less than 2.5% of fund custodian revenue as reserve for general risk.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit before distribution, determined in accordance with PRC GAAP, to the transaction risk reserve.

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to the statutory reserve, the reserve for general risk and the transaction risk reserve.

The movements of general reserves of the Group are set out below:

### As at 31 December 2023

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	8,563,350	698,484	9,261,834
Discretionary reserve	169,428	–	169,428
Reserve for general risk	12,339,396	1,178,548	13,517,944
Transaction risk reserve	9,408,670	709,036	10,117,706
	<b>30,480,844</b>	<b>2,586,068</b>	<b>33,066,912</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 60. GENERAL RESERVES – continued

As at 31 December 2022

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	7,778,538	784,812	8,563,350
Discretionary reserve	169,428	–	169,428
Reserve for general risk	10,973,338	1,366,058	12,339,396
Transaction risk reserve	8,598,786	809,884	9,408,670
	<u>27,520,090</u>	<u>2,960,754</u>	<u>30,480,844</u>

## 61. RETAINED PROFITS

The movements of retained profits of the Group are set out below:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	39,266,193	38,140,088
Profit for the year	6,977,800	7,929,282
Appropriation to general reserve	(2,586,068)	(2,960,754)
Ordinary shares' dividends recognised as distribution	(2,662,046)	(3,802,923)
Distribution to other equity instrument holders	(842,190)	(39,500)
Others	(4,488)	–
At the end of the year	<u>40,149,201</u>	<u>39,266,193</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 62. DIVIDENDS

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Ordinary shares' dividends recognised as distribution <sup>(i)</sup>	2,662,046	3,802,923
Distribution to other equity instrument holders <sup>(ii)</sup>	842,190	39,500
Total	<u>3,504,236</u>	<u>3,842,423</u>

- (i) Pursuant to the resolution the shareholders' meeting held on 28 June 2023, the Company distributed cash dividends of RMB3.5 for every 10 shares (tax included) based on 7.61 billion shares held amounting to RMB2.66 billion in total for the year ended 31 December 2022.
- (ii) The dividend distributions by the Company triggered the mandatory interest payments event for perpetual subordinated bonds. The Company recognised dividends to other equity instrument holders of RMB842.19 million during the period ended 31 December 2023.

## 63. TRANSFER OF FINANCIAL ASSETS

### Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells securities (collectively as “the transferred assets”) and simultaneously agrees to repurchase them (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of the transferred assets. The transferred assets are not derecognised from the financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of the transferred assets.

The proceeds from selling the transferred assets are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights of the cash flows of the transferred assets, it does not have the ability to use the transferred assets during the term of the arrangements.

The following tables provide a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

	As at December 2023			As at December 2022		
	Carrying amount of transferred assets RMB' 000	Carrying amount of associated liabilities RMB' 000	Net position RMB' 000	Carrying amount of transferred assets RMB' 000	Carrying amount of associated liabilities RMB' 000	Net position RMB' 000
Repurchase agreements	<u>120,209,495</u>	<u>107,407,113</u>	<u>12,802,382</u>	<u>95,724,721</u>	<u>88,732,020</u>	<u>6,992,701</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 63. TRANSFER OF FINANCIAL ASSETS – *continued*

### Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss with a carrying amount totalling RMB831.93 million as at 31 December 2023 (31 December 2022: RMB528.88 million), which are secured by client's securities and deposits held as collateral. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates and the maximum covered period is 182 days. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised these securities in the consolidated financial statements.

### Securities borrowing

As at 31 December 2023 and 2022, the type and fair values of securities borrowed through the inter-bank securities market trading platform and the Shanghai Stock Exchange fixed income trading platform are as follows:

<b>Type of securities</b>	<b>As at 31.12.2023 RMB' 000</b>	<b>As at 31.12.2022 RMB' 000</b>
Government bonds	<b>23,290,971</b>	18,738,124
Financial bond	<b>11,778,591</b>	10,900,429
Local government bonds	–	2,405,163
	<b><u>35,069,562</u></b>	<b><u>32,043,716</u></b>

As at 31 December 2023 and 2022, the above securities were due to return before 23 April 2024 and 6 March 2023, respectively.

## 64. CAPITAL COMMITMENTS

	<b>As at 31.12.2023 RMB' 000</b>	<b>As at 31.12.2022 RMB' 000</b>
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided for	<b><u>182,007</u></b>	<u>110,614</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year is as follows:

**For the year ended 31 December 2023**

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>A) EXECUTIVE DIRECTORS</b>					
Lin Chuanhui	–	2,322	50	1,470	3,842
Ge Changwei <sup>(ii)</sup>	–	2,191	33	1,560	3,784
Sun Xiaoyan	–	2,306	50	1,290	3,646
Qin Li	–	2,134	50	1,288	3,472
Subtotal	–	8,953	183	5,608	14,744

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>B) NON-EXECUTIVE DIRECTORS:</b>					
Li Xiulin	180	–	–	–	180
Shang Shuzhi	180	–	–	–	180
Guo Jingyi	–	–	–	–	–
Subtotal	360	–	–	–	360

The non-executive directors' emoluments shown above were for their services as directors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – continued

For the year ended 31 December 2023 – continued

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>C) INDEPENDENT NON-EXECUTIVE DIRECTORS:</b>					
Fan Lifu	270	–	–	–	270
Hu Bin	270	–	–	–	270
Leung Shek Ling Olivia	270	–	–	–	270
Li Wenjing	270	–	–	–	270
Subtotal	<u>1,080</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,080</u>

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Name	Supervisors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>D) SUPERVISORS:</b>					
Zhou Xitai <sup>(iii)</sup>	–	2,195	34	1,491	3,720
Lai Jianhuang	150	–	–	–	150
Xie Shisong	150	–	–	–	150
Lu Xin	150	–	–	–	150
Yi Xinyu <sup>(iv)</sup>	–	928	28	1,332	2,288
Subtotal	<u>450</u>	<u>3,123</u>	<u>62</u>	<u>2,823</u>	<u>6,458</u>

The supervisors' emoluments shown above were for their services as supervisors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – continued

### For the year ended 31 December 2022

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>A) EXECUTIVE DIRECTORS</b>					
Lin Chuanhui	–	2,308	86	1,460	3,854
Ge Changwei <sup>(ii)</sup>	–	1,792	57	1,810	3,659
Sun Xiaoyan	–	2,364	86	1,210	3,660
Qin Li	–	2,236	86	1,160	3,482
Subtotal	–	8,700	315	5,640	14,655

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>B) NON-EXECUTIVE DIRECTORS:</b>					
Li Xiulin	180	–	–	–	180
Shang Shuzhi	180	–	–	–	180
Guo Jingyi	–	–	–	–	–
Subtotal	360	–	–	–	360

The non-executive directors' emoluments shown above were for their services as directors of the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – *continued*

**For the year ended 31 December 2022 – continued**

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>C) INDEPENDENT NON-EXECUTIVE DIRECTORS:</b>					
Fan Lifu	270	–	–	–	270
Hu Bin	270	–	–	–	270
Leung Shek Ling Olivia	270	–	–	–	270
Li Wenjing	270	–	–	–	270
Subtotal	<u>1,080</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,080</u>

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Name	Supervisors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total <sup>(i)</sup> RMB' 000
<b>D) SUPERVISORS:</b>					
Zhou Xitai <sup>(iii)</sup>	–	2,068	58	1,111	3,237
Lai Jianhuang	150	–	–	–	150
Xie Shisong	150	–	–	–	150
Lu Xin	150	–	–	–	150
Yi Xinyu <sup>(iv)</sup>	–	298	–	–	298
Cheng Huaiyuan <sup>(v)</sup>	–	882	75	2,220	3,177
Zhang Shaohua <sup>(vi)</sup>	–	148	–	–	148
Subtotal	<u>450</u>	<u>3,396</u>	<u>133</u>	<u>3,331</u>	<u>7,310</u>

The supervisors' emoluments shown above were for their services as supervisors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

During the year ended 31 December 2023, no directors or supervisors of the Company waived any emoluments and during the year ended 31 December 2022, no directors or supervisors of the Company waived any emoluments.

During the years ended 31 December 2023 and 31 December 2022, no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

- (i) The Company did not have any share option scheme during the years ended 31 December 2023 and 31 December 2022.
- (ii) Ge Changwei was appointed as an executive director in February 2022.
- (iii) Zhou Xitai was appointed as a supervisor in January 2022.
- (iv) Yi Xinyu was appointed as a supervisor in August 2022.
- (v) Cheng Huaiyuan resigned as a supervisor in August 2022.
- (vi) Zhang Shaohua resigned as a supervisor in January 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 66. FIVE HIGHEST PAID EMPLOYEES

No directors or supervisors (2022: No directors or supervisors) are included in the five highest paid employees during the year and the details of directors' and supervisors' remuneration are set out in note 65 above. Details of the remuneration for the year of the five (2022: five) highest paid employees are as follows:

	<b>2023</b>	2022
	<b>RMB '000</b>	RMB '000
Basic salaries and allowances	<b>8,756</b>	8,281
Bonuses	<b>39,980</b>	41,021
Employer's contribution to pension schemes	<b>207</b>	385
	<b><u>48,943</u></b>	<u>49,687</u>

Bonuses are discretionary and determined with reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2023 and 31 December 2022.

During the year, the remuneration of the five (2022: five) highest paid employees are all below HKD25.00 million, of which five are between HKD10.00 million to HKD15.00 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS

### (1) Shareholders holding more than 5% of the Company's shares and their subsidiaries

#### *Holding interest in shareholders and their subsidiaries*

	As at 31.12.2023		As at 31.12.2022	
	Number of shares/bonds ' 000	Carrying amount RMB ' 000	Number of shares/bonds ' 000	Carrying amount RMB ' 000
<b>Financial assets at FVTPL – stocks</b>				
遼寧成大生物股份有限公司				
– Liaoning Cheng Da Biotechnology Co., Ltd.* (Note)	3,932	127,819	3,996	121,549
遼寧成大股份有限公司				
– Liaoning Cheng Da Co., Ltd.*	61	722	396	4,979
中山公用事業集團股份有限公司				
– Zhongshan Public Utilities Group Co., Ltd.*	50	363	33	229
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	16	249	343	5,142
	<u>16</u>	<u>249</u>	<u>343</u>	<u>5,142</u>
<b>Financial assets at FVTPL – bonds</b>				
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	899	98,148	899	105,356
	<u>899</u>	<u>98,148</u>	<u>899</u>	<u>105,356</u>
<b>Financial assets at FVTOCI – stocks</b>				
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	43,312	655,751	43,312	649,254
	<u>43,312</u>	<u>655,751</u>	<u>43,312</u>	<u>649,254</u>

Note: Liaoning Cheng Da Biotechnology Co., Ltd. is a subsidiary of Liaoning Cheng Da Co., Ltd..

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

- (1) Shareholders holding more than 5% of the Company's shares and their subsidiaries – *continued*

### *Cash dividends arising from equity interests in shareholders and their subsidiaries*

	2023 RMB' 000	2022 RMB' 000
吉林敖東藥業集團股份有限公司		
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	12,994	13,028
遼寧成大生物股份有限公司		
– Liaoning Cheng Da Biotechnology Co., Ltd.*	3,996	3,996
遼寧成大股份有限公司		
– Liaoning Cheng Da Co., Ltd.*	14	1
中山公用事業集團股份有限公司		
– Zhongshan Public Utilities Group Co., Ltd.	10	1
	<u>10</u>	<u>1</u>

\* English names are translated for identification purposes only.

### *Transaction with shareholders and their subsidiaries*

	2023 RMB' 000	2022 RMB' 000
Commission and fee income	<u>1,396</u>	<u>4,616</u>
Other income	<u>730</u>	<u>355</u>
Interest on structured notes	<u>377</u>	<u>–</u>
Operating expenses	<u>366</u>	<u>–</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – continued

### (1) Shareholders holding more than 5% of the Company's shares and their subsidiaries – continued

#### Balances with shareholders and their subsidiaries

	2023 RMB' 000	2022 RMB' 000
Receivables and prepayments	–	262
Other payables	129	129
Short-term financing payables	90,377	–

### (2) Other related parties

#### Transactions with associates/joint ventures

	2023 RMB' 000	2022 RMB' 000
<b>Commission and fee income</b>		
易方達基金管理有限公司及其子公司		
– E Fund Management Co., Ltd. And its subsidiaries	86,158	100,755
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industry Investment Fund Partnership L.P.*	25,100	29,915
珠海格金廣發信德三期科技創業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Phase III Technology Venture Capital Fund L.P.*	17,415	8,502
廣發信德嵐湖二期(蘇州)健康產業創業投資合夥企業(有限合夥)		
– GF Xinde Lanhu Phase II (Suzhou) Health Industry Venture Capital Partnership L.P.*	13,467	5,830
廣發信德中恒匯金(龍巖)股權投資合夥企業(有限合夥)		
– GF Xinde Zhongheng Huijin (Longyan) Equity Investment Partnership L.P.*	12,475	7,293
廣州廣發信德健康創業投資基金合夥企業(有限合夥)		
– Guangzhou GF Xinde Health Venture Capital Fund Partnership L.P.*	9,434	9,434
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	9,318	9,434

\* English names are translated for identification purposes only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

#### *Transactions with associates/joint ventures – continued*

	2023 RMB ' 000	2022 RMB ' 000
<b>Commission and fee income – continued</b>		
中山廣發信德致遠科技創業投資合夥企業(有限合夥) – Zhongshan GF Xinde Zhiyuan Technology Venture Capital Partnership L.P. *	<b>8,114</b>	8,491
廣州南沙區信德厚威創業投資基金合夥企業(有限合夥) – Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	<b>8,050</b>	8,050
中山中匯廣發信德股權投資基金(有限合夥) – Zhongshan Zhonghui GF Xinde Equity Investment Fund L.P.*	<b>6,821</b>	7,075
廣發信德(蘇州)健康產業創業投資合夥企業(有限合夥) – Guangfa Xinde (Suzhou) Health Industry Venture Capital Partnership L.P. *	<b>6,608</b>	7,201
中山公用廣發信德新能源產業投資基金(有限合夥) – Zhongshan Public Guangfa Xinde New Energy Industry Investment Fund L.P.*	<b>6,439</b>	2,772
廣發信德皖能(含山)股權投資基金合夥企業(有限合夥) – GF Xinde Wanneng (Hanshan) Equity Investment Fund Partnership L.P.*	<b>6,391</b>	–
珠海廣發信德瑞騰創業投資基金合夥企業(有限合夥) – Zhuhai GF Xinde Ruiteng Venture Capital Fund Partnership L.P.*	<b>5,660</b>	5,660
廣州廣發信德二期創業投資合夥企業(有限合夥) – Guangzhou GF Xinde Phase II Venture Capital Partnership L.P. *	<b>5,162</b>	5,660
廣發信德(漳州薌城區)數字產業投資發展合夥企業(有限合夥) – GF Xinde (Zhangzhou Xiangcheng District) Digital Industry Investment Development Partnership L.P.*	<b>4,717</b>	414

\* English names are translated for identification purposes only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Transactions with associates/joint ventures – continued*

	2023 RMB' 000	2022 RMB' 000
<b>Commission and fee income – <i>continued</i></b>		
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	3,675	11,625
廣州信德創業營股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Venture Camp Equity Investment Partnership L.P.*	3,571	5,716
珠海廣發信德智能創新升級股權投資基金(有限合夥)		
– Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	3,158	3,184
珠海廣發信德中鼎創業投資基金(有限合夥)		
– Zhuhai GF Xinde Zhongding Venture Capital Fund L.P.*	2,868	2,579
珠海廣發信德科技文化產業股權投資基金(有限合夥)		
– Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	2,867	7,561
安徽省新一代信創產業基金合夥企業(有限合夥)		
– Anhui New Generation Information and Innovation Industry Fund Partnership Enterprise L.P.*	2,518	–
潮州市廣發信德創業投資基金合夥企業(有限合夥)		
– Chaozhou GF Xinde Venture Capital Fund Partnership L.P.*	2,264	2,264
廣州南鑫珠海港股權投資合夥企業(有限合夥)		
– Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	2,256	2,488
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Fund L.P. *	2,217	2,931
珠海廣發信德新州一號創業投資基金(有限合夥)		
– Zhuhai GF Xinde Xinzhou No.1 Venture Capital Fund L.P.*	1,871	1,871
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業(有限合夥)		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	1,555	1,564
珠海廣發信德厚疆創業投資基金(有限合夥)		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	1,229	1,229

\* English names are translated for identification purposes only.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

#### *Transactions with associates/joint ventures – continued*

	2023 RMB ' 000	2022 RMB ' 000
<b>Commission and fee income – continued</b>		
珠海廣發信德賽德創業投資合夥企業(有限合夥) – Zhuhai GF Xinde Saide Venture Capital Partnership Enterprise L.P.*	1,173	–
宿遷智能製造產業投資基金(有限合夥) – Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	923	433
廣州廣發信德戰新創業投資合夥企業(有限合夥) – Guangzhou GF Xinde Zhan New Entrepreneurship Investment Partnership Enterprise L.P.*	872	–
廣州廣發信德厚倫創業投資基金合夥企業(有限合夥) – Guangzhou GF Xinde Houlun Venture Capital Fund Partnership L.P.*	825	825
高投信德(廣東)創新創業投資基金合夥企業(有限合夥) – Gaotou Xinde (Guangdong) Innovation Venture Capital Fund Partnership L.P.*	755	755
珠海廣發信德厚合股權投資合夥企業(有限合夥) – Zhuhai GF Xinde Houhe Equity Investment Partnership L.P.*	708	700
佛山市廣發信德粵盈新產業股權投資合夥企業(有限合夥) – Foshan GF Xinde Yueying New Industry Equity Investment Partnership Enterprise L.P.*	656	–
珠海盈米基金銷售有限公司 – Zhuhai Yingmi Fund Selling Co., Ltd.*	529	491
廣發信德(開平)創業投資基金合夥企業(有限合夥) – GF Xinde (Kaiping) Venture Capital Fund Partnership Enterprise L.P.*	496	–
中山公用廣發信德基礎設施投資基金(有限合夥) – Zhongshan Public Guangfa Xinde Infrastructure Investment Fund L.P.*	177	–

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Transactions with associates/joint ventures – continued*

	2023 RMB' 000	2022 RMB' 000
<b>Commission and fee income – <i>continued</i></b>		
珠海廣發信德厚澤創業投資合夥企業(有限合夥) – Zhuhai GF Xinde Houze Venture Capital Partnership Enterprise L.P.*	165	–
珠海廣發信德康延創業投資基金(有限合夥) – Zhuhai Guangfa Xinde Kangyan Venture Capital Fund L.P.*	153	16
廣州南沙區信德厚湃創業投資基金合夥企業(有限合夥) – Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	27	27
廣東新動能股權投資合夥企業(有限合夥) – Guangdong New Kinetic Energy Equity Investment Partnership L.P.*	–	2,108
<b>Interest income</b>		
– GHS Investment Management (Cayman) Company Limited	493	446
<b>Other operating expenses</b>		
珠海盈米基金銷售有限公司 – Zhuhai Yingmi Fund Selling Co., Ltd.*	20,433	18,015

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Balances with associates/joint ventures*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Commission receivable from exchange trading units, distributing financial products and custodian fee</b>		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	<b>19,150</b>	29,439
<b>Receivables for asset and fund management fee income</b>		
廣州信德創業營股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Venture Camp Equity Investment Partnership L.P.*	<b>25,844</b>	22,060
廣發信德中恒匯金(龍岩)股權投資合夥企業(有限合夥)		
– GF Xinde Zhongheng Huijin (Longyan) Equity Investment Partnership Enterprise L.P.*	<b>12,555</b>	–
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	<b>9,877</b>	7,534
廣發信德(蘇州)健康產業創業投資合夥企業(有限合夥)		
– Guangfa Xinde (Suzhou) Health Industry Venture Capital Partnership L.P.*	<b>7,005</b>	3,095
珠海廣發信德智能創新升級股權投資基金(有限合夥)		
– Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	<b>6,723</b>	11,750
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Fund L.P.*	<b>5,458</b>	10,857
廣發信德皖能(含山)股權投資基金合夥企業(有限合夥)		
– GF Xinde Wanneng (Hanshan) Equity Investment Fund Partnership Enterprise L.P.*	<b>5,293</b>	–
廣州南沙區信德厚威創業投資基金合夥企業(有限合夥)		
– Guangzhou Nansha District Xinde Houwei Venture Capital Fund Partnership Enterprise L.P.*	<b>4,302</b>	–
安徽省新一代信創產業基金合夥企業(有限合夥)		
– Anhui New Generation Information and Innovation Industry Fund Partnership Enterprise L.P.*	<b>2,670</b>	–

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Balances with associates/joint ventures – continued*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Receivables for asset and fund management fee income – <i>continued</i></b>		
珠海廣發信德厚合股權投資合夥企業(有限合夥) – Zhuhai Guangfa Xinde Houhe Equity Investment Partnership L.P.*	2,051	1,301
廣州廣發信德一期互聯網改造傳統產業投資企業(有限合夥) – Guangzhou GF Xinde Internet Reforming Traditional Industry Investment Partnership L.P. No.1*	1,668	1,668
宿遷智能製造產業投資基金(有限合夥) – Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	493	–
珠海廣發信德厚澤創業投資合夥企業(有限合夥) – Zhuhai Guangfa Xinde Houze Venture Capital Partnership Enterprise L.P.*	175	–
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業(有限合夥) – Hangzhou GF Xinde Ping Pong Honghu Equity Investment Fund Partnership Enterprise L.P.*	118	–
廣州南沙區信德厚湃創業投資基金合夥企業(有限合夥) – Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	60	31
中山公用廣發信德基設施投資基金(有限合夥) – Zhongshan Public Guangfa Xinde Infrastructure Investment Fund L.P.*	9	–
珠海廣發信德科技文化產業股權投資基金(有限合夥) – Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	–	23,073

\* English names are translated for identification purposes only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Balances with associates/joint ventures – continued*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Receivables for asset and fund management fee income – <i>continued</i></b>		
廣州信德厚峽股權投資合夥企業(有限合夥) – Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	–	5,871
廣州廣發信德一期健康產業投資企業(有限合夥) – Guangzhou GF Xinde Healthcare industrial investment Partnership L.P. No.1*	–	3,806
廣州南鑫珠海港股權投資合夥企業(有限合夥) – Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	–	2,638
珠海廣發信德環保產業投資基金合夥企業(有限合夥) – Zhuhai GF Xinde Environment Protection Industry Investment Fund Partnership L.P.*	–	968
廣發信德(漳州薌城區)數字產業投資發展合夥企業(有限合夥) – Guangfa Xinde (Zhangzhou Xiangcheng District) Digital Industry Investment Development Partnership L.P.*	–	438
珠海格金廣發信德三期科技創業投資基金(有限合夥) – Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund L.P. *	–	218
珠海廣發信德康延創業投資基金(有限合夥) – Zhuhai Guangfa Xinde Kangyan Venture Capital Fund L.P.*	–	17
	<u>–</u>	<u>17</u>

\* English names are translated for identification purposes only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (2) Other related parties – *continued*

#### *Balances with associates/joint ventures – continued*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Amounts due from joint ventures and associates – other receivables</b>		
– GHS Investment Management (Cayman) Company Limited	12,376	11,680
– Global Health Science Fund II, L.P.	11,684	–
– Horizon Partners Fund L.P.	–	46
	<u>          </u>	<u>          </u>
<b>Amounts due to joint ventures and associates-advance from customers and other payables</b>		
珠海廣發信德厚疆創業投資基金(有限合夥)		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	5,588	6,891
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	4,627	5,421
珠海廣發信德賽德創業投資合夥企業(有限合夥)		
– Zhuhai Guangfa Xinde Saide Venture Capital Partnership Enterprise L.P.*	1,944	–
高投信德(廣東)創新創業投資基金合夥企業(有限合夥)		
– Gaotou Xinde (Guangdong) Innovation Venture Capital Fund Partnership L.P.*	291	1,092
– Horizon Partners Fund L.P.	–	2,310
廣發信德中恒匯金(龍岩)股權投資合夥企業(有限合夥)		
– GF Xinde Zhongheng Huijin (Longyan) Equity Investment Partnership L.P.*	–	668
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	–	257
	<u>          </u>	<u>          </u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 67. RELATED PARTY TRANSACTIONS – *continued*

### (3) Key management personnel

During the year, the remuneration paid for key management personnel is RMB46.78 million, among which, salaries, allowance and bonuses is RMB46.22 million, employer's contribution to pension schemes and annuity schemes is RMB0.56 million.

## 68. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	As at 31 December 2023			
	Financial assets at amortised cost RMB' 000	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss RMB' 000
		Debt investments	Equity investments	
		RMB' 000	RMB' 000	
Bank balances	118,815,211	–	–	–
Clearing settlement funds	34,510,389	–	–	–
Advances to customers	91,107,898	–	–	–
Financial assets at fair value through profit or loss	–	–	–	216,068,411
Derivative financial assets	–	–	–	5,034,081
Financial assets held under resale agreements	19,720,901	–	–	–
Accounts receivable	11,045,443	–	–	–
Deposits with exchanges and non-bank financial institutions	21,252,801	–	–	–
Debt instruments at amortised cost	129,711	–	–	–
Debt instruments at fair value through other comprehensive income	–	139,295,121	–	–
Equity instruments at fair value through other comprehensive income	–	–	5,696,951	–
Financial leasing receivables	39,305	–	–	–
Other financial assets	643,526	–	–	–
<b>Total</b>	<b>297,265,185</b>	<b>139,295,121</b>	<b>5,696,951</b>	<b>221,102,492</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 68. FINANCIAL INSTRUMENTS – *continued*

### Categories of financial instruments – *continued*

Financial liabilities	As at 31 December 2023		
	Financial liabilities at amortised cost RMB' 000	Financial liabilities at fair value through profit or loss	
		Classified at	Designated at
		fair value through profit or loss RMB' 000	fair value through profit or loss RMB' 000
Borrowings	6,838,049	–	–
Short-term financing payables	45,363,288	–	–
Due to banks and other financial institutions	22,653,003	–	–
Financial liabilities at fair value through profit or loss	–	410,161	15,861,009
Derivative financial liabilities	–	4,700,926	–
Financial assets sold under repurchase agreements	153,748,802	–	–
Accounts payable to brokerage clients	132,010,529	–	–
Accounts payable to underwriting clients	–	–	–
Other liabilities	–	1,337,892	–
Long-term loans	–	–	–
Bonds payable	103,580,495	–	–
Lease liabilities	970,183	–	–
Other financial liabilities	42,534,312	–	–
<b>Total</b>	<b>507,698,661</b>	<b>6,448,979</b>	<b>15,861,009</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 68. FINANCIAL INSTRUMENTS – continued

### Categories of financial instruments – continued

	As at 31 December 2022			
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss
	RMB' 000	Debt investments RMB' 000	Equity investments RMB' 000	RMB' 000
Bank balances	129,176,483	-	-	-
Clearing settlement funds	27,680,241	-	-	-
Advances to customers	82,822,991	-	-	-
Financial assets at fair value through profit or loss	-	-	-	157,787,068
Derivative financial assets	-	-	-	2,642,474
Financial assets held under resale agreements	18,940,289	-	-	-
Accounts receivable	13,646,992	-	-	-
Deposits with exchanges and non-bank financial institutions	20,342,292	-	-	-
Debt instruments at amortised cost	354,135	-	-	-
Debt instruments at fair value through other comprehensive income	-	143,937,772	-	-
Equity instruments at fair value through other comprehensive income	-	-	727,783	-
Financial leasing receivables	244,053	-	-	-
Other financial assets	1,477,524	-	-	-
<b>Total</b>	<b>294,685,000</b>	<b>143,937,772</b>	<b>727,783</b>	<b>160,429,542</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 68. FINANCIAL INSTRUMENTS – *continued*

### Categories of financial instruments – *continued*

Financial liabilities	As at 31 December 2022		
	Financial liabilities at amortised cost RMB ' 000	Financial liabilities at fair value through profit or loss	
		Classified at fair value through profit or loss RMB ' 000	Designated at fair value through profit or loss RMB ' 000
Borrowings	4,491,782	–	–
Short-term financing payables	37,308,357	–	–
Due to banks and other financial institutions	19,071,426	–	–
Financial liabilities at fair value through profit or loss	–	781,610	9,597,883
Derivative financial liabilities	–	2,098,281	–
Financial assets sold under repurchase agreements	125,057,826	–	–
Accounts payable to brokerage clients	137,585,256	–	–
Accounts payable to underwriting clients	149,300	–	–
Other liabilities	–	1,605,651	–
Long-term loans	64,670	–	–
Bonds payable	115,887,029	–	–
Lease liabilities	788,716	–	–
Other financial liabilities	25,479,148	–	–
<b>Total</b>	<b>465,883,510</b>	<b>4,485,542</b>	<b>9,597,883</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realise the balances simultaneously.

Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customers on the same settlement date are settled on a net basis.

Under the continuous net settlement, money obligations receivable and payable with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement date are settled on a net basis.

### Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	As at 31 December 2023					
	Gross amounts of financial assets	Gross amounts of financial liabilities	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
Type of financial assets	RMB' 000	RMB' 000	RMB' 000	Financial instruments	Collateral received	RMB' 000
Advances to customers	1,354,633	(115,289)	1,239,344	-	-	1,239,344
Accounts receivable from clearing houses, brokers and cash clients	2,821,263	(225,002)	2,596,261	-	-	2,596,261
Deposits with exchanges and non-bank financial institutions	16,870,799	(15,629,008)	1,241,791	(184,074)	(6,796)	1,050,921
<b>Total</b>	<b>21,046,695</b>	<b>(15,969,299)</b>	<b>5,077,396</b>	<b>(184,074)</b>	<b>(6,796)</b>	<b>4,886,526</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – *continued*

### Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – *continued*

Type of financial liabilities	As at 31 December 2023					
	Gross amounts of financial liabilities recognised	Gross amounts of financial liabilities set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	RMB' 000	RMB' 000	RMB' 000	Financial instruments	Collateral received	RMB' 000
Accounts payable to brokerage clients	20,147,707	(15,744,297)	4,403,410	(190,870)	–	4,212,540
Payables for open-ended fund clearing and other clearing	789,697	(225,002)	564,695	–	–	564,695
<b>Total</b>	<b>20,937,404</b>	<b>(15,969,299)</b>	<b>4,968,105</b>	<b>(190,870)</b>	<b>–</b>	<b>4,777,235</b>

Type of financial assets	As at 31 December 2022					
	Gross amounts of financial assets recognised	Gross amounts of financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	RMB' 000	RMB' 000	RMB' 000	Financial instruments	Collateral received	RMB' 000
Advances to customers	2,200,292	(1,286,523)	913,769	–	–	913,769
Accounts receivable from clearing houses, brokers and cash clients	1,838,129	(303,317)	1,534,812	–	–	1,534,812
Deposits with exchanges and non-bank financial institutions	41,179,128	(39,720,277)	1,458,851	(14,950)	(78,200)	1,365,701
<b>Total</b>	<b>45,217,549</b>	<b>(41,310,117)</b>	<b>3,907,432</b>	<b>(14,950)</b>	<b>(78,200)</b>	<b>3,814,282</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – continued

### Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – continued

	As at 31 December 2022					
	Gross amounts of financial assets set off in the consolidated statement of financial liabilities position	Gross amounts of financial liabilities presented in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
Type of financial liabilities	RMB ' 000	RMB ' 000	RMB ' 000	Financial instruments	Collateral received	RMB ' 000
Accounts payable to brokerage clients	46,043,962	(41,006,799)	5,037,163	(93,150)	–	4,944,013
Payables for open-ended fund clearing and other clearing	384,247	(303,317)	80,930	–	–	80,930
<b>Total</b>	<b>46,428,209</b>	<b>(41,310,116)</b>	<b>5,118,093</b>	<b>(93,150)</b>	<b>–</b>	<b>5,024,943</b>

The tables below reconcile the “Net amount of financial assets and financial liabilities presented in the consolidated statement of financial position” as set out above, to the line items presented in the consolidated statement of financial position:

#### Advances to customers

	As at 31.12.2023 RMB ' 000	As at 31.12.2022 RMB ' 000
Net amount of advances to customers as stated above	1,239,344	913,769
Amount not in the scope of offsetting disclosures	89,868,554	81,909,222
<b>Total amount of advances to customers as stated in note 30</b>	<b>91,107,898</b>	<b>82,822,991</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – *continued*

### Accounts receivable

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Net amount of accounts receivable as stated above	2,596,261	1,534,812
Amount not in the scope of offsetting disclosures	<u>8,449,182</u>	<u>12,112,180</u>
Total amount of accounts receivable as stated in note 31	<u><u>11,045,443</u></u>	<u><u>13,646,992</u></u>

### Deposits with exchanges and non-bank financial institutions

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Net amount of deposits with exchanges and non-bank financial institutions as stated above	1,241,791	1,458,851
Amount not in the scope of offsetting disclosures	<u>20,011,010</u>	<u>18,883,441</u>
Total amount of deposits with exchanges and non-bank financial institutions as stated in note 38	<u><u>21,252,801</u></u>	<u><u>20,342,292</u></u>

### Accounts payable to brokerage clients

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Net amount of accounts payable to brokerage clients as stated above	4,403,410	5,037,163
Amount not in the scope of offsetting disclosures	<u>127,607,119</u>	<u>132,548,093</u>
Total amount of accounts payable to brokerage clients as stated in note 48	<u><u>132,010,529</u></u>	<u><u>137,585,256</u></u>

### Other accounts payable, other payables and accruals

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Net amount of payables for open-ended fund clearing and other clearing as stated above	564,695	80,930
Amount not in the scope of offsetting disclosures	<u>2,748,596</u>	<u>1,116,310</u>
Total amount of payables for open-ended fund clearing and other clearing as stated in note 50	<u><u>3,313,291</u></u>	<u><u>1,197,240</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT

### 70.1 Risk management policies and organisation structure

#### (1) *Risk management policies*

The objective of risk management of the Group is to strike for an appropriate balance between risks and revenue and to minimise the negative effect of the risks on the Group's operating results to the lowest level, so as to ensure that the risks borne by the Company match well with the regulatory standards, development strategies, capital capability and its risk tolerance and to maximise yields for shareholders and other equity investors. In pursuit of such objective of risk management, the basic strategies of the Group are to identify and analyse the risks with which the Group is facing, to implement risk management within the range of risk tolerance and risk limit setting and to identify, assess, measure, monitor, report and address the risks comprehensively and accurately on a timely basis. The Group has adhered to the Three Ideas about Risk Management which are "to manage risks cautiously"; "the three departments cooperate with each other and each focuses on specific aspects"; and "be people-oriented", and follow the Five Basic Principles which are "comprehensive management; objectiveness and fairness; checks and balance; separate and well-defined duties and power; openness and transparency".

The risks to which the Group is exposed to in daily operating activities mainly include market risk, credit risk and liquidity risk. The Group has established policies and procedures accordingly to identify and analyse the risks. The Group has set up appropriate risk indicators, risk limits, risk criteria and internal control process. The Group also manages risks with an information system on a continuous monitoring basis.

#### (2) *Structure of the risk-management organisation*

The Group adopts a four-level risk management organisation structure system, namely "board of directors and its subordinated risk management committee, management executives and relevant professional committees, various control and supporting departments, and business departments". First-line risk management organisations or staff have been set up in all major business departments of the Company. Organisations and staff of all levels perform their authorised risk management duties with clear segregation of duties and emphasis on mutual collaboration. The business department, risk management department, compliance and legal affairs department and internal auditing department cooperate with each other and each focuses on specific aspects, and they perform risk assessment before the projects are implemented, on-going control, investigation and evaluation after completion. They also continuously monitor and manage various risks faced by the Group at various levels and in a comprehensive manner, and contribute to the sustainable development of the business of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.1 Risk management policies and organisation structure – *continued*

#### (2) *Structure of the risk-management organisation – continued*

The risk management department is primarily responsible for conducting independent evaluation and monitoring of market risk, credit risk and liquidity risk of the Group and establishing the operational risk management system and coordinating with other departments to manage operational risk, money laundering risk, model risk and reputation risk; assessing, monitoring, reporting on and advising on the management of the Company's venture capital; handling daily routine of the Risk Control Committee of the Company as a standing body of the Risk Management Committee. The compliance and legal department is the Group's function department for compliance and legal risk management, primarily responsible for formulating the Group's management policies in respect of compliance and legal risk, conducting independent evaluation and monitoring of compliance and legal risks, organising and carrying out money laundering risk management, prevention and control in accordance with the Company's anti-money laundering management policy, coordinating with other departments to manage operational risk and performing compliance inspection and management on operational administration activities and code of conduct of the employees of the Group. The auditing department is the third defensive line of risk control. It is responsible for the checking, supervision, evaluation, and relative internal auditing consultation of internal control, risk management, governance procedures, and operating management performance.

### 70.2 Credit risk

Credit risk is the probability that the market value of debts may change due to the fact that the issuer or counterparty fails to perform the obligations specified in the contract or due to the change in credit rating and performance capability, thereby causing loss to the Group. The credit risk the Group is exposed to mainly relates to the following assets: 1) fixed income financial assets; 2) financing businesses such as advances to customers, financial leasing receivables and financial assets held under resale agreements (mainly refer to securities transactions with repurchase agreements and stock-pledged repos); 3) over-the-counter derivative financial assets.

Fixed income financial assets include bank balances, clearing settlement funds, deposits with exchanges and non-bank financial institutions, accounts receivable and bonds. Credit risk mainly includes the risk caused by its counterparties and securities issuer's default risk. The maximum credit risk exposure equals to the carrying amounts of these instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

In terms of the financing business, the credit risk exposure of margin financing and securities lending, securities transactions with repurchase agreements and stock-pledged repos is derived from the default risk of counterparties due to their failure to repay the principal and interest of debts when due. As at 31 December 2023, the average ratios of guarantee maintained for all the clients who have liabilities in margin financing and securities lending of the Group was 247.73% (31 December 2022: 262.72%), the average coverage ratios of contract performance for clients of security transactions with repurchase agreements was 244.67% (31 December 2022: 211.13%), the average coverage ratios of contract performance for clients of the stock-pledged repos business (the fund lender was the securities company) was 237.11% (31 December 2022: 298.42%). The collaterals provided are sufficient and the credit risk of the financing business is managed at an acceptable level.

The credit risk of over-the-counter derivative transactions is mainly the counterparty default risk in conducting over-the-counter derivative transactions such as forward, swaps and options.

The credit risk of the bond investments is mainly mitigated by means of credit rating management, transaction limits, position limits, exposure limits on issuers, etc.

The credit risk of the financing business of the Group is mainly managed through the following measures: 1) the establishment of a strict business due diligence requirements, credit facility management, the development of business admission criteria, the review on the creditworthiness and business qualification of counterparties prior to the conduction of business, and the preliminary identification and assessment of business credit risks; 2) the establishment of layered approval process, guarantees and other elements of transactions, and the adoption of tailored risk mitigating measures; 3) the continuous post-transaction tracking and management on counterparties, guarantees and the actual performance of transaction agreements, the collection of transaction-related information on a regular basis and assessment of risks, risk inspections and stress testings conducted on a regular or irregular basis, as well as timely actions adopted upon the occurrence of risk events.

In terms of managing counterparty credit risks of over-the-counter derivative transactions, the Group applies the following measures: 1) strengthening due diligence of counterparties, improving the mechanism for regular return visits and specifying the admission criteria for various types of business counterparties through internal credit rating management; 2) controlling the counterparty credit risk exposure through credit limit, single transaction size, total business scale and identical client management; 3) mitigating counterparty risk through collateral, guarantees, netting agreements, etc., for over-the-counter derivative transactions not using Central Counterparty (CCP) settlement; and 4) timely monitoring changes in counterparty credit exposure based on market changes and stress testing results and preventing the excess or further deterioration of counterparty credit risk exposure through mark-to-market monitoring, margin calls, margin closeout and loss recovery measures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

During the report period, the Group's impairment assessment was based on an expected credit loss model. The Group applies the simplified approach to measure ECLs on accounts receivable and contract assets that do not contain a significant financing component according to accounting policies and the general approach to measure ECLs on other financial assets such as bank balances, clearing settlement funds, advances to customers, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, debt instruments at fair value through other comprehensive income, debt instruments at amortised cost and financial leasing receivables, etc. Under the simplified approach, the Group measures the loss allowance at an amount equal to the lifetime ECL. Under the general approach, the Group measures the allowance of financial assets in the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL — not credit-impaired and Stage 3: Lifetime ECL — credit-impaired.

The Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment when determining whether the risk of default has increased significantly since initial recognition.

#### ***Criteria for judging significant increases in credit risk***

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of the reporting period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of the reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly refer to the case where debtor's defaulting days have been over certain days by the end of the reporting period; and the case where mark-to-market ratios are unable to meet certain criteria.
- Qualitative criteria mainly refer to a significant adverse change in debtor's operation or financial status or their collateral, or debtor being listed on the watch-list.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

#### *Criteria for judging significant increases in credit risk – continued*

For securities financing business, the Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- The ratio of guarantee maintained is lower than 130% for 5 consecutive trading days (inclusive);
- The debtor's principal or interest is overdue for more than 5 trading days;
- The ratio of guarantee maintained lower than 100%.

For debt securities investments, the Group uses internal rating method to estimate the PD and the changes of ratings is the main criteria for assessing significant increase in credit risks. Those debt securities investments which the latest internal ratings of the issuer underwent two notches of downward migration or more, compared with those ratings as at the acquisition date, or the rating of the issuers or the debt securities is downgraded by the rating institution in Chinese mainland, and the downgraded level is below A+(inclusive), or below AA- and the outlook is negative, will be considered to be with significant increase in credit risks and are classified under Stage 2. The aforesaid downgrade usually indicates that there has been a significant change in the issuer's main financial indicators, or that the rights of the issuer's major assets have been restricted, such as mortgage, pledge, judicial seizure or freezing, and have a material adverse impact on the issuer's performance ability.

#### *Definition of credit-impaired financial asset*

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When a financial instrument meets one or more of the following criteria as follows, it will be defined as credit-impaired and classified under Stage 3:

- Significant financial difficulty of the issuer of debt securities or the debtor;
- The issuers of debt securities are in breach of contract, such as defaults on interest or becoming overdue on interest or principal payments;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

#### *Definition of credit-impaired financial asset – continued*

- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The Group considers a financial instrument to be credit-impaired and classified under Stage 3 when one or more of the following quantitative or qualitative criteria have been met:

- The securities financing asset is past due for 22 trading days or more;
- The ratio of guarantee maintained falls below 100% for ten consecutive trading days (inclusive);
- The internal rate of securities financing assets falls below D;
- Other circumstances in which the Group considers that credit impairment has occurred.

#### *Parameters of ECL measurement*

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include the probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral, and repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

#### *Parameters of ECL measurement – continued*

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating Model of Guangfa Securities Co., Ltd., taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment.
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. LGD is the percentage of the loss of EAD when default occurs, calculated based on the next 12 months or throughout the entire remaining lifetime.
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

#### *Forward-looking information*

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types, mainly the China Coincident Index.

The Group preliminarily forecasts key economic indicators under optimistic, neutral and pessimistic scenarios through statistical analysis. Considering the forecasts of domestic and foreign financial institutions for the future economic situation, the Group applies experts' judgement in this process and determines the impact of these economic indicators on the PD and the LGD. The impact of these economic indicators on the PD and the LGD varies for different business. The Group evaluates and forecasts these economic indicators at least annually, and represents its best estimate for the future and regularly monitors the results of the evaluation.

During the reporting period, the Group adjusted the forecasts of forward-looking economic indicators based on statistical analysis and expert judgement, also considering the range of possible outcomes represented by each scenario, and determined the final macroeconomic scenarios and weights.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.2 Credit risk – *continued*

Taking no account of collateral or other credit enhancements, the maximum credit exposure is the carrying amount of financial assets, which is net of impairment allowance. The maximum credit risk exposure of the Group is as follows:

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Advances to customers	<b>91,107,898</b>	82,822,991
Accounts receivable	<b>11,045,443</b>	13,646,992
Other accounts receivable and other receivables	<b>516,015</b>	1,341,034
Financial leasing receivables	<b>39,305</b>	244,053
Amounts due from joint ventures and associates	<b>127,511</b>	136,490
Financial assets held under resale agreements	<b>19,720,901</b>	18,940,289
Financial assets at fair value through profit or loss <sup>(i)</sup>	<b>127,695,487</b>	100,525,132
Including: Monetary funds	<b>45,185,278</b>	47,119,390
Including: Securities lent to customers	<b>831,931</b>	528,884
Debt instruments at fair value through other comprehensive income	<b>139,295,121</b>	143,937,772
Debt instruments at amortised cost	<b>129,711</b>	354,135
Derivative financial assets <sup>(ii)</sup>	<b>15,006,695</b>	4,123,666
Deposits with exchanges and non-bank financial institutions	<b>21,252,801</b>	20,342,292
Clearing settlement funds	<b>34,510,389</b>	27,680,241
Bank balances	<b>118,815,211</b>	129,176,483
	<b><u>579,262,488</u></b>	<b><u>543,271,570</u></b>

(i) Financial assets at fair value through profit or loss contain only debt securities, monetary funds, bond fund, debt financing products and securities lent to customers. Securities lent to customers are mainly equity securities, and are therefore listed above separately to show the credit risk exposure.

(ii) Maximum exposure for credit derivatives in extreme cases excluding collaterals and other credit enhancements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 70.2 Credit risk – continued

Overall, the Group monitors and manages credit risk at all times, and takes every possible measure to mitigate and control credit risk exposure to an acceptable level.

Analysis of the stages of significant credit risk exposure of the Group is as follows:

	As at 31 December 2023			
	Stage 1 RMB ' 000	Stage 2 RMB ' 000	Stage 3 RMB ' 000	Total RMB ' 000
Advances to customers	91,050,636	56,633	629	91,107,898
Financial assets held under resale agreements	19,684,755	–	36,146	19,720,901
Debt instruments at amortised cost	94,402	–	35,309	129,711
Debt instruments at fair value through other comprehensive income	139,208,870	–	86,251	139,295,121
Lease receivables	–	–	40,180	40,180

	As at 31 December 2022			
	Stage 1 RMB ' 000	Stage 2 RMB ' 000	Stage 3 RMB ' 000	Total RMB ' 000
Advances to customers	82,439,227	255,303	128,461	82,822,991
Financial assets held under resale agreements	18,906,850	–	33,439	18,940,289
Debt instruments at amortised cost	227,524	–	126,611	354,135
Debt instruments at fair value through other comprehensive income	143,821,628	13,954	102,190	143,937,772
Lease receivables	91,348	–	158,175	249,523

### 70.3 Market risks

Market risks faced by the Group refer to the risk that causes loss of the Company's each business as a result of unfavourable changes in market prices, including equity securities price risk, interest rate risk, exchange rate risk and commodity price risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.3 Market risks – *continued*

In order to manage market risks effectively, the Group determines the policy for the maximum market exposure the Group is willing to assume, based on the risk preference, capital position and risk tolerance. Taking business development plan, business scale and other factors into account, the Group disaggregates risk limits into different investment units through risk limits authorisation management system and each investment unit operates business within the range of risk limits authorisation. When concretely operating the business, the Group comprehensively manage market risks faced by various types of business by means of admission management, size control, concentration, Value at Risk (VaR), sensitivity analysis, stress testing, risk assessment and monitoring of profit and loss. The front desk serves as the first line management directly responsible for market risks, which dynamically manages the market risks resulted from the portion of positions held and actively takes actions to reduce risk exposure or performs risk hedging when the risk exposure is high.

The Risk Management Department is independent of business departments when performing market risk management duty and it sustainably optimises the Group's market risk framework, comprehensively evaluates and dynamically monitors the market risk exposure and changes of the Group and business departments and continuously communicate risk information directly with teams of business departments to discuss risk status and extreme loss scenarios. Meanwhile, market risk conditions and their changes of the Company as a whole and each business department are reported in a timely manner to the Company's management through regular risk reporting.

The Risk Management Department uses a series of quantitative methods to estimate possible losses resulted from market risks, including VaR, sensitivity analysis, stress testing and ES. The Group's VaR is measured using the historical simulation method with a confidence level of 95%. Meanwhile, the Group disaggregates combined VaR based on types of market risk factors in order to have a command of the contribution made by various risk factors to combined market risk. The Group is clearly aware that VaR involves certain limitations because it is a risk indicator. Possible losses in extreme case, such as significant adverse changes on market price and severe risk events, are estimated by means of stress testing or ES, etc.

#### ***Interest rate risk***

Interest rate risk is the risk of fluctuation in the Group's financial position and cash flows arising from movements in interest rates. The Group's interest-bearing assets mainly include bank balances, clearing settlement funds, deposits with exchanges and non-bank financial institutions and fixed-income investments. Interest-bearing financial liabilities mainly include borrowings, short-term financing payables, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients and bonds payable. Fixed-income investments of the Group mainly include government bonds, financial bond, interbank negotiable certificates of deposit, medium-term notes, high-quality short-term papers, corporate bonds, asset backed securities, treasury bond futures, interest rate swaps and standard bond forward. In order to manage interest rate risks, the Group uses VaR, stress test and sensitivity indicators (duration, convexity and DV01, etc) to measure and monitor the interest rate risk on a daily basis.

The tables below summarise the Group's interest-bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.3 Market risks – *continued*

#### *Interest rate risk – continued*

	As at 31 December 2023						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
<b>Financial assets</b>							
Advances to customers	11,172,706	24,175,741	54,544,088	-	-	1,215,363	91,107,898
Investment in an associate at fair value through profit or loss	-	-	-	-	-	5,939	5,939
Amounts due from joint ventures and associates	-	-	-	-	-	127,511	127,511
Accounts receivable	2,278,449	-	-	-	-	8,766,994	11,045,443
Debt instruments at fair value through other comprehensive income	394,239	3,055,492	27,542,267	102,437,098	4,033,751	1,832,274	139,295,121
Financial leasing receivables	-	-	-	-	-	39,305	39,305
Debt instruments at amortised cost	-	-	20,135	74,392	-	35,184	129,711
Equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,696,951	5,696,951
Other accounts receivable, other receivables and prepayments	-	-	-	-	-	516,015	516,015
Financial assets held under resale agreements	8,250,099	1,497,107	9,868,722	19,847	-	85,126	19,720,901
Financial assets at fair value through profit or loss	21,284,206	33,546,980	15,853,495	33,564,119	17,928,348	93,891,263	216,068,411
Derivative financial assets	-	-	-	-	-	5,034,081	5,034,081
Deposits with exchanges and non-bank financial institutions	2,872,892	-	-	-	-	18,379,909	21,252,801
Clearing settlement funds	34,508,309	-	-	-	-	2,080	34,510,389
Bank balances	93,544,464	8,324,103	16,459,164	-	-	487,480	118,815,211
<b>Total</b>	<b>174,305,364</b>	<b>70,599,423</b>	<b>124,287,871</b>	<b>136,095,456</b>	<b>21,962,099</b>	<b>136,115,475</b>	<b>663,365,688</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.3 Market risks – *continued*

#### *Interest rate risk – continued*

	As at 31 December 2023						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
<b>Financial liabilities</b>							
Borrowings	6,778,299	–	45,310	–	–	14,440	6,838,049
Short-term financing payables	4,862,520	10,797,691	29,254,229	–	–	448,848	45,363,288
Due to banks and other financial institutions	12,809,259	4,000,000	5,740,000	–	–	103,744	22,653,003
Accounts payable to brokerage clients	111,454,886	–	–	–	–	20,553,643	132,010,529
Other payables and accruals	76,088	815,298	1,480,598	–	–	40,149,878	42,521,862
Amounts due to joint ventures and associates	–	–	–	–	–	12,450	12,450
Other liabilities	–	–	–	–	–	1,337,892	1,337,892
Financial liabilities at fair value through profit or loss	607,483	30,782	3,436,240	60,423	128,786	12,007,456	16,271,170
Derivative financial liabilities	–	–	–	–	–	4,700,925	4,700,925
Financial assets sold under repurchase agreements	138,758,483	1,272,194	13,346,703	–	–	371,422	153,748,802
Lease liabilities	142	1,928	30,109	726,993	207,535	3,477	970,184
Bonds payable	41,700	82,690	38,310,843	55,741,941	7,793,699	1,609,622	103,580,495
<b>Total</b>	<b>275,388,860</b>	<b>17,000,583</b>	<b>91,644,032</b>	<b>56,529,357</b>	<b>8,130,020</b>	<b>81,315,797</b>	<b>530,008,649</b>
Net exposure	(101,483,495)	53,598,840	33,043,839	79,566,099	13,832,079	54,799,677	133,357,039

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 70.3 Market risks – continued

#### Interest rate risk – continued

	As at 31 December 2022						
	Less than 1 month RMB ' 000	More than 1 month but less than 3 months RMB ' 000	More than 3 months but less than 1 year RMB ' 000	More than 1 year but less than 5 years RMB ' 000	More than 5 years RMB ' 000	Non-interest- bearing RMB ' 000	Total RMB ' 000
<b>Financial assets</b>							
Advances to customers	12,123,134	21,974,322	47,517,065	–	–	1,208,470	82,822,991
Investment in an associate at fair value through profit or loss	–	–	–	–	–	13,438	13,438
Amounts due from joint ventures and associates	–	–	–	–	–	136,490	136,490
Accounts receivable	1,232,522	–	–	–	–	12,414,470	13,646,992
Debt instruments at fair value through other comprehensive income	3,398,230	14,268,086	29,753,065	94,291,473	312,766	1,914,152	143,937,772
Financial leasing receivables	4,347	8,236	75,285	–	–	156,185	244,053
Debt instruments at amortised cost	6,956	29,205	101,286	86,841	–	129,847	354,135
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	727,783	727,783
Other accounts receivable, other receivables and prepayments	–	–	–	3,480	–	1,337,554	1,341,034
Financial assets held under resale agreements	10,331,393	1,074,227	7,311,503	149,281	–	73,885	18,940,289
Financial assets at fair value through profit or loss	9,607,650	47,372,232	6,505,264	29,745,231	3,367,138	61,189,533	157,787,068
Derivative financial assets	–	–	–	–	–	2,642,474	2,642,474
Deposits with exchanges and non-bank financial institutions	4,766,966	–	–	–	–	15,575,326	20,342,292
Clearing settlement funds	25,748,832	–	–	–	–	1,931,409	27,680,241
Bank balances	103,318,171	4,934,800	20,311,059	–	–	612,453	129,176,483
<b>Total</b>	<b>170,538,201</b>	<b>89,661,108</b>	<b>111,574,527</b>	<b>124,276,306</b>	<b>3,679,904</b>	<b>100,063,489</b>	<b>599,793,535</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 70.3 Market risk – continued

#### Interest rate risk – continued

	As at 31 December 2022						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
<b>Financial liabilities</b>							
Borrowings	3,307,025	466,611	703,399	–	–	14,747	4,491,782
Short-term financing payables	1,060,351	14,600,093	21,384,865	–	–	263,048	37,308,357
Due to banks and other financial institutions	8,582,873	1,000,000	9,400,000	–	–	88,553	19,071,426
Accounts payable to brokerage clients	120,965,391	–	–	–	–	16,619,865	137,585,256
Accounts payable to underwriting clients	–	–	–	–	–	149,300	149,300
Other payables and accruals	277,808	177,682	701,077	–	–	24,305,942	25,462,509
Amounts due to joint ventures and associates	–	–	–	–	–	16,639	16,639
Other liabilities	–	–	–	–	–	1,605,651	1,605,651
Financial liabilities at fair value through profit or loss	3,870,215	–	–	–	–	6,509,278	10,379,493
Derivative financial liabilities	–	–	–	–	–	2,098,281	2,098,281
Financial assets sold under repurchase agreements	118,953,521	803,880	5,141,504	–	–	158,921	125,057,826
Lease liabilities	204	675	37,024	624,273	123,352	3,188	788,716
Bonds payable	5,066,460	7,878,070	22,457,394	70,946,964	7,792,920	1,745,221	115,887,029
Long-term loans	14,580	100	49,146	–	–	844	64,670
<b>Total</b>	<b>262,098,428</b>	<b>24,927,111</b>	<b>59,874,409</b>	<b>71,571,237</b>	<b>7,916,272</b>	<b>53,579,478</b>	<b>479,966,935</b>
Net exposure	(91,560,227)	64,733,997	51,700,118	52,705,069	(4,236,368)	46,484,011	119,826,600

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.3 Market risk – *continued*

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing assets and liabilities. Assuming interest-bearing assets and liabilities outstanding at the end of the respective reporting period were outstanding for the whole period and other variables held constant, the analysis is to show the impact on profit before income tax and other comprehensive income before income tax due to a 100 basis points increase or decrease in the relevant interest rates. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax and a negative number indicates a decrease.

	<b>2023</b>	2022
	<b>RMB' 000</b>	RMB' 000
<b>Profit before income tax for the year</b>		
Increase by 100bps	<b>(1,615,669)</b>	(1,176,419)
Decrease by 100bps	<b>1,678,475</b>	1,219,122
	<b>2023</b>	2022
	<b>RMB' 000</b>	RMB' 000
<b>Other comprehensive income before income tax</b>		
Increase by 100bps	<b>(2,477,835)</b>	(2,122,658)
Decrease by 100bps	<b>2,604,851</b>	2,191,590

#### *Currency risk*

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries. Currently, the Group's assets and liabilities denominated in foreign currencies only account for a small proportion of the Group's asset and liability structure, the currency risk of the Group is relatively manageable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.3 Market risk – *continued*

#### *Price risk*

Price risk is primarily about the unfavourable changes of share price of equity investments, financial derivative instrument prices, and commodity prices that cause financial loss during the Group's on-balance and off-balance business. The Group is exposed to price risk which arises from price fluctuation of the financial assets at fair value through profit or loss and the financial assets at fair value through others comprehensive income, mainly including equity investments, shares (with share index included), funds and commodities and related financial derivative instruments such as swaps, futures and options. Other than daily monitoring the investment position, trading and earnings indicators, the Group mainly uses VaR, sensitivity indicators, stress testing indicators in the daily risk monitoring of price risk.

#### *Sensitivity analysis*

The analysis below is to show the impact on profit before income tax and other comprehensive income before income tax due to change in the prices of equity securities, funds, convertible bonds, derivatives and collective asset management schemes by 10% with all other variables held constant. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax and a negative number indicates a decrease.

	<b>2023</b>	2022
	<b>RMB '000</b>	RMB '000
<b>Profit before income tax for the year</b>		
Increase by 10%	<b>1,491,041</b>	1,929,952
Decrease by 10%	<b>(1,188,490)</b>	(1,945,437)
	<b>2023</b>	2022
	<b>RMB '000</b>	RMB '000
<b>Other comprehensive income before income tax</b>		
Increase by 10%	<b>563,423</b>	66,614
Decrease by 10%	<b>(563,423)</b>	(66,614)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.4 Liquidity risk

Liquidity risk of a security company refers to the risk of failure to obtain sufficient funds at a reasonable cost and in a timely manner to pay the debts as they fall due, perform other payment obligations and satisfy the capital requirements to carry out businesses in the ordinary course. During the Group's ordinary course of business, the triggers of liquidity risk include poor operations, the lack of asset liquidity, significant mismatch of asset and liability terms, limitation on financing channels, unreasonableness of the financing liability term structure, insufficiency of market liquidity, adverse impacts on the Group's reputation and effects of other risk types to liquidity risk. Liquidity risk events have strong diffusion and are widespread. Once liquidity risk events occur, the Group must respond in a short time to make emergency decisions and disposal.

As at 31 December 2023 and 31 December 2022, cash and bank deposits and clearing settlement funds held by the Group amounted to RMB111.50 billion and RMB149.83 billion, respectively; and financial assets such as monetary funds, government bonds and short-term financing bills amounted to RMB100.45 billion and RMB80.04 billion, respectively, providing a strong capability of quick liquidation to meet the foreseeable demands on financing liabilities and businesses. Therefore, the Group considers the exposure to liquidity risk to be insignificant.

The Group implements stable liquidity risk preference management strategy to guarantee that the Company will have adequate liquidity reserve and fundraising capability under normal circumstances and in stress scenarios through scientific asset-liability management and fund management, multi-level liquidity reserve, effective liquidity emergency disposal and monitoring and pre-warning about the liquidity risk index to prevent liquidity risk. Measures for liquidity risk management include the following: the Group established a frame for liquidity risk management with the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) as the core indicator strictly according to the requirements of *Guidelines for the Liquidity Risk Management of Listed Companies* 《證券公司流動性風險管理指引》, and based on the control and projection of LCR and NSFR, each of the operational activities is assured to be complied with the requirements of liquidity risk as stated in the regulatory requirements; asset allocation and arrangement of structure of assets and liabilities based on flexible adjustments to prevent the Company from risk of maturity mismatch; established a multiple system of quality assets with ongoing control and maintained an adequate liquidity reserve; constructed a system for risk limits, which includes capital leverage, maturity structure and concentration of financial liabilities and liquidity reserve, and performed routine monitoring and report on indicators; regularly or irregularly evaluated liquidity risk stress testing and carried out liquidity risk drill, optimized and perfected liquidity risk emergency disposal processes and mechanism of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.4 Liquidity risk – *continued*

Currently, the Group has set up two departments for liquidity risk management, namely the treasury department and risk management department. The treasury department is mainly responsible for coordinating sources of funds, addressing capital needs, formulating and optimising financial strategies, implementing liquidity management during daytime and taking initiative to prevent liquidity risks. The risk management department is responsible for performing independent identification, evaluation, measuring and monitoring of liquidity risks of the Group together with management of market risks and credit risks, and paying attention on an ongoing basis to the conversion of other types of risk to liquidity risk. The Group uses concentration control, trading limit control and monitoring the market liquidity of financial instruments held by Group to address the liquidity risk of financial instruments. In order to meet the regulatory requirements, the Group has set up a multi-level, omnidirectional and information-based management system to monitor and control the overall liquidity risk.

#### ***Undiscounted cash flows by contractual maturities***

The tables below present the cash flows payable by the Group within the remaining contractual maturities as at 31 December 2023 and 31 December 2022. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is based on the interest rate at the end of the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 70.4 Liquidity risk – continued

#### Undiscounted cash flows by contractual maturities – continued

As at 31 December 2023

	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Borrowings	–	6,811,899	47,251	–	–	6,859,150	6,838,049
Short-term financing payables	–	15,926,900	29,891,900	–	–	45,818,800	45,363,288
Due to banks and other financial institutions	5,435,014	11,485,065	5,813,836	–	–	22,733,915	22,653,003
Accounts payable to brokerage clients	131,995,778	14,751	–	–	–	132,010,529	132,010,529
Other financial liabilities	35,555,563	5,004,471	2,035,720	–	–	42,595,754	42,521,862
Amounts due to joint ventures and associates	12,450	–	–	–	–	12,450	12,450
Financial liabilities at fair value through profit or loss	12,788,163	234,298	3,084,327	62,813	101,569	16,271,170	16,271,170
Other liabilities	863,261	–	256,419	218,212	–	1,337,892	1,337,892
Financial assets sold under repurchase agreements	5,358,688	134,994,141	13,601,783	–	–	153,954,612	153,748,802
Bonds payable	–	2,578,973	39,211,592	60,255,643	8,796,150	110,842,358	103,580,495
Lease liabilities	–	89,938	254,545	657,050	55,477	1,057,010	970,183
<b>Total</b>	<b>192,008,917</b>	<b>177,140,436</b>	<b>94,197,373</b>	<b>61,193,718</b>	<b>8,953,196</b>	<b>533,493,640</b>	<b>525,307,723</b>
Derivative financial liabilities net settlement	–	1,468,069	2,998,590	234,420	–	4,701,079	4,700,926

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 70.4 Liquidity risk – continued

#### Undiscounted cash flows by contractual maturities – continued

As at 31 December 2022

	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000
Borrowings	–	3,781,392	724,302	–	–	4,505,694	4,491,782
Short-term financing payables	–	15,888,794	21,659,571	–	–	37,548,365	37,308,357
Due to banks and other financial institutions	1,689,695	7,969,529	9,499,797	–	–	19,159,021	19,071,426
Accounts payable to brokerage clients	137,471,035	114,221	–	–	–	137,585,256	137,585,256
Accounts payable to underwriting clients	149,300	–	–	–	–	149,300	149,300
Other financial liabilities	21,321,384	3,100,442	1,071,327	1,750	–	25,494,903	25,462,509
Amounts due to joint ventures and associates	16,639	–	–	–	–	16,639	16,639
Financial liabilities at fair value through profit or loss	4,852,914	521,808	4,397,862	606,909	–	10,379,493	10,379,493
Other liabilities	297,686	–	162,924	1,145,041	–	1,605,651	1,605,651
Financial assets sold under repurchase agreements	2,177,527	117,769,422	5,218,089	–	–	125,165,038	125,057,826
Bonds payable	–	13,495,023	25,474,318	76,923,059	9,088,450	124,980,850	115,887,029
Lease liabilities	–	79,944	233,586	485,428	50,304	849,262	788,716
Long-term loans	–	16,074	50,253	–	–	66,327	64,670
<b>Total</b>	<b>167,976,180</b>	<b>162,736,649</b>	<b>68,492,029</b>	<b>79,162,187</b>	<b>9,138,754</b>	<b>487,505,799</b>	<b>477,868,654</b>
Derivative financial liabilities net settlement	–	711,528	1,169,079	217,838	–	2,098,445	2,098,281

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.4 Liquidity risk – *continued*

#### ***Capital management***

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC and Hong Kong regulations.

In accordance with the Administrative Measures for Risk Control Indicators of Securities Companies (Revised in 2020) (the "Administrative Measures") issued by the China Securities Regulatory Commission ("CSRC"), the Company is required to meet the following standards for risk indicators on a continual basis:

1. Risk coverage ratio (net capital divided by the total risk capital reserves) shall be no less than 100%;
2. Capital leverage ratio (core net capital divided by total on-and-off-balance sheet and off-balance-sheet assets) shall be no less than 8%;
3. Liquidity coverage ratio (high quality liquidity assets divided by net cash outflow in 30 days) shall be no less than 100%;
4. Net stable funding ratio (the available amount of stable funding divided by the required amount of stable funding) shall be no less than 100%;
5. The ratio of net capital divided by net assets shall be no less than 20%;
6. The ratio of net capital divided by liabilities shall be no less than 8%;
7. The ratio of net assets divided by liabilities shall be no less than 10%;
8. The ratio of the value of proprietary equity securities and securities derivatives held divided by net capital shall not exceed 100% "equity concentration ratio"; and
9. The ratio of the value of proprietary non-equity securities and securities derivatives divided by net capital shall not exceed 500% "non-equity concentration ratio").

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

### 70.4 Liquidity risk – *continued*

#### *Capital management – continued*

Net capital refers to net assets minus risk adjustments on certain types of assets and liabilities, and add supplemented capital and other adjustments as defined in the Administrative Measures.

As at 31 December 2023 and 2022, the Company maintained the above ratios as follows:

	As at <b>31.12.2023</b>	As at 31.12.2022
Net capital (RMB' 000)	<b>93,165,503</b>	79,847,245
Risk coverage ratio	<b>233.36%</b>	186.58%
Capital leverage ratio	<b>12.03%</b>	13.04%
Liquidity coverage ratio	<b>222.43%</b>	213.79%
Net stable funding ratio	<b>129.57%</b>	147.26%
The ratio of net capital divided by net assets	<b>77.48%</b>	76.19%
The ratio of net capital divided by liabilities	<b>24.99%</b>	24.29%
The ratio of net assets divided by liabilities	<b>32.25%</b>	31.88%
Equity concentration ratio	<b>31.10%</b>	47.87%
Non-equity concentration ratio	<b>294.25%</b>	311.13%

The above ratios are calculated based on the financial statements prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC.

Certain subsidiaries of the Group are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

The capital of the Group mainly comprises its total equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS

### (1) Fair value hierarchy

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in their entirety, which are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities than the entity can access at the measurement date

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs are unobservable inputs for the asset or liability

There were no significant transfers between Level 1 and 2 as at 31 December 2023 and 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (1) Fair value hierarchy – *continued*

As at 31 December 2023

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	139,295,121	–	139,295,121
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	5,602,216	–	73,449	5,675,665
– Mutual funds	12,757	–	–	12,757
– Other investments	–	8,529	–	8,529
Financial assets at fair value through profit or loss				
– Equity instruments	35,369,570	3,253,341	8,515,287	47,138,198
– Debt instruments	285,654	65,568,344	3,100,835	68,954,833
– Mutual funds	66,564,985	–	–	66,564,985
– Other investments	–	28,644,007	4,766,388	33,410,395
Other investment:				
– Investment in an associate	–	–	5,939	5,939
Derivative financial assets	242,657	2,397,933	2,393,491	5,034,081
<b>Total</b>	<b>108,077,839</b>	<b>239,167,275</b>	<b>18,855,389</b>	<b>366,100,503</b>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
	176,412	233,749	–	410,161
Financial liabilities designated at fair value through profit or loss				
	–	13,299,218	2,561,791	15,861,009
Derivative financial liabilities	513,012	2,596,824	1,591,090	4,700,926
Other liabilities	360,638	121,092	856,162	1,337,892
<b>Total</b>	<b>1,050,062</b>	<b>16,250,883</b>	<b>5,009,043</b>	<b>22,309,988</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (1) Fair value hierarchy – *continued*

As at 31 December 2022

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	143,937,772	–	143,937,772
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	649,254	–	71,592	720,846
– Other investments	–	6,937	–	6,937
Financial assets at fair value through profit or loss				
– Equity instruments	17,184,424	4,516,611	12,793,187	34,494,222
– Debt instruments	1,716,510	39,024,345	3,803,447	44,544,302
– Mutual funds	63,068,290	–	–	63,068,290
– Other investments	–	10,619,246	5,061,008	15,680,254
Other investment:				
– Investment in an associate	–	–	13,438	13,438
Derivative financial assets	135,086	1,156,725	1,350,663	2,642,474
<b>Total</b>	<b>82,753,564</b>	<b>199,261,636</b>	<b>23,093,335</b>	<b>305,108,535</b>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss	–	781,610	–	781,610
Financial liabilities designated at fair value through profit or loss	–	5,619,459	3,978,424	9,597,883
Derivative financial liabilities	356,098	803,970	938,213	2,098,281
Other liabilities	268,736	147,629	1,189,286	1,605,651
<b>Total</b>	<b>624,834</b>	<b>7,352,668</b>	<b>6,105,923</b>	<b>14,083,425</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

**(2) Fair values of the financial assets and financial liabilities that are not measured on a recurring basis**

The fair values of financial assets and financial liabilities not measured at fair value on a recurring basis are estimated using the discounted cash flow method.

Except for the financial liabilities disclosed below, the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximate to their fair values as at 31 December 2023 and 31 December 2022.

	As at 31 December 2023		Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	
Bonds payable - corporate bonds	81,862,299	82,450,099	Level 1
Bonds payable - subordinated bonds	9,615,625	9,629,524	Level 1

	As at 31 December 2022		Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	
Bonds payable - corporate bonds	93,092,377	93,170,484	Level 1
Bonds payable - subordinated bonds	10,660,016	10,519,589	Level 1

**(3) Basis for recurring fair value measurement categorise within Level 1**

For the measurement within Level 1, the Group adopts the closing price in active markets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (4) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised within Level 2

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose values are available on the China bond pricing system on the valuation date, the fair values are measured using the latest valuation results published by the China bond pricing system.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose values are not available in active markets, equity instruments at fair value through profit or loss, asset management schemes, the fair values are determined by recent transaction prices, bid prices and valuation technique. The inputs of those valuation techniques include the risk-free interest rate, quoted prices of underlying investment portfolio, liquidity discount by the China Securities Index Company Limited, etc., which are all observable.

For derivative financial instruments, the fair value are determined by different valuation techniques. For interest rate swaps and currency forward contracts, the fair values are measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. For equity return swaps, commodity options and forwards, the fair values are measured using the bid prices made by market dealers and determined by the value of the underlying investments.

During the year ended 31 December 2023, there were no significant changes of valuation techniques for Level 2.

### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3

For instruments, such as restricted shares, unlisted equity investments, other investments, financial liabilities, derivatives, the Group adopts the valuation techniques and quotation from counterparty quotations or valuation techniques to determine the fair values. Valuation techniques include discounted cash flow analysis, net value model, discounted bid prices, market multiples, the risk pricing model, and Black Scholes model, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, net value of underlying investment, probability of default, loss given default, volatility and liquidity discount. The fair values of the financial instruments in Level 3 were not significantly sensitive to a reasonable change in these unobservable inputs.

During the year ended 31 December 2023, there were no significant changes of valuation techniques for Level 3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – *continued*

The quantitative information of fair value measurement for level 3 is as follows:

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2023 RMB' 000	31 December 2022 RMB' 000			
<b>1) Financial assets</b>					
Debt instruments	<b>3,100,835</b>	3,803,447	Discounted cash flows	Future cash flow	The higher the future cash flow, the higher the fair value
Equity instruments	<b>1,410,055</b>	7,216,268	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	<b>5,025,391</b>	3,028,543	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	<b>2,064,644</b>	2,474,162	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Equity instruments	<b>88,646</b>	145,806	Recent transaction price	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity options	<b>2,097,436</b>	1,144,935	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – *continued*

The quantitative information of fair value measurement for level 3 is as follows: – *continued*

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2023 RMB' 000	31 December 2022 RMB' 000			
<b>1) Financial assets</b> <i>(continued)</i>					
Equity return swaps	271,257	184,014	Net Value Return Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Commodity options	13,528	3,018	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	9,064	17,800	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Other investments	–	45,365	Discounted cash flows calculated based on the loss given default	Loss given default	The higher the loss given default, the lower the fair value
Other investments	4,766,388	5,015,643	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Currency swaps	2,206	896	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Investment in an associate	5,939	13,438	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
	<b>18,855,389</b>	<b>23,093,335</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – *continued*

The quantitative information of fair value measurement for level 3 is as follows: – *continued*

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2023 RMB' 000	31 December 2022 RMB' 000			
<b>2) Financial liabilities</b>					
Equity options	<b>1,310,873</b>	786,657	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Equity return swaps	<b>227,608</b>	141,521	Net Value Return Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Structured notes	<b>2,529,453</b>	3,911,568	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	<b>49,625</b>	70,044	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Commodity options	<b>35,322</b>	4,187	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Currency Swaps	–	2,660	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Third-party interests	<b>856,162</b>	1,189,286	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
	<b>5,009,043</b>	<b>6,105,923</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (6) Reconciliation of Level 3 fair value measurements

For the year ended 31 December 2023

	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Financial liabilities at fair value through profit or loss RMB' 000	Derivative financial assets RMB' 000	Derivative financial liabilities RMB' 000	Other liabilities RMB' 000
At 1 January 2023	21,657,642	71,592	(3,978,424)	1,350,663	(938,213)	(1,189,286)
Total gains/losses	(11,794)	457	367,784	729,324	(421,172)	(128,124)
– Profit or loss	(11,794)	–	367,784	729,324	(421,172)	(128,124)
– Other comprehensive income	–	457	–	–	–	–
Additions	4,439,389	–	(1,611,726)	466,304	(384,731)	80,000
Settlements/disposals	(4,419,104)	–	2,589,578	(152,800)	153,026	381,248
Transfers into Level 3	2,540,993	1,400	–	–	–	–
Transfers out of Level 3	(7,824,616)	–	70,997	–	–	–
As at 31 December 2023	<u>16,382,510</u>	<u>73,449</u>	<u>(2,561,791)</u>	<u>2,393,491</u>	<u>(1,591,090)</u>	<u>(856,162)</u>
Total unrealised gains/losses for the year for assets/ liabilities held as at 31 December 2023						
– Included in profit or loss	<u>(813,065)</u>	<u>–</u>	<u>104,314</u>	<u>729,324</u>	<u>(421,172)</u>	<u>28,470</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

### (6) Reconciliation of Level 3 fair value measurements – *continued*

For the year ended 31 December 2022

	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Financial liabilities at fair value through profit or loss RMB' 000	Derivative financial assets RMB' 000	Derivative financial liabilities RMB' 000	Other liabilities RMB' 000
At 1 January 2022	15,640,033	66,881	(3,381,819)	105,502	(378,426)	(1,577,696)
Total gains/losses	(1,452,158)	4,711	264,610	1,255,368	(157,340)	628,806
– Profit or loss	(1,452,158)	–	264,610	1,255,368	(157,340)	628,806
– Other comprehensive income	–	4,711	–	–	–	–
Additions	12,774,240	–	(3,201,293)	2,938	(415,410)	(293,083)
Settlements/disposals	(3,210,574)	–	1,950,068	(13,145)	12,963	52,687
Transfers into Level 3	1,516,997	–	–	–	–	–
Transfers out of Level 3	(3,610,896)	–	390,010	–	–	–
As at 31 December 2022	<u>21,657,642</u>	<u>71,592</u>	<u>(3,978,424)</u>	<u>1,350,663</u>	<u>(938,213)</u>	<u>(1,189,286)</u>
Total unrealised gains/losses for the year for assets/ liabilities held as at 31 December 2022						
– Included in profit or loss	<u>(521,080)</u>	<u>–</u>	<u>264,610</u>	<u>1,255,368</u>	<u>(157,340)</u>	<u>628,806</u>

Note: The equity securities traded on stock exchanges with lock-up periods and targeted asset management plans holding listed shares with lock-up periods were transferred out of Level 3 when the lock-up periods lapsed and they became unrestricted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION

### 72.1 General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the year are set out below:

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at		Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
			2023	2022			
廣發期貨有限公司 GF Futures Co., Ltd.* <sup>(1)</sup>	有限責任公司 Limited liability company	PRC 23 March 1993	100%	100%	RMB1,900,000,000	Commodity futures brokerage, financial futures brokerage, investment consulting and asset management	PRC
廣發商貿有限公司 GF Commodities Co., Ltd.*	有限責任公司 Limited liability company	PRC 3 April 2013	100%	100%	RMB400,000,000	Trading and trading agent	PRC
廣發期貨(香港)有限公司 GF Futures (Hong Kong) Co., Limited	有限責任公司 Limited liability company	Hong Kong 8 May 2006	100%	100%	HKD1,021,000,000	Futures brokerage	Hong Kong
GF Financial Markets (UK) Limited	有限責任公司 Limited liability company	United Kingdom 2 February 1976	100%	100%	GBP55,969,014	Commodities and futures brokerage	United Kingdom
廣發乾和投資有限公司 GF Qianhe Investment Co., Ltd.* <sup>(1)</sup>	有限責任公司 Limited liability company	PRC 11 May 2012	100%	100%	RMB7,103,500,000	Project investment, investment management	PRC
廣發融資租賃(廣東)有限公司 Guangfa Financial Leasing (Guangdong) Co., Ltd.* <sup>(1)</sup>	有限責任公司 Limited liability company	PRC 5 June 2015	100%	100%	RMB800,000,000	Financial leasing	PRC

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – continued

### 72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
			2023	2022			
廣發基金管理有限公司 GF Fund Management Co., Ltd.* <sup>(1)</sup>	有限責任公司 Limited liability company	PRC 5 August 2003	54.53%	54.53%	RMB140,978,000	Fund raising, fund sales and assets management	PRC
廣發國際資產管理有限公司 GF International Investment Management Limited	有限責任公司 Limited liability company	Hong Kong 10 December 2010	54.53%	54.53%	HKD500,000,000	Asset management	Hong Kong
瑞元資本管理有限公司 Ruiyuan Capital Management Co., Ltd.*	有限責任公司 Limited liability company	PRC 14 June 2013	54.53%	54.53%	RMB75,000,000	Project investment, investment management and investment advisory	PRC
廣發控股(香港)有限公司 GF Holdings (Hong Kong) Corporation Limited <sup>(1)</sup>	有限責任公司 Limited liability company	Hong Kong 14 June 2006	100%	100%	HKD5,600,000,000	Investment holding	Hong Kong
廣發投資(香港)有限公司 GF Investments (Hong Kong) Company Limited	有限責任公司 Limited liability company	Hong Kong 21 September 2011	100%	100%	HKD5,000,000	Investment holding	Hong Kong
廣發融資(香港)有限公司 GF Capital (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD130,000,000	Advisory services	Hong Kong
廣發資產管理(香港)有限公司 GF Asset Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD375,000,000	Asset management	Hong Kong



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – continued

### 72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December	Effective equity interest held by the Group as at 2022	Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
廣發證券(香港)經紀有限公司 GF Securities (Hong Kong) Brokerage Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD2,800,000,000	Securities brokerage	Hong Kong
廣發財富管理(香港)有限公司 GF Wealth Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 20 November 2014	100%	100%	HKD25,000,000	Financial management	Hong Kong
廣發證券(加拿大)有限公司 GF Securities (Canada) Company Limited	有限責任公司 Limited liability company	Canada 10 March 2014	100%	100%	CAD16,400,000	Financial management	Canada
廣發信息諮詢服務(深圳)有限公司 GF Information Consulting Services (Shenzhen) Co., Ltd.	有限責任公司 Limited liability company	PRC 1 April 2014	100%	100%	RMB10,000,000	Advisory services	PRC
GF Beacon Capital Management Ltd.	有限責任公司 Limited liability company	British Virgin Islands 3 September 2014	100%	100%	USD100	Equity Investment	Hong Kong
廣發投資(開曼)有限公司 GF Investments (Cayman) Company Limited	有限責任公司 Limited liability company	Cayman Islands 8 September 2011	100%	100%	USD600,000	Investment advisor	Hong Kong
廣發全球資本有限公司 GF Global Capital Limited	有限責任公司 Limited liability company	Hong Kong 26 November 2015	100%	100%	HKD1,600,000,000	Investment trading	Hong Kong
Canton Fortune Limited	有限責任公司 Limited liability company	Hong Kong 3 December 2015	100%	100%	USD6,510,410	Investment holding	Hong Kong

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – continued

### 72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as		Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
			2023	2022			
GF GTEC INVESTMENT MANAGEMENT LIMITED	有限責任公司 Limited liability company	Cayman Islands 13 May 2016	100%	100%	USD100	Asset management	Hong Kong
GF Optimus Ltd. <sup>(2)</sup>	有限責任公司 Limited liability company	British Virgin Islands 26 February 2016	100%	100%	USD0	Equity Investment	Hong Kong
GF Global Partners Ltd	有限責任公司 Limited liability company	Cayman Islands 31 August 2015	100%	100%	USD0.01	Investment holding	Hong Kong
GFGI Limited	有限責任公司 Limited liability company	Cayman Islands 23 December 2016	100%	100%	USD0.01	Equity investment	Hong Kong
GF Global Investment Fund I, L.P. (Note 1)	有限合夥 Limited partnership	Cayman Islands 25 September 2015	50.50%	50.50%	USD40,678,424	Equity investment	Hong Kong
Horizon Holdings <sup>(2)</sup>	有限責任公司 Limited liability company	Cayman Islands 7 July 2017	36.86%	36.86%	USD0	Investment holding	Hong Kong
廣發信德投資管理有限公司 GF Xinde Investment Management Co., Ltd.* <sup>(1)</sup>	有限責任公司 Limited liability company	PRC 3 December 2008	100%	100%	RMB2,800,000,000	Equity investment, provide financial advisory services of equity investment to customers	PRC

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – continued

### 72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December	2023	2022	Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
珠海廣發信德新界泵業產業投資基金(有限合夥)	有限合夥 Limited partnership	PRC 11 July 2015	40%	40%		RMB30,604,137.73	Equity investment	PRC
GFXD Shimage Pump Industry Fund L.P.* (Note 1)								
珠海廣發信德敬東醫藥產業股權投資中心(有限合夥)	有限合夥 Limited partnership	PRC 28 October 2015	60%	60%		RMB210,118,660.64	Equity investment	PRC
Zhuhai GF Xinde Aodong Medical Industry Equity Investment Centre L.P.* (Note 1)								
中山廣發信德公用環保夾層投資企業(有限合夥)	有限合夥 Limited partnership	PRC 30 September 2015	60%	60%		RMB199,963,409.87	Equity investment	PRC
Zhongshan GF Xinde Public Utilities Environment Protection Mezzanine Investment Partnership L.P.* (Note 1)								
珠海廣發信德今緣股權投資基金(有限合夥)	有限合夥 Limited partnership	PRC 13 June 2016	50%	50%		RMB158,169,701.75	Equity investment	PRC
Zhuhai GF Xinde Jinyuan Equity Investment Fund L.P.* (Note 1)								
廣發證券資產管理(廣東)有限公司	有限責任公司 Limited liability company	PRC 2 January 2014	100%	100%		RMB1,000,000,000	Asset management	PRC
GF Securities Asset Management company (Guangdong) Co., Ltd.* <sup>(1)</sup>								
GF Canada Holdings Company Limited	Limited liability company	Canada 26 February 2018	100%	100%		CAD4,560,266	Investment holding	Canada

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – *continued*

### 72.1 General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as		Share capital/ registered and paid-up capital as at 31 December 2023	Principal activities	Countries of principal activities
			2023	2022			
Ever Glory Limited	Limited liability company	Cayman Islands 23 January 2018	100%	100%	USD1	Investment trading	Hong Kong
Ever Alpha Fund L.P. (Note 1)	Limited partnership	Cayman Islands 23 January 2018	21.43%	21.43%	USD70,000,000	Equity Investment	Hong Kong
GF Financial Holdings BVI Ltd.	Limited liability company	British Virgin Islands 21 January 2021	100%	100%	USD1	Financing	Hong Kong

\* These subsidiaries do not have official English names. English names are translated for identification purposes only.

(1) These subsidiaries are directly held by the Company.

(2) As at 31 December 2023, the capital of GF Optimus Ltd. and Horizon Holdings is nil.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group.

Note 1: The Group holds certain financial interests in such limited partnership and acts as its general partner to exercise control over its operations according to the partnership agreement. The Group's financial interests in the limited partnership expose the Group to significant variable return and such partnership is regarded as a consolidated structured entity of the Group. The effective equity interest in the subsidiary represents the equity interest held directly or indirectly by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – continued

### 72.2 Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows the details of a non-wholly-owned subsidiary, GF Fund, which was acquired in 2014, and has material non-controlling interests before certain intragroup adjustments:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Non-controlling interests as at	
		2023	2022	2023	2022	31.12.2023	31.12.2022
				RMB' 000	RMB' 000	RMB' 000	RMB' 000
GF Fund <sup>(i)</sup>	PRC/Mainland China	<u>45.47%</u>	<u>45.47%</u>	<u>886,459</u>	<u>970,063</u>	<u>4,939,711</u>	<u>4,627,514</u>

- (i) GF Fund was accounted for as an associate of the Group prior to its acquisition by the Group in 2014.

Summarised financial information in respect of GF Fund that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup adjustments.

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
Total assets	<u>17,010,867</u>	<u>16,392,872</u>
Total liabilities	<u>6,146,401</u>	<u>6,215,055</u>
Equity attributable to owners of GF Fund	<u>10,864,466</u>	<u>10,177,817</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 72. SCOPE OF CONSOLIDATION – *continued*

### 72.2 Details of a non-wholly owned subsidiary that has material non-controlling interests – *continued*

	Year ended 31 December 2023 RMB ' 000	Year ended 31 December 2022 RMB ' 000
Total revenue	<u>7,295,951</u>	<u>7,911,460</u>
Expenses	<u>5,085,270</u>	<u>5,599,107</u>
Profit for the year	<u>1,949,691</u>	<u>2,133,571</u>
Profit attributable to owners of GF Fund	<u>1,949,691</u>	<u>2,133,571</u>
Profit attributable to the non-controlling interests of GF Fund	–	–
Profit for the year	<u>1,949,691</u>	<u>2,133,571</u>
Other comprehensive income attributable to owners of GF Fund	<u>5,760</u>	<u>31,754</u>
Other comprehensive income for the year	<u>5,760</u>	<u>31,754</u>
Total comprehensive income attributable to owners of GF Fund	<u>1,955,451</u>	<u>2,165,325</u>
Total comprehensive income attributable to the non-controlling interests of GF Fund	–	–
Total comprehensive income for the year	<u>1,955,451</u>	<u>2,165,325</u>
Dividends paid to non-controlling interests of GF Fund	<u>576,882</u>	<u>512,784</u>
Net cash inflow from operating activities	<u>1,389,465</u>	<u>1,584,461</u>
Net cash outflow from investing activities	<u>(49,250)</u>	<u>(150,627)</u>
Net cash outflow from financing activities	<u>(1,331,462)</u>	<u>(1,244,027)</u>
Effect of foreign exchange rate changes	<u>2,052</u>	<u>4,720</u>
Net cash inflow	<u>10,805</u>	<u>194,527</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 72. SCOPE OF CONSOLIDATION— *continued*

### 72.3 Consolidated structured entities

As at 31 December 2023, except for structured entities mentioned in note 72.1, the Group consolidated 62 structured entities (31 December 2022: 35). For those structured entities where the Group is involved as manager or as investor, the Group has significant variable interests in them and the Group is able to exercise control over their operations.

As at 31 December 2023, the total net assets of the consolidated structured entities were RMB34,502.93 million (31 December 2022: RMB15,464.67 million), the carrying amounts of the interests held by the Group in these consolidated structured entities were RMB33,165.03 million (31 December 2022: RMB13,859.02 million), the carrying amounts of the interests held by third parties in these consolidated structured entities were RMB1,337.89 million (31 December 2022: RMB1,605.65 million). Interests held by third parties in these consolidated structured entities were classified as other liabilities in consolidated financial statements.

### 72.4 Deconsolidated subsidiaries

During the year, the Group has liquidated GF Investment Management (Hong Kong) Company Limited, which was a subsidiary of GF Holdings (Hong Kong) Corporation Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 73. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings	Short-term financing payables	Bonds payable	Long-term loans	Dividends payables and interests payables for the perpetual subordinated bonds	Lease liabilities
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 44)	(Note 45)	(Note 54)	(Note 55)	(Note 50)	(Note 20)
At 1 January 2023	4,491,782	37,308,357	115,887,029	64,670	–	788,716
Financing cash flows	1,947,916	7,041,727	(15,871,503)	(65,017)	(3,636,218)	(378,004)
Foreign exchange	78,872	–	35,785	–	–	1,179
Interest expenses	319,479	1,024,204	3,502,384	736	–	35,464
Other non-cash movements	–	(11,000)	26,800	(389)	–	522,828
Dividend declared	–	–	–	–	4,081,118	–
At 31 December 2023	<u>6,838,049</u>	<u>45,363,288</u>	<u>103,580,495</u>	<u>–</u>	<u>444,900</u>	<u>970,183</u>

	Borrowings	Short-term financing payables	Bonds payable	Long-term loans	Dividends payables and interests payables for the perpetual subordinated bonds	Lease liabilities
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 44)	(Note 45)	(Note 54)	(Note 55)	(Note 50)	(Note 20)
At 1 January 2022	916,545	27,876,760	138,682,932	338,675	56,923	841,758
Financing cash flows	3,312,779	8,418,662	(26,937,242)	(286,600)	(4,412,130)	(340,702)
Foreign exchange	202,342	–	176,460	–	–	5,221
Interest expenses	60,116	1,012,935	3,954,879	8,992	–	33,392
Other non-cash movements	–	–	10,000	3,603	–	249,047
Dividend declared	–	–	–	–	4,355,207	–
At 31 December 2022	<u>4,491,782</u>	<u>37,308,357</u>	<u>115,887,029</u>	<u>64,670</u>	<u>–</u>	<u>788,716</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

### Statement of financial position

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Non-current assets</b>		
Property and equipment	2,700,123	2,724,683
Right-of-use assets	977,625	917,995
Investment properties	170,709	164,356
Other intangible assets	397,224	346,307
Investments in subsidiaries	20,556,611	20,556,611
Investments in associates	998,948	998,948
Investments in joint ventures	164,491	788,515
Equity instruments at fair value through other comprehensive income	5,653,300	687,778
Financial assets held under resale agreements	19,847	149,281
Financial assets at fair value through profit or loss	1,983,977	2,258,292
Deferred tax assets	1,126,937	1,383,323
Total non-current assets	<u>34,749,792</u>	<u>30,976,089</u>
<b>Current assets</b>		
Debt instruments at amortised cost	7,918	70,446
Debt instruments at fair value through other comprehensive income	137,590,703	143,705,133
Advances to customers	89,868,555	81,909,222
Accounts receivable	7,433,464	10,659,691
Other accounts receivable, other receivables and prepayments	1,004,507	1,307,672
Amounts due from subsidiaries	9,205,075	5,433,897
Amounts due from associates	19,150	29,439
Financial assets held under resale agreements	17,267,303	16,610,140
Financial assets at fair value through profit or loss	168,387,802	119,533,286
Derivative financial assets	4,357,156	2,404,959
Deposits with exchanges and non-bank financial institutions	1,904,695	3,678,503
Clearing settlement funds	30,920,156	24,256,390
Bank balances	78,406,386	84,704,244
Total current assets	<u>546,372,870</u>	<u>494,303,022</u>
Total assets	<u>581,122,662</u>	<u>525,279,111</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

### Statement of financial position – *continued*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
<b>Current liabilities</b>		
Short-term financing payables	45,363,288	37,308,357
Financial liabilities at fair value through profit or loss	11,815,489	6,696,041
Due to banks and other financial institutions	17,217,989	17,381,731
Accounts payable to brokerage clients	91,511,757	94,603,630
Accounts payable to underwriting clients	–	149,300
Accrued staff costs	2,504,009	2,622,302
Other accounts payable, other payables and accruals	35,612,676	21,821,393
Contract liabilities	39,072	24,238
Amounts due to subsidiaries	3,759,556	1,836,208
Provisions	34,062	33,671
Current tax liabilities	–	12
Derivative financial liabilities	3,735,696	1,633,325
Financial assets sold under repurchase agreements	147,908,599	122,067,534
Bonds payable	37,743,268	36,969,966
Lease liabilities	208,841	186,408
Total current liabilities	<u>397,454,302</u>	<u>343,334,116</u>
Net current assets	<u>148,918,568</u>	<u>150,968,906</u>
Total assets less current liabilities	<u>183,668,360</u>	<u>181,944,995</u>
<b>Non-current liabilities</b>		
Financial liabilities at fair value through profit or loss	306,093	–
Accrued staff costs	2,421,442	2,955,888
Bonds payable	63,707,808	76,827,141
Lease liabilities	472,891	421,088
Total non-current liabilities	<u>66,908,234</u>	<u>80,204,117</u>
Net assets	<u>116,760,126</u>	<u>101,740,878</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

### Statement of financial position – *continued*

	As at <b>31.12.2023</b> RMB' 000	As at 31.12.2022 RMB' 000
<b>Capital and reserves</b>		
Share capital	7,621,088	7,621,088
Other equity instruments	22,478,500	10,990,000
Capital reserve	31,681,095	31,681,095
Treasury shares	(233,609)	(233,609)
Investment revaluation reserve	904,536	421,961
General reserves	28,500,001	26,403,046
Retained profits	25,808,515	24,857,297
Total equity	<u><b>116,760,126</b></u>	<u>101,740,878</u>

### Movements in the Company's reserves

#### *Capital reserve*

##### As at 31 December 2023

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Share premium	31,679,003	–	31,679,003
Others	2,092	–	2,092
	<u><b>31,681,095</b></u>	<u>–</u>	<u><b>31,681,095</b></u>

##### As at 31 December 2022

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Share premium	31,679,003	–	31,679,003
Others	2,092	–	2,092
	<u>31,681,095</u>	<u>–</u>	<u>31,681,095</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

### Movements in the Company's reserves – *continued*

#### *Investment revaluation reserve*

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	421,961	1,236,741
Equity instruments at fair value through other comprehensive income:		
Net fair value changes during the year	(41,367)	(146,601)
Income tax impact	9,220	36,650
Debt instruments at fair value through other comprehensive income:		
Net fair value changes during the year	783,085	(364,736)
Reclassification adjustment to profit or loss on disposal	(169,270)	(562,781)
Changes in allowance for expected credit losses	66,497	(12,255)
Income tax impact	(170,078)	234,943
Others	4,488	–
At the end of the year	<u>904,536</u>	<u>421,961</u>

#### *General reserve*

#### As at 31 December 2023

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	8,548,020	698,484	9,246,504
Discretionary reserve	169,428	–	169,428
Reserve for general risk	8,945,052	699,987	9,645,039
Transaction risk reserve	8,740,546	698,484	9,439,030
	<u>26,403,046</u>	<u>2,096,955</u>	<u>28,500,001</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

### Movements in the Company's reserves – *continued*

#### General reserve – *continued*

#### As at 31 December 2022

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	7,763,208	784,812	8,548,020
Discretionary reserve	169,428	–	169,428
Reserve for general risk	8,158,714	786,338	8,945,052
Transaction risk reserve	7,955,734	784,812	8,740,546
	<u>24,047,084</u>	<u>2,355,962</u>	<u>26,403,046</u>

#### Retained profits

	As at 31.12.2023 RMB' 000	As at 31.12.2022 RMB' 000
At the beginning of the year	24,857,297	23,544,051
Profit for the year	6,552,409	7,511,631
Appropriation to general reserves	(2,096,955)	(2,355,962)
Ordinary shares' dividends recognised as distribution	(2,662,046)	(3,802,923)
Distribution to other equity instrument holders	<u>(842,190)</u>	<u>(39,500)</u>
At the end of the year	<u>25,808,515</u>	<u>24,857,297</u>

## 75. OUTSTANDING LITIGATIONS

As at 31 December 2023, the Group was involved as a defendant in certain lawsuits and arbitration with claim amounts of approximately RMB2,423.12 million (31 December 2022: RMB2,040.85 million) and certain listed company shares for distribution in-kind. Based on the court rulings, advice from legal representatives and management judgement, no provision had been made to the aforesaid claims.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 76. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (1) On 12 January 2024, the Company completed the issuance of 2024 public offering of subordinated bonds to professional investors (Tranche 1) amounting to RMB3.00 billion, with an annual interest rate of 2.90% and a term of 3-year.
- (2) On 19 January 2024, the Company completed the issuance of 2024 public offering of corporate bonds to professional investors (Tranche 1) which type 1 amounting to RMB2.60 billion, with an annual interest rate of 2.75% and a term of 3-year, type 2 amounting to RMB2.00 billion, with an annual interest rate of 2.93% and a term of 5-year, type 3 amounting to RMB1.40 billion, with an annual interest rate of 3.07% and a term of 10-year.
- (3) On 26 January 2024, the Company completed the issuance of 2024 public offering of perpetual subordinated bonds to professional investors (Tranche 1) amounting to RMB2.00 billion, with an annual interest rate of 3.15%.
- (4) On 26 February 2024, the Company completed the issuance of 2024 public offering of corporate bonds to professional investors (Tranche 2) which type 1 amounting to RMB1.70 billion, with an annual interest rate of 2.56% and a term of 3-year, type 2 amounting to RMB1.30 billion, with an annual interest rate of 2.70% and a term of 5-year.
- (5) On 11 March 2024, the Company completed the issuance of 2024 public offering of short-term corporate bonds to professional investors (Tranche 1) amounting to RMB4.00 billion, with an annual interest rate of 2.12% and a term of 95-day.
- (6) In accordance with the 2023 profit distribution plan approved by the board of directors on 28 March 2024, the Company proposed cash dividends of RMB3.0 per 10 shares (inclusive of tax) to shareholders based on the number of shares held as at the record date deducting 15,242,153 shares deposited in the Company's special securities account for repurchase. The proposed profit distribution plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 77. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.



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GF SECURITIES

廣發證券股份有限公司