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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GF Securities Co., Ltd., you should at once hand this circular, together with the enclosed proxy form and reply slip, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### GF SECURITIES CO., LTD.

### 廣發證券股份有限公司

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

**(Stock Code: 1776)**

- (1) 2019 DIRECTORS' REPORT**
- (2) 2019 SUPERVISORY COMMITTEE'S REPORT**
- (3) 2019 FINAL FINANCIAL REPORT**
- (4) 2019 ANNUAL REPORT**
- (5) 2019 PROFIT DISTRIBUTION PLAN**
- (6) RESOLUTION REGARDING ENGAGING AUDITORS IN 2020**
- (7) RESOLUTION REGARDING THE AUTHORIZATION OF PROPRIETARY INVESTMENT QUOTA FOR 2020**
- (8) RESOLUTION REGARDING THE 2020 EXPECTED DAILY RELATED PARTY/CONNECTED TRANSACTIONS**
- (9) RESOLUTION REGARDING AMENDMENTS TO THE RULES OF PROCEDURE FOR THE GENERAL MEETING**
- (10) RESOLUTION REGARDING AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS**
- (11) RESOLUTION REGARDING AMENDMENTS TO THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE**
- (12) RESOLUTION REGARDING AMENDMENTS TO THE WORK RULES FOR INDEPENDENT DIRECTORS**
- (13) RESOLUTION REGARDING THE ELECTION OF DIRECTORS FOR THE TENTH SESSION OF THE BOARD OF THE COMPANY**
- (14) RESOLUTION REGARDING THE ELECTION OF SUPERVISORS FOR THE TENTH SESSION OF THE SUPERVISORY COMMITTEE OF THE COMPANY**
- (15) RESOLUTION REGARDING AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- AND**
- (16) NOTICE OF AGM**

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The 2019 AGM of GF Securities Co., Ltd. will be held at 2:00 p.m. on Tuesday, June 9, 2020 at Conference Room 4008, 40th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC. A notice convening the AGM is set out on pages 8 to 13 of this circular.

Whether or not you are able to attend the AGM, you are advised to read the notice of AGM carefully and to complete the enclosed proxy form in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, while A Shareholders are required to return the proxy form to the Board's office, in person or by post no later than 24 hours before the time appointed for convening the AGM. Completion and return of the proxy form will not preclude you from attending and voting at the AGM in person if you so wish.

If you intend to attend the AGM either in person or by proxy, you are required to complete and return the reply slip for the meeting to Computershare Hong Kong Investor Services Limited (for H Shareholders) on or before Wednesday, May 20, 2020.

April 25, 2020

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM” or “2019 AGM”	the 2019 annual general meeting of the Company to be held at 2:00 p.m. on Tuesday, June 9, 2020
“A Share(s)”	domestic shares with nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the SZSE and traded in RMB (stock code: 000776)
“A Shareholder(s)”	holder(s) of A Shares
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“associate”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board” or “Board of Directors”	the board of Directors of the Company
“The Company” or “Company” or “GF Securities” or “parent company”	GF Securities Co., Ltd. (廣發證券股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares and A Shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the SZSE, respectively
“Company Law”	Company Law of the PRC (《中華人民共和國公司法》), as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“E Fund”	E Fund Management Co., Ltd. (易方達基金管理有限公司)
“GF Asset Management”	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
“GF Fund”	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
“GF Futures”	GF Futures Co., Ltd. (廣發期貨有限公司)

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## DEFINITIONS

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“GF Qianhe”	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
“GF Xinde”	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
“GFHK”	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
“GFFL”	Guangfa Financial Leasing (Guangdong) Co., Ltd. (廣發融資租賃(廣東)有限公司)
“GF Hexin”	GF Hexin Industry Investment Management Co., Ltd. (廣發合信產業投資管理有限公司)
“The Group” or “Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) with nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong in HK\$ (stock code: 1776)
“H Shareholder(s)”	holder(s) of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Director(s)” or “Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company
“Jilin Aodong”	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司), a substantial shareholder of the Company, the shares of which are listed on the SZSE (stock code: 000623)

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## DEFINITIONS

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“Liaoning Cheng Da”	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司), a substantial shareholder of the Company, the shares of which are listed on the SSE (stock code: 600739)
“Latest Practicable Date”	April 21, 2020, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	the year of 2019 (January 1, 2019 to December 31, 2019)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	The Securities Law of the PRC (《中華人民共和國證券法》), as amended and adopted at the 15th Meeting of the Standing Committee of the 13th National People’s Congress and came into force on March 1, 2020
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company, including A Shareholder(s) and H Shareholder(s)
“SSE”	Shanghai Stock Exchange
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	Shenzhen Stock Exchange
“Zhongshan Public Utilities”	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司), a substantial shareholder of the Company, the shares of which are listed on the SZSE (stock code: 000685)

*Note: Unless otherwise specified, the monetary amount presented in this circular are denominated in RMB.*

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## LETTER FROM THE BOARD

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### GF SECURITIES CO., LTD.

### 廣發証券股份有限公司

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

(Stock Code: 1776)

*Executive Directors:*

Mr. Sun Shuming (Chairman,  
General Manager)  
Mr. Qin Li  
Ms. Sun Xiaoyan

*Non-executive Directors:*

Mr. Li Xiulin  
Mr. Shang Shuzhi  
Ms. Liu Xuetao

*Independent Non-executive Directors:*

Mr. Yang Xiong  
Mr. Tang Xin  
Mr. Chan Kalok  
Mr. Fan Lifu

*Registered address:*

Room 618  
2 Tengfei 1st Road  
Sino-Singapore Guangzhou Knowledge City  
Huangpu District, Guangzhou  
Guangdong  
the PRC

*Principal place of  
business in the PRC:*

GF Securities Tower  
26 Machang Road  
Tianhe District  
Guangzhou  
Guangdong, the PRC

*Place of business in Hong Kong:*

29-30/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

April 25, 2020

Dear H Shareholders,

- (1) 2019 DIRECTORS' REPORT
- (2) 2019 SUPERVISORY COMMITTEE'S REPORT
- (3) 2019 FINAL FINANCIAL REPORT
- (4) 2019 ANNUAL REPORT
- (5) 2019 PROFIT DISTRIBUTION PLAN
- (6) RESOLUTION REGARDING ENGAGING AUDITORS IN 2020
- (7) RESOLUTION REGARDING THE AUTHORIZATION OF  
PROPRIETARY INVESTMENT QUOTA FOR 2020
- (8) RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS
- (9) RESOLUTION REGARDING AMENDMENTS TO  
THE RULES OF PROCEDURE FOR THE GENERAL MEETING
- (10) RESOLUTION REGARDING AMENDMENTS TO  
THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS
- (11) RESOLUTION REGARDING AMENDMENTS TO  
THE RULES OF PROCEDURE FOR THE SUPERVISORY COMMITTEE
- (12) RESOLUTION REGARDING AMENDMENTS TO THE WORK  
RULES FOR INDEPENDENT DIRECTORS
- (13) RESOLUTION REGARDING THE ELECTION OF DIRECTORS  
FOR THE TENTH SESSION OF THE BOARD OF THE COMPANY
- (14) RESOLUTION REGARDING THE ELECTION OF SUPERVISORS FOR THE TENTH  
SESSION OF THE SUPERVISORY COMMITTEE OF THE COMPANY
- (15) RESOLUTION REGARDING AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION  
AND
- (16) NOTICE OF AGM

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

On behalf of the Board, I would like to invite you to attend the 2019 AGM to be held at 2:00 p.m. on Tuesday, June 9, 2020 at Conference Room 4008, 40th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC.

The purpose of this circular is to give you notice of the AGM and to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

### 2. BUSINESSES TO BE CONSIDERED AT THE AGM

Details of the businesses to be considered at the AGM are set forth on pages I-1 to I-32 of this circular.

Resolutions to be proposed at the AGM include the resolutions to be approved by way of ordinary resolutions: (1) the 2019 Directors' Report; (2) the 2019 Supervisory Committee's Report; (3) the 2019 Final Financial Report; (4) the 2019 Annual Report; (5) the 2019 Profit Distribution Plan; (6) the resolution regarding engaging auditors in 2020; (7) the resolution regarding the authorization of proprietary investment quota for 2020; (8) the resolution regarding the 2020 expected daily related party/connected transactions; (9) the resolution regarding amendments to the Rules of Procedure for the General Meeting; (10) the resolution regarding amendments to the Rules of Procedure for the Board of Directors; (11) the resolution regarding amendments to the Rules of Procedure for the Supervisory Committee; (12) the resolution regarding amendments to the Work Rules for Independent Directors ; (13) the resolution regarding the election of Directors for the Tenth Session of the Board of the Company; and (14) the resolution regarding the election of Supervisors for the Tenth Session of the Supervisory Committee of the Company.

Resolution to be proposed at the AGM also include the resolution to be approved by way of special resolution: the resolution regarding amendments to the Articles of Association.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make an informed decision thereof, we have provided detailed information to the Shareholders in Appendix I to this circular, which includes the information and explanation about the resolutions proposed to be passed at the AGM.

The following reports/special descriptions will be presented at the AGM for hearing, but no Shareholders' approval is required: (1) the 2019 Work Report of the Independent Directors; (2) the 2019 Duty Performance Report of the Independent Directors; (3) the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2019; (4) the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2019; and (5) the Special Description of the Duty Performance, Performance Assessment and Remuneration of the Management for the Year of 2019. In order to provide detailed information to Shareholders, these reports/special descriptions are set out in Appendix II to Appendix VI to this circular for Shareholders' review, respectively.

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## LETTER FROM THE BOARD

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### 3. THE AGM

The AGM will be held at 2:00 p.m. on Tuesday, June 9, 2020 at Conference Room 4008, 40th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC. The notice of AGM is set out on pages 8 to 13 of this circular.

Enclosed are the proxy form of the AGM and the reply slip for attendance of the meeting. Whether or not you are able to attend the AGM, you are advised to read the notice of AGM carefully and to complete the enclosed proxy form in accordance with the instructions printed thereon and return it as soon as possible. H Shareholders are required to return the proxy form to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, while A Shareholders are required to return the proxy form to the Board's office, in person or by post no later than 24 hours before the time appointed for convening the AGM. Completion and return of the proxy form will not preclude you from attending and voting at the AGM in person if you so wish.

If you intend to attend the AGM either in person or by proxy, you are required to complete and return the reply slip for the meeting to Computershare Hong Kong Investor Services Limited (for H Shareholders) on or before Wednesday, May 20, 2020.

The address of the Company's Board office is 59th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC, postcode: 510627, (phone: (86) 20 8755 0265, (86) 20 8755 0565; fax: (86) 20 8755 4163). Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (phone: (852) 2862 8555).

### 4. VOTING BY POLL

- (1) Pursuant to the requirements of the Hong Kong Listing Rules, all votes of shareholders at a general meeting must be taken by poll. Therefore, all resolutions to be proposed at the AGM will be voted by poll. Results of the poll voting will be posted on the website of the Company at [www.gf.com.cn](http://www.gf.com.cn) and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) upon the conclusion of the AGM.
- (2) Jilin Aodong, Liaoning Cheng Da, Zhongshan Public Utilities and their respective associates will abstain from voting on the resolution regarding the 2020 expected daily related party/connected transactions and shall not accept appointment from other Shareholders as proxies in voting.



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## LETTER FROM THE BOARD

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### 5. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) are of the view that the matters set out in this circular are in the interests of the Company and the Shareholders as a whole. As such, the Directors (including the Independent Non-executive Directors) recommend all the Shareholders to vote in favour of the resolutions to be proposed at the AGM.

### 6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects, and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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## NOTICE OF AGM

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### GF SECURITIES CO., LTD. 廣發証券股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 1776)

## NOTICE OF AGM

**NOTICE IS HEREBY GIVEN** that the 2019 annual general meeting (the “**AGM**”) of GF Securities Co., Ltd. (the “**Company**”) will be held at 2:00 p.m. on Tuesday, June 9, 2020 at Conference Room 4008, 40th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC to consider and, if thought fit, approve the following resolutions. Unless otherwise specified, words used in this notice have the same meaning as defined in the circular of the Company dated April 25, 2020.

### ORDINARY RESOLUTIONS

1. To consider and approve the 2019 Directors' Report.
2. To consider and approve the 2019 Supervisory Committee's Report.
3. To consider and approve the 2019 Final Financial Report.
4. To consider and approve the 2019 Annual Report.
5. To consider and approve the 2019 Profit Distribution Plan.
6. To consider and approve the resolution regarding engaging auditors in 2020.
7. To consider and approve the resolution regarding the authorization of proprietary investment quota for 2020.
8. To consider and approve the resolution regarding the 2020 expected daily related party/connected transactions.
9. To consider and approve the resolution regarding amendments to the Rules of Procedure for the General Meeting.
10. To consider and approve the resolution regarding amendments to the Rules of Procedure for the Board of Directors.

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## NOTICE OF AGM

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11. To consider and approve the resolution regarding amendments to the Rules of Procedure for the Supervisory Committee.
12. To consider and approve the resolution regarding amendments to the Work Rules for Independent Directors.
13. To consider and approve the resolution regarding the election of Directors for the Tenth Session of the Board of the Company:
  - 13.1 To consider and approve the resolution regarding the election of Mr. Li Xiulin as a Non-Executive Director for the Tenth Session of the Board of the Company
  - 13.2 To consider and approve the resolution regarding the election of Mr. Shang Shuzhi as a Non-Executive Director for the Tenth Session of the Board of the Company
  - 13.3 To consider and approve the resolution regarding the election of Ms. Liu Xuetao as a Non-Executive Director for the Tenth Session of the Board of the Company
  - 13.4 To consider and approve the resolution regarding the election of Mr. Fan Lifu as an Independent Non-executive Director for the Tenth Session of the Board of the Company
  - 13.5 To consider and approve the resolution regarding the election of Mr. Hu Bin as an Independent Non-executive Director for the Tenth Session of the Board of the Company
  - 13.6 To consider and approve the resolution regarding the election of Ms. Leung Shek Ling Olivia as an Independent Non-executive Director for the Tenth Session of the Board of the Company
  - 13.7 To consider and approve the resolution regarding the election of Mr. Li Wenjing as an Independent Non-executive Director for the Tenth Session of the Board of the Company
  - 13.8 To consider and approve the resolution regarding the election of Mr. Sun Shuming as an Executive Director for the Tenth Session of the Board of the Company
  - 13.9 To consider and approve the resolution regarding the election of Mr. Qin Li as an Executive Director for the Tenth Session of the Board of the Company
  - 13.10 To consider and approve the resolution regarding the election of Ms. Sun Xiaoyan as an Executive Director for the Tenth Session of the Board of the Company

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## NOTICE OF AGM

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14. To consider and approve the resolution regarding the election of Supervisors for the Tenth Session of the Supervisory Committee of the Company:
  - 14.1 To consider and approve the resolution regarding the election of Mr. Lai Jianhuang as a Supervisor for the Tenth Session of the Supervisory Committee of the Company
  - 14.2 To consider and approve the resolution regarding the election of Mr. Xie Shisong as a Supervisor for the Tenth Session of the Supervisory Committee of the Company
  - 14.3 To consider and approve the resolution regarding the election of Ms. Lu Xin as a Supervisor for the Tenth Session of the Supervisory Committee of the Company

### SPECIAL RESOLUTION

15. To consider and approve the resolution regarding amendments to the Articles of Association.

### TO HEAR THE RELEVANT REPORTS

16. To hear the 2019 Work Report of the Independent Directors.
17. To hear the 2019 Duty Performance Report of the Independent Directors.
18. To hear the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2019.
19. To hear the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2019.
20. To hear the special Description of the Duty Performance, Performance Assessment and Remuneration of the Management for the Year of 2019.

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

Guangzhou, the PRC

April 25, 2020

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

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## NOTICE OF AGM

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*Notes:*

1. Details of the above said resolutions are set out in Appendix I to the circular of the Company dated April 25, 2020 (the “**Circular**”), of which details in respect of various resolutions are set out in Annex A to Annex G of Appendix I to this Circular, respectively.
2. The following reports/special descriptions will be presented at the AGM for hearing, but no Shareholders’ approval is required: (1) the 2019 Work Report of the Independent Directors; (2) the 2019 Duty Performance Report of the Independent Directors; (3) the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2019; (4) the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2019; and (5) the Special Description of the Duty Performance, Performance Assessment and Remuneration of the Management for the Year of 2019.
3. Pursuant to the requirements of the Hong Kong Listing Rules, all votes of Shareholders at a general meeting must be taken by poll. Therefore, the resolutions as set out in the notice of AGM will be voted by poll. Results of the poll voting will be posted on the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.gf.com.cn](http://www.gf.com.cn) upon the conclusion of the AGM.
4. Any Shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote on his/her behalf at the meeting. A proxy needs not be a Shareholder of the Company.
5. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, should be completed and deposited at the Board’s office (for A Shareholders) or the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), no less than 24 hours before the time appointed for holding the AGM. The address of the Company’s Board office is at 59th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong, the PRC, postal code: 510627, (phone: (86) 20 8755 0265; (86) 20 8755 0565; fax: (86) 20 8755 4163). Computershare Hong Kong Investor Services Limited, the Company’s H Share registrar, is located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (phone: (852) 2862 8555). Completion and return of the proxy form will not preclude a Shareholder from attending and voting at the AGM in person should he/she so wish.
6. In order to determine the H Shareholders’ entitlement to attend the AGM, the H Share register of members of the Company will be closed from Saturday, May 9, 2020 to Tuesday, June 9, 2020 (both days inclusive), during which period no transfer of shares will be registered. In order for H Shareholders to attend the AGM, all share transfer, documents accompanied by the relevant share certificates, must be lodged with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, by 4:30 p.m. on Friday, May 8, 2020. H Shareholders who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the AGM.
7. The Board recommended the payment of a final dividend for the year ended December 31, 2019 in an aggregate amount expected to be RMB2,667,380,682.40 (tax inclusive), representing a cash dividend of RMB3.5 (tax inclusive) for every 10 Shares held on the basis of the number of Shares on the record date for dividend distribution. Cash dividends of H Shares are distributed in Hong Kong dollars, the actual amount of which is calculated based on the average benchmark exchange rate for conversion between RMB and Hong Kong dollar as announced by the People’s Bank of China of the five business days before the date of the AGM (namely Tuesday, June 2, 2020 to Monday, June 8, 2020).

If the Shareholders approve the 2019 final dividend at the AGM, the Company’s final dividend for the ended December 31, 2019 will be paid to H Shareholders on Wednesday, August 5, 2020.

Separate announcements will be published by the Company in respect of the record date and book closure period for the payment of dividends on H Shares, as well as the record date and specific date for the payment of dividends on A Shares and other relevant matters.

Time arrangements of the record date, ex-entitlement date and final dividend payment date for investors of Northbound Trading of Shenzhen Connect are consistent with those for A Shareholders of the Company. Time arrangements of the record date, ex-entitlement date and final dividend payment date for Southbound Trading investors are consistent with those for H Shareholders of the Company.

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## NOTICE OF AGM

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### 8. Withholding and payment of enterprise income tax for non-resident enterprise Shareholders

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the 2019 final dividend to non-resident enterprise Shareholders as appeared on the H Share register of members of the Company. Any Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise Shareholders and therefore will be subject to the withholding of the enterprise income tax.

Upon receipt of such dividends, a non-resident enterprise Shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

### Withholding and payment of individual income tax for individual foreign Shareholders

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay individual income tax before distributing the 2019 final dividend to individual Shareholders as appeared on the H Share register of members of the Company (the “**individual H Shareholders**”). However, the individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

- for individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend;
- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend;
- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend;
- for individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of final dividend.

If individual H Shareholders consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, please submit promptly to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, a letter of entrustment and all application materials showing that they are residents of a country (region) which has entered into a tax treaty with the PRC. The Company will then submit the above documents to competent tax authorities who will proceed with subsequent tax related arrangements.

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## NOTICE OF AGM

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### Withholding of income tax for H Shareholders via Southbound Trading

Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《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)) promulgated on December 5, 2016:

- for dividends received by Mainland individual investors from investing in the H Shares of the Company via Southbound Trading, the Company will withhold and pay individual income tax at the rate of 20% on their behalf. For dividends received by Mainland securities investment funds from investing in the H Shares of the Company via Southbound Trading, the tax payable will be the same as that for individual investors and will also be paid in the same way; and
- for dividends received by Mainland corporate investors from investing in the H Shares of the Company via Southbound Trading, the Company will not withhold and pay the income tax on their behalf and the Mainland corporate investors shall file the tax returns on their own. Dividends and bonus income of resident enterprises in the PRC obtained as they have continuously held H Shares for 12 months and enterprise income tax will be exempted according to laws.

Should the H Shareholders of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H Shares of the Company.

9. In the case of joint Shareholders, if more than one of them are present at the meeting, either in person or by proxy, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholder(s). For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
10. H Shareholders who intend to attend the AGM in person or by proxy should return the reply slip for the AGM to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by hand, by post or by fax on or before Wednesday, May 20, 2020.
11. The AGM is expected to last for half day. Shareholders or their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM.
12. The abovementioned ordinary resolution No. 8 (the resolution regarding the 2020 expected daily related party/connected transactions) will be taken by poll by Shareholders who do not hold any interests in those resolutions.

Jilin Aodong, Liaoning Cheng Da, Zhongshan Public Utilities and their respective associates are required to abstain from voting on the abovementioned ordinary resolution No. 8 (the resolution regarding the 2020 expected daily related party/connected transactions), and shall not accept appointment from other Shareholders as proxies in voting.

**ORDINARY RESOLUTIONS****1. To Consider and Approve the 2019 Directors' Report**

Pursuant to the requirements of the Company Law and the Articles of Association, considering and approving Directors' Report is the function and power of the general meeting of the Company. According to the requirements of the Rules of General Meeting of Listed Companies issued by the CSRC, the Board shall report their work during the past year to the Shareholders at the AGM.

The 2019 Directors' Report of GF Securities was considered and approved by the 26th Meeting of the Ninth Session of the Board of Directors (the "**Board Meeting**") on March 27, 2020, it is hereby proposed to the AGM for consideration and approval by the Shareholders.

Details of the aforesaid Directors' Report are set out in Annex A to this circular.

**2. To Consider and Approve the 2019 Supervisory Committee's Report**

Pursuant to the relevant regulatory provisions and the requirements of the Articles of Association, considering and approving the Supervisory Committee's Report is the duty and authority of the general meeting of the Company. According to the requirements of the Rules of General Meeting of Listed Companies issued by the CSRC, the Supervisory Committee shall report their work during the past year to the Shareholders at the AGM.

The 2019 Supervisory Committee's Report of GF Securities was considered and approved by the 14th Meeting of the Ninth Session of the Supervisory Committee (the "**Supervisory Committee Meeting**") on March 27, 2020, it is hereby proposed to the AGM for consideration and approval by the Shareholders.

Details of the aforesaid Supervisory Committee's Report are set out in Annex B to this circular.

**3. To Consider and Approve the 2019 Final Financial Report**

The 2019 Final Financial Report of GF Securities was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for its consideration and approval.

Details of the aforesaid resolution are set out in Annex C to this circular.

**4. To Consider and Approve the 2019 Annual Report**

The 2019 Annual Report was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for its consideration and approval. For details about the Annual Report, please refer to the 2019 Annual Report/Annual Results Announcement dated March 27, 2020 posted on the HKExnews website of Hong Kong Exchanges and Clearing Limited at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.gf.com.cn](http://www.gf.com.cn)).



## 5. To Consider and Approve the 2019 Profit Distribution Plan

According to the 2019 Profit Distribution Plan of GF Securities which was considered and approved at the Board Meeting and disclosed by the Company on China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and the website of CNINFO (www.cninfo.com.cn) on March 28, 2020, the annual profit distribution plan of the Company for 2019 is as follows:

In 2019, GF Securities, the parent company of the Group, achieved a net profit of RMB5,929,392,511.11, and in accordance with the provisions of the Articles of Association, each of the statutory surplus reserve, the general risk reserve, and the transaction risk reserve was credited with 10% of the net profit, amounting to RMB592,939,251.11 for each of the reserves. According to the Provisional Measures on Supervision and Administration of Risk Reserve of Public Offering of 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》), a fund custodian should appropriate no less than 2.5% of the income from fund custodian fees to the risk reserve on a monthly basis. A sum of RMB400,778.56 was appropriated to the general risk reserve for asset custodian business, and the remaining distributable profit amounted to RMB21,130,589,692.84.

According to the Document No. [2007] 320 (機構字[2007]320號文) issued by the CSRC, securities firms shall not utilize the gains arising from fair value changes included in distributable profits to distribute cash dividends. After deducting the gains arising from fair value changes included in distributable profits, the distributable profits for cash dividends for the year amounted to RMB21,130,589,692.84.

Based on the number of Shares held as at the record date, it was proposed that a cash dividend of RMB3.5 (tax inclusive) for every 10 Shares be distributed to all Shareholders. Based on the Company's existing share capital of 7,621,087,664 Shares, the total cash dividend would be RMB2,667,380,682.40, and the remaining undistributed profit of RMB18,463,209,010.44 would be carried forward to the next financial year.

Dividends for A Shares will be paid in RMB and dividends for H Shares will be paid in Hong Kong dollars, the actual amount will be determined by the average benchmark exchange rate between RMB and Hong Kong dollars as announced by the People's Bank of China for the five business days prior to the date of the AGM of the Company (namely Tuesday, June 2, 2020 to Monday, June 8, 2020).

The aforesaid 2019 Profit Distribution Plan was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for its consideration and approval, and authorization the management of the Company to deal with, including but not limited to, opening and operating dividend accounts and other specific matters relating to the implementation of profit distribution. If the Shareholders approve the 2019 final dividend at the AGM, the Company's final dividend for the year ended December 31, 2019 will be paid to H Shareholders on Wednesday, August 5, 2020.

Separate announcements will be published by the Company in respect of the record date and book closure period for the payment of dividends on H Shares, as well as the record date and specific date for the payment of dividends on A Shares and other relevant matters.

Time arrangements of the record date, ex-entitlement date and final dividend payment date for investors of Northbound Trading of Shenzhen Connect are consistent with those for A Shareholders of the Company. Time arrangements of the record date, ex-entitlement date and final dividend payment date for Southbound Trading investors are consistent with those for H Shareholders of the Company.

**6. To Consider and Approve the Resolution Regarding Engaging Auditors in 2020**

Ernst & Young Hua Ming LLP (Special General Partnership) and Ernst & Young are the auditors of the Company. In consideration of their professional level and service experience, the Board hereby proposes to re-appoint Ernst & Young Hua Ming LLP (Special General Partnership) as the PRC domestic auditor of the Company in 2020, and Ernst & Young as the overseas auditor of the Company in 2020. It is hereby proposed to the shareholders' general meeting to authorize the management of the Company to negotiate and determine the 2020 auditing fee with the firms in accordance with market principle.

The aforesaid resolution was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for consideration and approval by the Shareholders.

**7. To Consider and Approve the Resolution Regarding the Authorization of Proprietary Investment Quota for 2020**

The aforesaid resolution was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for consideration and approval by the Shareholders. Details of the aforesaid resolution are set out in Annex D to this circular.

**8. To Consider and Approve the Resolution Regarding the 2020 Expected Daily Related Party/Connected Transactions**

The aforesaid resolution was considered and approved by the Board at the Board Meeting on March 27, 2020 and is hereby proposed to the AGM for consideration and approval by the Shareholders. Details of the aforesaid resolution are set out in Annex E to this circular.

**9. To Consider and Approve the Resolution Regarding Amendments to the Rules of Procedure for the General Meeting**

In October 2019, the State Council issued the Approval of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) (Guo Han [2019] No. 97) (the “**Approval**”), agreeing that the requirements in respect of the notification period for a general meeting, the shareholders’ right to propose and procedures convening a general meeting for a joint-stock limited liability company incorporated in China and listed overseas, shall consistently apply the relevant provisions of the Company Law (《公司法》), and the requirements under articles 20 to 22 of the Special Regulations of the State Council on the Overseas Share Offering and Listing by Joint-stock Limited Liability Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) shall no longer be applicable.

In December 2019, the Securities Law (《證券法》) (the “**Securities Law**”), was amended and adopted at the 15th Meeting of the Standing Committee of the 13th National People’s Congress and came into force on March 1, 2020.

Based on the provisions of the laws and regulations under the Approval and the Securities Law, the Company proposes to amend certain articles in the Company's Rules of Procedure for the General Meeting (《股東大會議事規則》) (the “**Rules of Procedure for the General Meeting**”), details of the proposed amendments to the Rules of Procedure for the General Meeting are set out below:

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 18	<p>Where the Company convenes a general meeting, a written notice of the meeting shall be given <b>45</b> days before the date of the meeting <b>to notify all shareholders whose names appear on the register of shareholders of the matters to be considered at and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.</b></p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	Article 18	<p>Where the Company convenes <b>an annual</b> general meeting, a written notice of the meeting shall be given <b>20</b> days before the date of the meeting, <b>and where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting.</b></p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	The Approval
Article 19	<p><b>The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days, notify the shareholders again by way of public announcement the matters to be considered at, and the date and place for, the meeting. The Company may hold the meeting after publication of such announcement.</b></p>	–	Deleted	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 21	<p>.....</p> <p>The announcement referred to in the preceding paragraph shall be <u>published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting.</u> Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, <u>45 days prior to the said meeting</u>:.....</p>	Article 20	<p>.....</p> <p><u>In respect of the holders of domestic shares,</u> the announcement referred to in the preceding paragraph shall be <u>published on the websites of the relevant stock exchange and in the media that meet the requirements stipulated by the CSRC and other regulatory authorities.</u> Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners:.....</p>	The Approval, Article 86 of the Securities Law
Article 56	<p>Shareholders may vote in person or by proxy.</p> <p>The Board, independent directors and <u>shareholders who meet the relevant requirements may publicly solicit the voting rights of shareholders of the Company at the general meeting. The collectors publicly solicit the voting rights of shareholders of the Company shall be handled in accordance with the relevant regulations. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited.</u> Consideration or de facto consideration for <u>soliciting shareholders' voting rights</u> is prohibited. <u>The Company shall not impose any minimum shareholding limitation for soliciting voting rights.</u></p>	Article 55	<p>Shareholders may vote in person or by proxy.</p> <p>The Board, independent directors, <u>shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the requirements of the CSRC may act as collectors to publicly request by themselves or entrust securities companies and securities service institutions to publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting of shareholders and exercise the proposal rights, voting rights and other shareholders' rights on their behalf.</u></p>	Article 90 of the Securities Law

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
			<p><u>Where shareholders' rights are collected in accordance with the provisions of the preceding paragraph, the collector shall disclose the collection documents and the Company shall cooperate.</u></p> <p>Consideration or de facto consideration for <u>collecting the shareholders' rights publicly</u> is prohibited. <u>Where the public collection of shareholders' rights violates laws, administrative regulations or the relevant requirements of the CSRC, causing losses to the Company or its shareholders, the collector shall be liable for damages.</u></p>	
Article 79	<p>When the Company is to convene a shareholders' class meeting, it shall issue a written notice <b><u>45 days prior to the date of such meeting</u></b> informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. <b><u>Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</u></b></p>	Article 78	<p>When the Company is to convene a shareholders' class meeting, it shall issue a written notice <b><u>in accordance with the requirement of the Article 18 of the Rules</u></b> informing all the shareholders who are registered as holders of that class of shares in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.</p>	The Approval
Article 84	<p>Notices of the Company shall be served by one or a combination of the following methods:</p> <p>.....</p> <p>(7) by other means approved by the relevant regulatory authorities at the location where the Company's shares are listed or specified in <b><u>these Articles</u></b>.</p> <p>.....</p> <p>Where notices are given by way of announcements under authorization conferred by <b><u>these Articles</u></b>, such announcements shall be published by means specified in the Hong Kong Listing Rules.</p>	Article 83	<p>Notices of the Company shall be served by one or a combination of the following methods:</p> <p>.....</p> <p>(7) by other means approved by the relevant regulatory authorities at the location where the Company's shares are listed or specified in <b><u>the Articles of Association</u></b>.</p> <p>.....</p> <p>Where notices are given by way of announcements under authorization conferred by the <b><u>Articles of Association</u></b>, such announcements shall be published by means specified in the Hong Kong Listing Rules.</p>	To optimize the statement

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 87	<p>The Company shall issue announcements and disclose information to holders of domestic shares through <u>newspapers and websites designated by the laws, regulations or the securities regulators of China for information disclosure</u>. If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules or the relevant laws and regulations.</p> <p>The Company may not disclose information through public media before such information is disclosed through designated <u>newspapers and websites</u>, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.</p> <p>The Board may change the newspapers for information disclosure, but shall ensure that the designated <u>newspapers</u> for information disclosure are allowed by <u>the relevant laws and regulations and</u> comply with the qualifications and conditions stipulated by CSRC, overseas regulatory authorities and securities exchanges in China and overseas.</p>	Article 86	<p>The Company shall issue announcements and disclose information to holders of domestic shares through the websites <u>of the stock exchanges and the media that meet the requirements stipulated by the CSRC</u>. If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules or the relevant laws and regulations.</p> <p>The Company may not disclose information through public media before such information is disclosed through the designated <u>websites and other designated media</u>, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.</p> <p>The Board may change the <u>websites and other media</u> for information disclosure, but shall ensure that the designated <u>websites and other media</u> for information disclosure comply with the qualifications and conditions stipulated by <u>the CSRC</u>, overseas regulatory authorities, securities exchanges in China and overseas <u>and other regulatory authorities</u>.</p>	Article 86 of the Securities Law
Article 92	These Rules are formulated by the board of directors of the Company and shall take effect <u>on the date when the overseas listed foreign shares (H Shares) issued by the Company are listed on the Hong Kong Stock Exchange</u> upon approval by a resolution at the general meeting of the Company. As of the effective date of these Rules, the previous Rules of Procedure <u>of</u> the General Meeting shall become void automatically.	Article 91	These Rules are formulated by the board of directors of the Company and shall take effect upon approval by a resolution at the general meeting of the Company. As of the effective date of these Rules, the previous Rules of Procedure <u>for</u> the General Meeting shall become void automatically.	To amend with reference to the actual situation
<p><i>Note: The numbering of articles of the amended Rules of Procedure for the General Meeting will be re-numbered due to the deletion of certain articles. The amended Rules of Procedure for the General Meeting will also be revised accordingly for any changes in the numbering of the articles with cross-reference made in the original Rules of Procedure for the General Meeting.</i></p>				

The above-mentioned amendments have been considered and approved by the Board at the Board Meeting on March 27, 2020, and are hereby proposed to the AGM for consideration and approval by the Shareholders. Until then, existing Rules of Procedure for the General Meeting shall remain in force.

The proposed amendments to the Rules of Procedure for the General Meeting are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Rules of Procedure for the General Meeting, the Chinese version shall prevail.

#### 10. To Consider and Approve the Resolution Regarding Amendments to the Rules of Procedure for the Board of Directors

Based on the provisions of the laws and regulations under the Securities Law, the Company proposes to amend certain articles in the Company's Rules of Procedure for the Board of Directors (《董事會議事規則》) (the “**Rules of Procedure for the Board of Directors**”). The proposed amendments to the Rules of Procedure for the Board of Directors have been considered and approved by the Board at the Board Meeting, details of the proposed amendments to the Rules of Procedure for the Board of Directors are set out below:

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 1	In order to standardize the convening, deliberation, resolution and other activities of the Board of Directors of the Company, and promote the Directors and the Board of Directors to effectively perform their duties in accordance with the law, and ensure the standardized operation and scientific decision-making of the Board of Directors, these Rules of Procedure are formulated in accordance with the Company Law of the People's Republic of China, the Rules for Governance of Securities Companies (證券公司治理準則), the Guidelines on the Standardized Operation of Companies Listed on the <u>the Main Board of</u> the Shenzhen Stock Exchange (深圳證券交易所主板上市公司規範運作指引), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of GF Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”).	Article 1	In order to standardize the convening, deliberation, resolution and other activities of the Board of Directors of the Company, and promote the Directors and the Board of Directors to effectively perform their duties in accordance with the law, and ensure the standardized operation and scientific decision-making of the Board of Directors, these Rules of Procedure are formulated in accordance with the Company Law of the People's Republic of China, the Rules for Governance of Securities Companies (證券公司治理準則), the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange (深圳證券交易所上市公司規範運作指引), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of GF Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”).	On February 28, 2020, the Shenzhen Stock Exchange issued the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange (深圳證券交易所上市公司規範運作指引), and the previous Guidelines on the Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange (2015 Revision) (深圳證券交易所主板上市公司規範運作指引 (2015年修訂)) was repealed concurrently.



Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 38	<p>To consider and approve the meeting proposal of the board meeting and form relevant resolutions thereof, the consent of more than half of all Directors of the Company shall be obtained, unless a higher proportion of affirmative votes has been specified in the laws, administrative regulations and the Articles of Association.</p> <p>The Directors and senior management of the Company shall provide signed written confirmation for the periodic reports <u>discussed and approved at the Board meetings</u> of the Company.</p>	Article 38	<p>To consider and approve the meeting proposal of the board meeting and form relevant resolutions thereof, the consent of more than half of all Directors of the Company shall be obtained, unless a higher proportion of affirmative votes has been specified in the laws, administrative regulations and the Articles of Association.</p> <p>The Directors and senior management of the Company shall provide signed written confirmation for <u>the securities issuance documents and</u> the periodic reports of the Company, to <u>guarantee the timeliness and fairness of the information disclosure of the Company, and the truthfulness, accuracy and completeness of the information disclosed; if they cannot guarantee the truthfulness, accuracy and completeness of the contents of the securities issuance documents and periodic reports, or hold a different opinion, such opinion and the reason thereof shall be included in their written confirmation, which shall also be disclosed by the Company. If the Company has failed to make such disclosure, such Director and senior management may apply to disclose directly.</u></p>	Article 82 of the Securities Law
Article 48	These Rules are formulated by the Board of Directors of the Company and shall take effect after approval by a resolution at the general meeting of the Company. As of the effective date of these Rules, the previous Rules of Procedure <u>of</u> the Board of Directors of the Company shall become void automatically.	Article 48	These Rules are formulated by the Board of Directors of the Company and shall take effect <u>upon</u> approval by a resolution at the general meeting of the Company. As of the effective date of these Rules, the previous Rules of Procedure <u>for</u> the Board of Directors of the Company shall become void automatically.	The amendment was based on the actual situation

The above-mentioned amendments have been considered and approved by the Board at the Board Meeting on March 27, 2020, and are hereby proposed to the AGM for consideration and approval by the Shareholders. Until then, the existing Rules of Procedure for the Board of Directors shall remain in force.

The proposed amendments to the Rules of Procedure for the Board of Directors are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Rules of Procedure for the Board of Directors, the Chinese version shall prevail.

# 11. To Consider and Approve the Resolution Regarding Amendments to the Rules of Procedure for the Supervisory Committee

Based on the provisions of the laws and regulations under the Securities Law, the Company proposes to amend certain articles in the Company's Rules of Procedure for the Supervisory Committee (《監事會議事規則》) (the “**Rules of Procedure for the Supervisory Committee**”). The proposed amendments to the Rules of Procedure for the Supervisory Committee have been considered and approved at the Supervisory Committee Meeting convened on March 27, 2020 by the Supervisory Committee, details of the proposed amendments to the Rules of Procedure for the Supervisory Committee are set out below:

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 1	In order to regulate the convening, deliberation and voting procedures of meetings of the Supervisory Committee of GF Securities Co., Ltd. (the “Company”),.....these Rules of Procedure <u>of</u> the Supervisory Committee are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the “Company Law”), the Rules for Governance of Securities Companies (證券公司治理準則), <u>the Guidelines on the Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange</u> (深圳證券交易所上市公司規範運作指引), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of GF Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”).	Article 1	In order to regulate the convening, deliberation and voting procedures of meetings of the Supervisory Committee of GF Securities Co., Ltd. (the “Company”),.....these Rules of Procedure <u>for</u> the Supervisory Committee are formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the “Company Law”), the Rules for Governance of Securities Companies (證券公司治理準則), <u>the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange</u> (深圳證券交易所上市公司規範運作指引), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of GF Securities Co., Ltd. (hereinafter referred to as the “Articles of Association”).	On February 28, 2020, the Shenzhen Stock Exchange issued the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange (深圳證券交易所上市公司規範運作指引), and the previous Guidelines on the Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange (2015 Revision) (深圳證券交易所主板上市公司規範運作指引 (2015年修訂)) was repealed concurrently

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 7	<p>The Supervisory Committee shall exercise the following functions and powers:</p> <p>(1) to review the periodic reports prepared by the Board and express its written opinion;</p> <p>.....</p>	Article 7	<p>The Supervisory Committee shall exercise the following functions and powers:</p> <p>(1) to review the <u>securities issuance documents</u> and the periodic reports <u>of the Company</u> prepared by the Board and express its written opinion. <u>The Supervisors shall provide a signed written confirmation. The Supervisors shall guarantee the timeliness and fairness of the information disclosure of the Company, and the truthfulness, accuracy and completeness of the information disclosed. If the Supervisors cannot guarantee the truthfulness, accuracy and completeness of such securities issuance documents or periodic reports, or hold a different opinion, such opinion and the reason thereof shall be included in their written confirmation, which shall also be disclosed by the Company. If the Company has failed to make such disclosure, such Supervisor may apply to disclose directly;</u></p> <p>.....</p>	Supplemented in accordance with the requirement under Article 82 of the Securities Law
Article 39	<p>These Rules are formulated by the Supervisory Committee of the Company, and shall take effect upon approval by a resolution at the general meeting of the Company <u>and from the date when the offshore listed foreign shares (H Shares) issued by the Company are listed on The Stock Exchange of Hong Kong Limited.</u> As of the effective date of these Rules, the previous Rules of Procedure <u>of</u> the Supervisory Committee of the Company shall become void automatically.</p>	Article 39	<p>These Rules are formulated by the Supervisory Committee of the Company, and shall take effect upon approval by a resolution at the general meeting of the Company. As of the effective date of these Rules, the previous Rules of Procedure <u>for</u> the Supervisory Committee of the Company shall become void automatically.</p>	The amendment was based on the actual situation

The above-mentioned amendments have been considered and approved by the Supervisory Committee Meeting on March 27, 2020, and are hereby proposed to the AGM for consideration and approval by the Shareholders. Until then, the existing Rules of Procedure for the Supervisory Committee shall remain in force.

The proposed amendments to the Rules of Procedure for the Supervisory Committee are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Rules of Procedure for the Supervisory Committee, the Chinese version shall prevail.

## 12. To Consider and Approve the Resolution Regarding Amendments to the Work Rules for Independent Directors

With reference to the announcement of the Company dated December 27, 2019, in which it was disclosed that due to the new establishment of the Nomination Committee and the Remuneration and Appraisal Committee under the Board, the original Remuneration and Nomination Committee under the Board was revoked. Adjustments were required to be made to the corresponding articles in the Work Rules for Independent Directors (《獨立董事工作規則》) (the “**Work Rules for Independent Directors**”). The proposed amendments to the Work Rules for Independent Directors had been considered and approved at the 24th Meeting of the Ninth Session of the Board of the Company convened on December 27, 2019 by the Board of Directors, details of the proposed amendments to the Work Rules for Independent Directors are set out below:

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 11	<p>In addition to the general powers conferred by the Company Law, other relevant laws and administrative regulations, independent directors shall also provide independent opinions to the Board or the General Meeting of the Company in respect of the following matters:</p> <p>.....</p> <p>(X) shall accept invitation to participate as a member in the <b>Audit</b> Committee, Remuneration Committee, Nomination Committee and other <b>governance</b> committees;</p> <p>.....</p>	Article 11	<p>In addition to the general powers conferred by the Company Law, other relevant laws and administrative regulations, independent directors shall also provide independent opinions to the Board or the General Meeting of the Company in respect of the following matters:</p> <p>.....</p> <p>(X) shall accept invitation to participate as a member in the <b>Audit</b> Committee, Remuneration <b>and Appraisal</b> Committee, Nomination Committee and other <b>special</b> committees <b>under the Board</b>;</p> <p>.....</p>	The Board of the Company newly established the Nomination Committee and the Remuneration and Appraisal Committee under the Board, the original Remuneration and Nomination Committee under the Board was revoked. Therefore, corresponding adjustments should be made to the contents of the relevant rules.
Article 16	<p>When the nomination, appointment and dismissal of directors or the appointment and dismissal of senior management members are considered by the Board, the independent directors shall perform their duties and powers according to the following procedures:</p> <p>.....</p> <p>(II) Upon receipt of the aforesaid documents, the independent directors shall finish reviewing such documents in a timely manner, and a meeting of the <b>Remuneration and</b> Nomination Committee shall be convened by the independent director who is the chairman of the committee to study and discuss the nomination, appointment and dismissal of the directors or senior management members of the Company;</p> <p>(III) <b>Remuneration and</b> Nomination Committee shall issue written opinions on the nomination, appointment and dismissal of directors and senior management members;</p> <p>.....</p>	Article 16	<p>When the nomination, appointment and dismissal of directors or the appointment and dismissal of senior management members are considered by the Board, the independent directors shall perform their duties and powers according to the following procedures:</p> <p>.....</p> <p>(II) Upon receipt of the aforesaid documents, the independent directors shall finish reviewing such documents in a timely manner, and a meeting of the Nomination Committee shall be convened by the independent director who is the chairman of the committee to study and discuss the nomination, appointment and dismissal of the directors or senior management members of the Company;</p> <p>(III) Nomination Committee shall issue written opinions on the nomination, appointment and dismissal of directors and senior management members;</p> <p>.....</p>	Same as above.

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 17	<p>When the remuneration and incentive schemes for the directors and senior management members are considered by the Board, the independent directors shall perform their duties and powers according to the following procedures:</p> <p>.....</p> <p>(II) Upon receipt of the aforesaid documents, the independent directors shall finish reviewing such documents in a timely manner, and a meeting of the Remuneration and <b><u>Nomination</u></b> Committee shall be convened by the independent director who is the chairman of the committee to study and discuss the remuneration and incentive schemes of the directors or senior management members of the Company. Meanwhile, if the independent directors, in reviewing the information, require the Company to submit supplementary materials, the Company shall make arrangement to provide such materials as soon as possible;</p> <p>(III) The Remuneration and <b><u>Nomination</u></b> Committee issues written opinions on the remuneration and incentive schemes for the directors and senior management members;</p> <p>.....</p>	Article 17	<p>When the remuneration and incentive schemes for the directors and senior management members are considered by the Board, the independent directors shall perform their duties and powers according to the following procedures:</p> <p>.....</p> <p>(II) Upon receipt of the aforesaid documents, the independent directors shall finish reviewing such documents in a timely manner, and a meeting of the Remuneration and <b><u>Appraisal</u></b> Committee shall be convened by the independent director who is the chairman of the committee to study and discuss the remuneration and incentive schemes of the directors or senior management members of the Company. Meanwhile, if the independent directors, in reviewing the information, require the Company to submit supplementary materials, the Company shall make arrangement to provide such materials as soon as possible;</p> <p>(III) The Remuneration and <b><u>Appraisal</u></b> Committee issues written opinions on the remuneration and incentive schemes for the directors and senior management members;</p> <p>.....</p>	Same as above.

The above-mentioned amendments have been considered and approved by the Board at the Board Meeting on December 27, 2019, and are hereby proposed to the AGM for consideration and approval by the Shareholders. Until then, the existing Work Rules for Independent Directors shall remain in force.

The proposed amendments to the Work Rules for Independent Directors are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Work Rules for Independent Directors, the Chinese version shall prevail.

**13. To Consider and Approve the Resolution Regarding the Election of Directors for the Tenth Session of the Board of the Company**

In accordance with the provisions of the Articles of Association, the Board proposed to carry out the re-election of its members. The Company has received the “Letter of Recommendation on Directors” from Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities, in which they recommended Mr. Li Xiulin, Mr. Shang Shuzhi and Ms. Liu Xuetao, respectively, as candidates for the Directors of the tenth session of the Board of the Company. In view of the recommendations from the Shareholders above, at the 27th meeting of the ninth session of the Board held on April 21, 2020, the Board considered and approved the proposals in relation to the nomination of Mr. Li Xiulin, Mr. Shang Shuzhi, Ms. Liu Xuetao, Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia, Mr. Li Wenjing, Mr. Sun Shuming, Mr. Qin Li and Ms. Sun Xiaoyan as the candidates for the Directors of the tenth session of the Board of the Company for election at the AGM, in which:

- (1) Mr. Li Xiulin, Mr. Shang Shuzhi and Ms. Liu Xuetao shall be the candidates for non-executive Directors;
- (2) Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing shall be the candidates for Independent Non-executive Directors; and
- (3) Mr. Sun Shuming, Mr. Qin Li and Ms. Sun Xiaoyan shall be the candidates for executive Directors.

Mr. Fan Lifu, Mr. Hu Bin and Mr. Li Wenjing have obtained the certificate of qualification for independent directors of listed companies issued by the relevant stock exchange. Though Ms. Leung Shek Ling Olivia has not obtained the certificate of qualification for independent directors of listed companies issued by the relevant stock exchange, she has undertaken to enroll in the next training session for independent directors available to obtain the certificate of qualification for independent directors recognized by the SZSE. The proposals in relation to election of the Independent Non-executive Directors of the Company shall only be submitted to the AGM for consideration and approval after the relevant materials have been filed with the SZSE and SZSE does not raise an objection to the proposed candidates of the Independent Non-executive Directors.

Ms. Leung Shek Ling Olivia will formally perform her duties from the date of obtaining the approval for the proposal relating to election of her as an Independent Non-executive Director of the Company at the AGM and the certificate of qualification for independent directors issued by the stock exchange. Before the formal assumption of office by Ms. Leung Shek Ling Olivia, Mr. Chan Kalok, an Independent Non-executive Director, will continue to perform his duties in accordance with the requirements of laws, administrative regulations and the Articles of Association.

The Articles of Association provides that the Board shall consist of 11 Directors. In the current nomination, 10 Directors have been nominated. The Company will identify a suitable candidate for the position of a Director as soon as possible in accordance with the relevant requirements, and will submit it to the general meeting for approval.

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 candidates for directorship 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 Nomination Committee of the Board (the "**Nomination Committee**") is mainly responsible for reviewing the structure, size and composition of the Board and make recommendations or advises to the Board, or the selection of the Company's Directors and senior management members, and the assessment of the independence of Independent Non-executive Directors.

The Nomination Committee is of the view that Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing have extensive experience in financial markets, finance, accounting and management, and election of them as Independent Non-executive Directors of the tenth session of the Board of the Company can enable the Company to leverage their professional experience in financial markets, finance, accounting and management to provide valuable advices to major decisions relating to the Company's operation and strategies. As such, the Nomination Committee nominated Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing as candidates for the independent Non-executive Directors of the tenth session of the Board of the Company for consideration and approval by the Board on April 21, 2020, and recommend to the Shareholders for consideration and approval at the AGM.

Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing have confirmed their independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Board is also of the view that Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia and Mr. Li Wenjing meet the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules and are independent in accordance with the terms of the guidelines.

The biographical details of the proposed Directors are set out in Annex F to this circular.

If appointed, the above-mentioned proposed Directors will enter into Director's service contracts with the Company, with term of office commencing on the date when the resolutions on their respective appointments as Directors of the Company are approved at the AGM and ending on the expiry of the term of the tenth session of the Board, and they shall be eligible for re-election and re-appointment upon the expiry of the term. The remuneration of the executive Directors shall be determined depending on the relevant policies of the Company and their positions and performance, and mainly comprises of base salary, performance-based remuneration, annuity, staff benefits, social insurance and housing fund. The remuneration of the executive Directors is determined by the relevant State policies and relevant policies of the Company. The Remuneration and Appraisal Committee of the Company is responsible for considering the annual performance-based compensation distribution plan of the management and submitting the same to the Board for approval. In addition, the annual allowances of non-executive Directors and Independent Non-executive Directors shall be RMB180,000 (tax inclusive) and RMB270,000 (tax inclusive), respectively.

To the knowledge of the Directors of the Company and save as disclosed in this circular, the above-mentioned proposed Directors did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or

overseas in the last three years; and they do not have any relationship with any Director, Supervisor, senior management or substantial Shareholder of the Company nor do they hold any position with the Company or any of its subsidiaries.

As at the date of this circular, none of the above-mentioned proposed Directors has any interest in any Shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

Save as disclosed in this circular, the above-mentioned proposed Directors have confirmed that they are not aware of any other information and any other matter in respect of their appointments that is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules, nor is there any matter that needs to be brought to the attention of the Shareholders of the Company.

The Board is now proposing to the AGM to consider and approve item by item of each of the sub-resolutions regarding the election of Mr. Li Xiulin, Mr. Shang Shuzhi, Ms. Liu Xuetao, Mr. Fan Lifu, Mr. Hu Bin, Ms. Leung Shek Ling Olivia, Mr. Li Wenjing, Mr. Sun Shuming, Mr. Qin Li and Ms. Sun Xiaoyan as a Director of the tenth session of the Board of the Company.

#### **14. To Consider and Approve the Resolution Regarding the election of Supervisors for the Tenth Session of the Supervisory Committee of the Company**

In accordance with the provisions of the Articles of Association, the Supervisory Committee of the Company proposed to carry out the re-election of its members. At the 15th meeting of the ninth session of the Supervisory Committee of the Company held on April 21, 2020, the Supervisor Committee considered and approved to nominate Mr. Lai Jianhuang, Mr. Xie Shisong and Ms. Lu Xin as the candidates for the Supervisors of the tenth session of the Supervisory Committee of the Company for election at the AGM.

The biographical details of the proposed Supervisors are set out in Annex G to this circular.

If appointed, the above-mentioned proposed Supervisors will enter into supervisors’ service contracts with the Company, with term of office commencing on the date when the resolutions on their respective appointments as Supervisors of the Company are approved at the AGM and ending on the expiry of the term of the tenth session of the Supervisory Committee, and they shall be eligible for re-election and re-appointment upon expiry of the term. In case of re-appointment, the above-mentioned proposed Supervisors will receive allowances from the Company for performing the duties as Supervisors based on the Resolution regarding the Adjustment of Supervisors’ Allowances approved at the annual general meeting for the year 2015. Annual allowances for such Supervisors shall be RMB150,000 (tax inclusive).

To the knowledge of the Directors of the Company and save as disclosed in this circular, the above-mentioned proposed Supervisors did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or



overseas in the last three years; and they do not have any relationship with any Director, Supervisor, senior management or substantial Shareholder of the Company nor do they hold any position with the Company or any of its subsidiaries.

As at the date of this circular, none of the above-mentioned proposed Supervisors has any interest in any Shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed in this circular, the above-mentioned proposed Supervisors have confirmed that they are not aware of any other information and any other matter in respect of their appointments that is required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules nor is there any matter that needs to be brought to the attention of the Shareholders of the Company.

In addition, the Company is now performing nomination and deliberation procedures for candidates of employee representative Supervisor according to the Articles of Association and relevant regulations. Further announcement will be made by the Company on the progress of such matter as and when appropriate.

The Board is now proposing to the AGM for consideration and approval item by item of each of the sub-resolutions regarding the election of Mr. Lai Jianhuang, Mr. Xie Shisong and Ms. Lu Xin as a Supervisor for the tenth session of the Supervisory Committee of the Company.

## **SPECIAL RESOLUTION**

### **15. To Consider and Approve the Resolution Regarding Amendments to the Articles of Association**

In July 2019, the CSRC issued the Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》) (CSRC Order No. 156) (the “**Provisions on the Administration of Equities of Securities Companies**”) and the Provisions on Issues Related to the Implementation of the ‘Provisions on the Administration of Equities of Securities Companies’ (《關於實施<證券公司股權管理規定>有關問題的規定》) (Announcement [2019] No. 16), requiring securities companies to include the shareholders’ rights and obligations, the lock-up period of equity, the person in charge of equity management affairs, and other regulatory requirements in respect of equity management into the articles of association.

At the same time, based on the Approval and the Securities Law, the Company proposes to amend the Articles of Association. The proposed amendments to the Articles of Association based on the aforesaid reasons had been considered and approved by the Board at the Board Meeting on March 27, 2020, details of the proposed amendments to the Articles of Association are set out below:

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 1	In order to establish the legal status of GF SECURITIES CO., LTD. (hereinafter referred to as the “Company”), regulate the organization and acts of the Company, safeguard the legal rights and interests of the Company, its shareholders and creditors thereof, and establish a good self-developing and self-disciplinary operating system, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Share Offering and Listing by Joint-stock Limited Liability Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (hereinafter referred to as the “Special Regulations”), the Mandatory Provisions of Articles of Association of Companies Listing Overseas (到境外上市公司章程必備條款), the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (關於到香港上市公司對公司章程作補充修改意見的函), the Rules for Governance of Securities Companies (證券公司治理準則), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), <b>the Rules for Governance of Securities Companies</b> , and other relevant provisions.	Article 1	In order to establish the legal status of GF SECURITIES CO., LTD. (hereinafter referred to as the “Company”), regulate the organization and acts of the Company, safeguard the legal rights and interests of the Company, its shareholders and creditors thereof, and establish a good self-developing and self-disciplinary operating system, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Special Regulations of the State Council on the Overseas Share Offering and Listing by Joint-stock Limited Liability Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) (hereinafter referred to as the “Special Regulations”), <b><u>the Approval of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Overseas Listed Companies (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆)</u></b> , the Mandatory Provisions of Articles of Association of Companies Listing Overseas (到境外上市公司章程必備條款), the Letter of Opinions on the Supplementation and Amendment of Articles of Association of Companies Listing in Hong Kong (關於到香港上市公司對公司章程作補充修改意見的函), the Rules for Governance of Securities Companies (證券公司治理準則), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), <b><u>the Provisions on the Administration of Equities of Securities Companies (證券公司股權管理規定)</u></b> , and other relevant provisions.	The Approval, the Provisions on the Administration of Equities of Securities Companies

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 38	<p>If the Company's directors, supervisors, senior management, and shareholders holding 5% or above shares of the Company sell shares within six months after buying the same or buy shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall forfeit the said earnings. However, <u>the six-month restriction shall not be applicable to any sale of shares</u> by a securities company holding 5% or above of the Company's shares as a result of its <u>underwriting</u> of the untaken shares.</p> <p>If the Company's Board does not comply with the provision of <u>preceding</u> paragraph, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the said period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.</p> <p>.....</p>	Article 38	<p>If the Company's directors, supervisors, senior management, and shareholders holding 5% or above shares of the Company sell shares <u>or other equity securities</u> within six months after buying the same or buy shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall forfeit the said earnings. However, a securities company holding 5% or above of the Company's shares as a result of its <u>underwriting</u> of the untaken shares <u>and other circumstances as specified by the CSRC shall be excluded.</u></p> <p><u>The shares or other equity securities held by the directors, supervisors, senior management and individual shareholders referred to in the preceding paragraph include the shares or other equity securities held by their spouses, parents and children, and the shares held through others' accounts.</u></p> <p>If the Company's Board does not comply with the provision of <u>the first</u> paragraph, the shareholders can request the Board to do so within 30 days. If the Board does not enforce such right within the said period, the shareholders are entitled to commence litigations in the people's court in their own names for the interests of the Company.</p> <p>.....</p>	Article 44 of the Securities Law
—	—	“Section 4 Equity Administration Affairs” of Chapter 3 Shares		“Section 4 Equity Administration Affairs” is newly added into Chapter 3

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
–	–	Article 39	<u>The chairman of the Board of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the chairman of the Board and is the immediate responsible person for the Company's equity administration affairs.</u>	Articles 17, 18, 19, 20, 21, 25, 26 and 27, item (4) of Article 28, Articles 29 and 30 of the Provisions on the Administration of Equities of Securities Companies
–	–	Article 40	<u>The office of the Board of the Company is the office that handles equity administration affairs of the Company, which organizes and implements the work related to equity administration affairs.</u>	
–	–	Article 41	<u>When the Company changes its registered capital or equity, it shall formulate a work plan and selection criteria for shareholders. The Company and equity transferors shall in advance inform the intended participants of the conditions to become a shareholder of the Company, the procedures required to be performed, the Company's operation status and potential risks, etc.</u>  <u>The Company and equity transferors shall conduct due diligence on the intended participants, and reach agreements on the subsequent measures for intended participants who are found to be unqualified. No agreements shall be entered into with the intended participants if they are found to be unqualified. If the relevant matters need to be approved by the CSRC, it shall be agreed that the agreement shall come into force after obtaining the relevant approval.</u>	
–	–	Article 42	<u>In the process of changing its registered capital or equity, the Company shall reach prior agreements with relevant parties on the treatment measures regarding the possible breach of requirements or commitments, specifying the accountability mechanism for persons held liable, and cooperate with regulatory authorities in investigation and handling.</u>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
–	–	Article 43	<p><u>The Company shall make arrangements for risk prevention during the period in which its registered capital or equity is changed, to ensure the normal operation of the Company and protect customers' interests from damages.</u></p> <p><u>For matters subject to the approval of the CSRC in accordance with the law, the shareholders of the Company shall continue to exercise their voting rights independently according to the respective proportion of shares held by them prior to such approval, and equity transferors shall not recommend any person associated to equity transferees to act as a director, supervisor or senior management of the Company, and transfer their voting rights in any disguised form.</u></p>	
–	–	Article 44	<p><u>Shareholders of the Company shall have full knowledge of shareholders' rights and obligations, fully understand the operation and management condition, potential risks and other information of the Company, have reasonable investment expectation and genuine willingness to make capital contributions, and perform the necessary internal decision-making procedures.</u></p>	
–	–	Article 45	<p><u>Shareholders shall hold shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC.</u></p> <p><u>The de facto controllers of shareholders shall be subject to the same lock-up period as the shareholders of the Company with respect to the equity interests under their control, except for the circumstances as recognized by the CSRC according to the law.</u></p>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
–	–	Article 46	<p><u>Shareholders of the Company shall not pledge the equity interests of the Company held by them in the Company during the lock-up period. Upon expiration of the lock-up period, the equity interests pledged by shareholders of the Company shall not exceed 50% of the equity interests held by them in the Company.</u></p> <p><u>The shareholders' pledge of their equity interests in the Company shall not prejudice the interests of other shareholders and the Company, maliciously evade the requirements regarding the lockup period, agree to exercise the shareholders' rights such as voting rights by the pledgee or other third parties, or transfer the control over the Company's equity interests in disguise.</u></p>	
–	–	Article 47	<p><u>The Company shall strengthen the examination on the qualifications of shareholders, conduct verification on the information of the shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert, ultimate equity holders and grasp the changes therein. The Company shall make judgements based on the impact of shareholders on the Company's operation and management, timely, accurately and completely report or disclose relevant information in accordance with the law, and perform the approval procedures when necessary.</u></p>	
–	–	Article 48	<p><u>The Company shall strengthen the management of related party transactions, accurately identify related parties, strictly implement the approval regulations and the information disclosure regulations with regard to the related party transactions, to avoid any harm to the legitimate rights and interests of the Company and its customers, and to promptly report the related party transactions to the CSRC and its local branches.</u></p> <p><u>The Company shall, in accordance with the principle of looking-through, manage the shareholders and its controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate equity holders as they were related parties of the Company.</u></p>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
-	-	Article 49	<p><u>The shareholders of the Company and their de facto controllers shall not:</u></p> <p><u>(1) make false or untrue capital contributions, withdrawing or withdrawing in disguise capital contributions;</u></p> <p><u>(2) interfere the operation and management of the Company in violation of laws, administrative regulations or requirements stipulated by the Articles of Association;</u></p> <p><u>(3) abuse their rights or influence to occupy the assets of the Company or customers for the purpose of tunneling interest, which causes harm to the legitimate rights and interests of the Company, other shareholders or customers;</u></p> <p><u>(4) request, in violation of requirements, the Company to provide financing or guarantee to them or their related parties, or forcing, instructing, assisting or accepting the financing or guarantee provided by the Company with the assets of its securities brokerage customers or securities asset management customers;</u></p> <p><u>(5) conduct improper related party transactions with the Company, and obtaining improper benefits by taking advantage of their influence on the Company's operation and management;</u></p> <p><u>(6) entrust others or accepting entrustment from others to hold or manage the Company's equities, and accepting or transferring the control over the Company's equities in a disguised manner without obtaining approval;</u></p> <p><u>(7) engage in any other acts as prohibited by the CSRC.</u></p> <p><u>The Company, its directors, supervisors, senior management and other relevant parties shall not cooperate with the shareholders of the Company and their de facto controllers to conduct prohibited activities as mentioned above.</u></p> <p><u>In the event of the Company notices that the shareholders and their de facto controllers have been involved in the above circumstances, it shall take timely measures to prevent such violation from aggravating and report it to the branches of the CSRC at the places where the Company is domiciled within two working days.</u></p>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
–	–	Article 50	<u>In case of any illegal or improper behaviors related to equity management affairs in violation of laws, administrative regulations and regulatory requirements, the Company shall conduct prompt investigation and report the matter to the Board, and the Board shall discuss and determine the rectification measures, accountability plans and opinions on disciplinary actions etc., within its scope of authority.</u>	
Article 48	Change of the shareholders' register arising from share transfer shall not be registered within 30 days before convening of a general meeting or within five days prior to the benchmark date on which the Company decides to distribute dividends.  Provisions otherwise provided by the securities regulatory authorities in the place(s) in which the shares of the Company are listed shall prevail.	Article 60	<u>If there are provisions provided by laws, regulations and the securities regulatory authorities in the place(s) in which the shares of the Company are listed on the period of closure of the register of shareholders before convening of a general meeting or prior to the benchmark date on which the Company decides to distribute dividends, such provisions shall prevail.</u>	The Approval
Article 53	The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders enjoy rights and assume obligations as per the shares they hold; the same class of shares represents the same rights and the same obligations.  Approval from the CSRC shall be obtained for change of any shareholder <u>holding of 5% or above of the shares in our Company or the de facto controller, and any entity or individual is prohibited from directly or indirectly holding 5% or above of the shares in our Company</u> without the approval of the CSRC. <b>Otherwise</b> , such act shall be rectified in due course and the relevant shares will not carry voting rights before such rectification.  .....	Article 65	The Company shall make a register of shareholders based on the vouchers provided by securities registries. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares. The shareholders enjoy rights and assume obligations as per the shares they hold; the same class of shares represents the same rights and the same obligations.  Approval from the CSRC shall be obtained for change of any major shareholders or the de facto controller, without the approval of the CSRC, such act shall be rectified in due course and the relevant shares will not carry voting rights before such rectification.  .....	Article 122 of the Securities Law



Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 60	<p>The ordinary shareholders of the Company shall have the following obligations:</p> <p>(1) to abide by laws, administrative regulations and these Articles of Association;</p> <p>(2) to pay capital contribution as per the shares subscribed for and the method of subscription;</p> <p>(3) not to exit shares unless in the circumstances stipulated by laws and regulations;</p> <p>(4) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to damage the interests of the creditors of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby causing loss on the Company or other shareholders shall be liable for loss compensation according to the law.</p>	Article 72	<p>The ordinary shareholders of the Company shall have the following obligations:</p> <p>(1) to abide by laws, administrative regulations and these Articles of Association;</p> <p>(2) to pay capital contribution as per the shares subscribed for and the method of subscription;</p> <p>(3) not to exit shares unless in the circumstances stipulated by laws and regulations;</p> <p><u>(4) to perform capital contribution obligations in strict compliance with laws and regulations and requirements of the CSRC, and to use its own funds which is legally obtained to make contribution into the Company, for which no non-proprietary funds such as entrusted funds shall be used, unless otherwise permitted by laws and regulations;</u></p> <p><u>(5) to give a true, accurate and complete statement of the shareholding structure up to the de facto controllers and the ultimate equity holders, as well as associations with other shareholders or persons acting in concert, and not conceal or misrepresent with the intention to circumvent shareholder qualification review or regulation;</u></p> <p><u>(6) major shareholders and controlling shareholders shall replenish capital to the Company when necessary;</u></p>	Articles 22, 23 and 28 of the Provisions on the Administration of Equities of Securities Companies

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
	<p>Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p>.....</p>		<p><u>(7) shareholders who have not obtained the approval from or have not duly filed with the regulatory authorities, or shareholders who have not completed mandatory rectification process, shall not exercise such rights of requesting to convene a general meeting, voting, nomination, making a proposal, and disposing of their shareholding;</u></p> <p>(8) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to damage the interests of the creditors of the Company;</p> <p>Shareholders of the Company who abuse their shareholder's rights and thereby causing loss on the Company or other shareholders shall be liable for loss compensation according to the law.</p> <p>Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.</p> <p><u>Shareholders who make false statements, abuse their shareholder's rights or infringe on the interests of the Company, shall not exercise such rights of requesting to convene a general meeting, voting, nomination, making a proposal, and disposing of their shareholding.</u></p> <p>.....</p>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 78	<p>Where the Company convenes a general meeting, a written notice of the meeting shall be given <u>45</u> days before the date of the meeting <u>to notify all shareholders whose names appear on the register of shareholders of the matters to be considered at and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.</u></p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	Article 90	<p>Where the Company convenes <u>an annual</u> general meeting, a written notice of the meeting shall be given <u>20</u> days before the date of the meeting, <u>and where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting.</u></p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	The Approval
Article 79	<p><u>The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days, notify the shareholders again by way of public announcement the matters to be considered at, and the date and place for, the meeting. The Company may hold the meeting after publication of such announcement.</u></p>	–	Deleted	The Approval
Article 81	<p>.....</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by <u>the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting.</u> Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, <u>45 days prior to the said meeting:</u> .....</p>	Article 92	<p>.....</p> <p><u>In respect of the holders of domestic shares,</u> the announcement referred to in the preceding paragraph shall be <u>published on the websites of the relevant stock exchange and in the media that meet the requirements stipulated by the CSRC and other regulatory authorities.</u> Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners: .....</p>	The Approval, Article 86 of the Securities Law

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 106	<p>.....</p> <p>The Board, independent directors and <u>shareholders who meet the relevant requirements may collect votes from shareholders.</u></p> <p><u>Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited.</u> Consideration or de facto consideration for <u>soliciting shareholders' voting rights</u> is prohibited. <u>The Company shall not impose any minimum shareholding limitation for soliciting voting rights.</u></p>	Article 117	<p>.....</p> <p>The Board, independent directors, <u>shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations or the requirements of the CSRC may act as collectors to publicly request by themselves or entrust securities companies and securities service institutions to publicly request the shareholders of the Company to appoint them as proxies to attend the general meeting of shareholders and exercise the proposal rights, voting rights and other shareholders' rights on their behalf.</u></p> <p><u>Where shareholders' rights are collected in accordance with the provisions of the preceding paragraph, the collector shall disclose the collection documents and the Company shall cooperate.</u> Consideration or de facto consideration for <u>collecting the shareholders' rights publicly</u> is prohibited. <u>Where the public collection of shareholders' rights violates laws, administrative regulations or the relevant requirements of the CSRC, causing losses to the Company or its shareholders, the collector shall be liable for damages.</u></p>	Article 90 of the Securities Law
Article 132	<p>When the Company is to convene a shareholders' class meeting, it shall issue a written notice <u>45 days prior to the date of such meeting</u> informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. <u>Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</u></p> <p>.....</p>	Article 143	<p>When the Company is to convene a shareholders' class meeting, it shall issue a written notice <u>in accordance with the requirement of Article 90 of the Articles of Association</u> informing all the shareholders who are registered as holders of that class of shares in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.</p> <p>.....</p>	The Approval

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 138	<p>.....</p> <p>(4) To initial and approve periodic reports of the Company and to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;</p> <p>.....</p>	Article 149	<p>.....</p> <p>(4) To initial and approve <b><u>documents for the issuance of securities and</u></b> periodic reports of the Company and to ensure <b><u>timeliness and fairness of the information disclosed</u></b> by the Company and truthfulness, accuracy and completeness of the information disclosed; <b><u>In the event that the directors cannot ensure or object to the truthfulness, accuracy and completeness of contents in documents for the issuance of securities and periodic reports of the Company, they shall express their opinions and state the reason in the written opinions for confirmation, which the Company shall disclose. In the event that the Company fails to disclose it, the directors shall directly apply for disclosure.</u></b></p> <p>.....</p>	Article 82 of the Securities Law
Article 203	Supervisors shall ensure that all information disclosed by the Company are true, accurate and complete.	Article 214	Supervisors shall ensure that the Company shall <b><u>disclose information in a fair and timely manner</u></b> and all information disclosed are true, accurate and complete. <b><u>In the event that the supervisors cannot ensure or object to the truthfulness, accuracy and completeness of contents in documents for the issuance of securities and periodic reports of the Company, they shall express their opinions and state the reason in the written opinions for confirmation, which the Company shall disclose. In the event that the Company fails to disclose it, the supervisors shall directly apply for disclosure.</u></b>	
Article 209	<p>The Supervisory Committee shall exercise the following functions and powers:</p> <p>(1) To review the periodic reports of the Company prepared by the Board and express its written opinion;</p> <p>.....</p>	Article 220	<p>The Supervisory Committee shall exercise the following functions and powers:</p> <p>(1) To review <b><u>the documents for the issuance of securities and</u></b> the periodic reports of the Company prepared by the Board and express its written opinion. <b><u>The Supervisory Committee shall sign the written opinions for confirmation.</u></b></p> <p>.....</p>	

Existing Provision		New Provision		Reason of Change
Provision	Content of Provision	Provision	Content of Provision	
Article 274	<p>The Company shall issue announcements and disclose information to holders of domestic shares through <b>newspapers and websites designated by the laws, regulations or the securities regulators of China for information disclosure</b>. If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules.</p> <p>The Company may not disclose information through public media before such information is disclosed through designated <b>newspapers and websites</b>, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.</p> <p>The Board may change the <b>newspapers</b> for information disclosure, but shall ensure that the designated <b>newspapers</b> for information disclosure are allowed <b>by the relevant laws and regulations and comply with</b> the qualifications and conditions stipulated by <b>CSRC</b>, overseas regulatory authorities and securities exchanges in China and overseas.</p>	Article 285	<p>The Company shall issue announcements and disclose information to holders of domestic shares through the websites <b>of the stock exchanges and the media that meet the requirements stipulated by the CSRC and other regulatory authorities</b>. If it is required to make public announcements to the holders of overseas-listed foreign shares pursuant to the Articles of Association, such announcements shall also be published in such manner as required by the Hong Kong Listing Rules.</p> <p>The Company may not disclose information through public media before such information is disclosed through the designated <b>websites and other designated media</b>, and may not disclose information by way of press release or interview with reporters in lieu of the announcement.</p> <p>The Board may change the <b>websites and other media</b> for information disclosure, but shall ensure that the designated <b>websites and other media</b> for information disclosure comply with the qualifications and conditions stipulated by <b>the CSRC</b>, overseas regulatory authorities, securities exchanges in China and overseas <b>and other regulatory authorities</b>.</p>	Article 86 of the Securities Law
Article 303	These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered <b>with the Guangdong Provincial Administration for Industry and Commerce</b> shall prevail.	Article 314	These Articles of Association are written in Chinese. In case of any inconsistency between these Articles and the articles of association in any other language or of different version, the latest Chinese version of the Articles of Association approved by and registered <b>with the company registration authority</b> shall prevail.	To amend with reference to the actual situation
<p><i>Note: The numbering of articles of the amended Articles of Association will be re-numbered due to the deletion of certain articles. The amended Articles of Association will also be revised accordingly for any changes in the numbering of the articles with cross-reference made in the previous Articles of Association.</i></p>				

The Board hereby submits the proposal in respect of the above amendments to the Articles of Association to the AGM for Shareholder's approval and granting the following authorization to the Company's management members to: (1) adjust and amend the Articles of Association (Draft) considered and passed by the general meeting of the Company (including but not limited to wordings, chapters, clauses and effective conditions according to provisions of domestic and overseas laws and regulations and requirements and suggestions of relevant domestic and overseas government authorities and regulatory authorities and the actual circumstances of the Company); (2) complete relevant procedures relating to the filing of the Articles of Association with regulatory authorities; (3) complete relevant procedures such as changes in industrial and commercial registration particulars involved in the amendments to the Articles of Association.

The above-mentioned amendments have been considered and approved at the Board Meeting, and are hereby proposed to the AGM for consideration and approval by the Shareholders. Until then, the existing Articles of Association shall remain applicable. The resolution shall be passed at the general meeting by more than two-thirds of the voting rights held by Shareholders (including their proxies) present at the general meeting.

The proposed amendments to the Articles of Association are prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

Dear Shareholders,

The directors of the Company (the “**Directors**”) present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended December 31, 2019. Contents of relevant section in the 2019 Annual Report (“**Annual Report**”) of the Company mentioned in the cross references in the Directors’ Report forms part of the Directors’ Report.

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

### (I) The Group’s Main Business Type

The Group is positioned as a provider of comprehensive capital market services with industry-leading innovation capabilities focused on serving China’s quality enterprises and affluent individuals. The Group has built a diversified business serving the various needs of corporations, individuals (especially affluent individuals), institutional investors, financial institutions and government clients. The main business of the Group can be classified into four segments, namely investment banking, wealth management, trading and institution and investment management, and each operating indicator has ranked among forefront of the industry.

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

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

Investment Banking: the Group earns its commissions, sponsor 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 financing and securities lending and borrowing, repurchase transactions, financial leasing, and fund 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 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.

During the Reporting Period, the principal businesses and the operating model of the Group have had no significant changes.

## **(II) Development Characteristics of the Industry in which the Group Operates**

The principal businesses of the Group have developed steadily in light of various driving factors, which mainly include the following aspects: (1) The report of the 19th National Congress of the Communist Party of China clearly put forward the need to strengthen financial services for the real economy, raise the proportion of direct financing, and promote the healthy development of the multi-level capital markets, which reflects that the state attaches importance to the development of the capital market and securities industry. Recently, the regulators stated that they intend to build aircraft carrier-sized leading securities companies. The regulatory thinking of “supporting the best while restricting the bad” in the securities industry and the competitive landscape of “the strong staying strong forever” are becoming blindingly obvious. (2) Important reforms, such as the establishment of the STAR Market and the launch of the pilot registration system, demonstrate the determination of the state to reform the system. The new Securities Law expressly states that the registration system shall be fully implemented, which will further improve the efficiency of direct financing of enterprises. In addition, new regulations on refinancing and mergers and acquisitions also provide policy support to securities firms for developing their businesses. (3) The profit pattern of securities firms is gradually enriching and improving, and the source of income is more diversified. The proportion of revenue from proprietary trading, credit and OTC derivatives may further increase, and the demands for capital and talent will also increase. (4) With the gradual increase in the proportion of institutional investors, the institutional investors will become the mainstream of the market. With the robust development of private funds, the degree of participation of institutional investors, such as offshore funds and insurance funds, has increased, which will generate new income sources and diversified business opportunities for securities industry. (5) The internationalization of capital markets and the full opening of the financial industry are accelerating. With massive overseas capital inflow into China’s capital market, foreign rating agencies permitted to enter into the market in China, and the controlling interest in securities companies open to foreign capital, the competitive landscape of the

domestic capital market will be changed, which brings new opportunities and challenges to local securities companies. (6) The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area expressly stated establishing an international financial hub, putting great efforts on the development of the featured financial industry, orderly promoting the interconnectivity of the financial markets and providing support to optimize the modern financial service system, which will allow the Group to leverage on regional advantages to take a lead in the Guangdong-Hong Kong-Macao Greater Bay Area through forward-looking strategic arrangements.

The primary business of securities industry 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 economic environment, regulatory environment, investor sentiment and the international market and other factors, which have shown an overall spiraling growth trend.

## **II. BUSINESS REVIEW**

Business operations and business review of the Group for the year ended December 31, 2019 are set out in "Discussion and Analysis of Operations", which forms part of the Directors' Report, in Section 5 of the Annual Report.

## **III. ANALYSIS ON CORE COMPETITIVENESS**

### **1. Market-oriented mechanism, balanced and diversified ownership structure, and perfect corporate governance**

The Company has no controlling shareholder and de facto Controller. Over the past 20 years, the top three shareholders of the Company have been Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities (all public listed companies) (excluding HKSCC Nominees, as the shares held by HKSCC Nominees are owned by non-registered shareholders of H Shares). As of December 31, 2019, the shareholding percentages of Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties and Zhongshan Public Utilities and its concert parties were 17.45%, 16.42% and 10.34%, respectively, forming a stable shareholding structure. A sustainable, balanced and diversified shareholding structure provides strong support for the Company to form a sound governance structure, and ensures that the Company's maintenance of its market operation mechanism in long run, which facilitates the Company to achieve sustained and healthy development.

## 2. Excellent corporate culture and stable management team

With the core value of “**inquisitiveness, integrity, client focus and teamwork**”, the Company has carried out the management philosophy of “**stable growth, continual innovations, performance-driven culture and business strategies**” to seek sustained, healthy and stable development. Sound corporate culture will boost the Company’s cohesion and momentum. The Company has a highly stable management team and a core business team with low turnover rate of talent. The management team members have an average of more than 26 years of managerial experience in securities and finance and relevant sectors and have served an average term of over 19 years. Over the past three years, the voluntary turnover rates of the middle and high-level management team and the employees are approximately 1.5% and 3.1%, thus greatly boosting client confidence, the continuity and stability of the operation of various business lines.

## 3. Stable growth philosophy and improving compliance and risk control mechanism

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 four major brokerages which has not received investment or restructuring due to operating losses among the first batch of brokers established from the end of the 80’s to the early 90’s. Under the philosophy of “stable growth”, the Company has firmly conforming to the compliance base line and continued to solidify the risk control life-line. The Company has set up and continued to improve the comprehensive risk management system with effective coverage of compliance and risk culture, governance structure, mechanism and practice, and infrastructure facilities to cover various risks, businesses, departments, sub-branches and controlling subsidiaries of the Company. Over the years, the Company’s asset quality has been excellent, the main risk control indicators have been continually complying with the regulatory requirements, and the safety margin of leverage regulatory indicators is relatively huge, with a strong ability to resist risks. 2019 was the “year of compliance and risk control enhancement” of the Company. The Company continued to raise the awareness of compliance and risk control for all employees through various forms, such as lectures, studies and examinations.

**4. The main operating indicators have ranked in the forefront of the industry for many years with continuous enhancement in brand value**

The total assets, net assets, net capital, operating revenue, net profit and other main operating indicators of the Company rank among the top in the industry for consecutive years. The details of the operating performance indicators are as follows:

**Rankings of the Main Operating Indicators of the Company from 2017 to 2019**

Items	2019/Year End	2018/Year End	2017/Year End
Total assets	5	4	5
Net assets	5	5	4
Net capital	6	6	4
Operating revenue	5	5	4
Net profit	5	6	5

Note 1: Source: WIND Info, China Securities Industry Association, 2020;

Note 2: The indicative data of net capital represents the data for parent company. The 2019 indicators are based on unaudited statistical data for parent company. The 2018 and 2017 indicators are based on audited statistical data in the consolidated statements.

While seeking economic benefits and market position, both reputation and brand of the Company have been enhancing persistently. From 2015 to 2019, the Company ranked top securities firms in China in “Hurun Brand List” for five consecutive years. The Company actively fulfilled the social responsibility, focusing on the two areas of helping the poor and providing student loan to promote education through “GF Securities Social Charity Foundation in Guangdong Province”. The Company took initiative to fulfill its social responsibility. The reputation and brand influence of the Company have continued to improve.

**5. Full licenses, balanced business structure and industry-leading ability to provide comprehensive financial services**

Our Group possesses licenses for a full range of services including investment banking, wealth management, transaction and institution and investment management. The various main businesses of the Company have achieved balanced development and rank among the top in the industry for years in terms of main operating indicators. At present, the Group has built a financial group structure, enabling the Company to boost its customer service continuously.

## 6. Leading scientific and technological financial model in the industry

The Group attaches high importance to technological innovation in the long-term and sustainable development of the Company, and empowers each aspect of management, business and service through financial technology to promote its business development and enhance competitiveness. In 2019, the Company endeavored to build a quick trading system for the brokerage business by constructing a full chain quick passage from day trading to day-end clearing, built Touyitong (投易通) trading platform as a trading service port for professional investors to provide them with algorithm transaction support and smart information warning for their positions, continuously improved the self-developed block-chain based ABS credible cloud system for monitoring the status of underlying assets in the CMBS commercial property special plan, implemented the strategic idea of data center and intelligent center and made continuous effort to optimize the big data and artificial intelligence open platform (GF-SMART), developed the technical application of intelligent warning, intelligent recommendation, intelligent calling and knowledge map, established real-time, penetrating and continuous risk tracking and measurement to provide an integrated compliance and risk control capability coverage for the entire group and business, constantly pushed on the cloud evolution of the Company's own infrastructure, integrated the idea of micro-service and DevOps at the platform level and laid a solid foundation for our business development. As of the end of the Reporting Period, the Company has in aggregate applied for 29 invention patents, 3 utility model patents and 12 software copyrights; among them, the Company has obtained 1 utility model patent and 12 software copyrights.

## IV. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation details of the Company's cash dividends policy and the profit distribution proposal for 2019 are set out in "I. Profit Distribution of Ordinary Shares and Conversion of Capital Reserves into Share Capital of the Company" and "II. Profit Distribution and Conversion of Capital Reserves into Share Capital during the Reporting Period" of Section 6 "Significant Events" in the Annual Report.

## V. 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 7 "Changes in Shareholdings and Particulars about Shareholders" in the Annual Report.

For details on the issuance of corporate bonds, subordinated bonds, short-term corporate bonds and short-term financing bills by the Company, please refer to Section 12 "Corporate Bonds" in the Annual Report.

**VI. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**

For details of the composition of the Directors, Supervisors and senior management of the Company, its changes and biographies during the Reporting Period, please refer to Section 10 “Particulars about Directors, Supervisors, Senior Management and Employees” in the Annual Report.

**VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

The Company has entered into “Service Contracts for Directors” and “Service Contracts for Supervisors” with each of the 11 Directors of the current Ninth Session of the Board of Directors and each of the 5 Supervisors of the current Ninth 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 until the expiry date of the term of office for the Ninth Session of the Board of Directors and the Ninth Session of the Supervisory Committee. The “Service Contracts for Directors” and “Service Contracts for Supervisors” provide the agreed terms on the duties and responsibilities, term of office and remuneration 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.

**VIII. 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 “8. 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 7 “Changes in Shareholdings and Particulars about Shareholders” in the Annual Report.

**IX. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS**

Save as disclosed above, 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.

**X. 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.

**XI. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS**

Except for the service contracts, neither the Company nor its subsidiaries has 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.

**XII. INTEREST OF DIRECTORS IN BUSINESSES IN COMPETITION WITH THE COMPANY**

Mr. Qin Li, our Executive Director, was nominated to act as a director of E Fund, which is a fund management company in China, in which we held 22.65% equity interest as of December 31, 2019. E Fund provides asset management services to insurance companies, finance companies, corporate annuities, other institutional investors, high net worth individuals and NSSF. Since E Fund is primarily engaged in fund management business, it competes or may compete, directly or indirectly, with certain aspects of our business.

The Directors are of the view that we are able to operate our business independently of E Fund and conduct transactions on arm's length because (i) we can only appoint one director among the nine directors of E Fund, and hence we have no control over its board of directors, (ii) the management team of E Fund is independent of our Company, (iii) we do not participate in the day to day management of E Fund and do not share any operating facilities with E fund, and (iv) we are financially independent of E Fund.

Save as disclosed above, none of the Directors has any interest in any business that competes or may compete with our business, directly or indirectly.

**XIII. MANAGEMENT CONTRACTS**

For the year ended December 31, 2019, 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.

**XIV. MAJOR CUSTOMERS**

The Company provides diversified businesses and services to satisfy the diverse needs of customers, such as enterprises, individuals and institutional investors, financial institutions and the government. Our major customers are based in the PRC. With further progress in internationalization and the development of international business, the Company will provide services to more overseas customers. In 2019, income generated from the five largest customers of the Company contributed 0.97% 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.

**XV. CHARITABLE DONATIONS**

During the Reporting Period, the Group's total expenditure on social charity was RMB12.5064 million. The GF Securities Social Charity Foundation in Guangdong Province (廣東省廣發證券社會公益基金會) established by the Group actively organized activities for poverty relief and provided financial support for education. The total expenditure on social charity for the full year was RMB20.2377 million.

**XVI. 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 57 and 58 of the Notes to the Consolidated Financial Statements in the Annual Report.

**XVII. EMPLOYEES**

Human resources is one of the greatest assets of the Group. The Company is committed to increase effort in building its talents pool by enhancing training and improving the quality of employees. Please refer to "V. Information of the Staff of the Company" in Section 10 "Particulars about Directors, Supervisors, Senior Management and Employees" in the Annual Report.

**XVIII. 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.



**XIX. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING AND PERFORMANCE OF SOCIAL RESPONSIBILITIES**

Regarding the performance of social responsibilities of the Company, please see “XV. Social Responsibilities” of Section 6 “Significant Events” in the Annual Report. For environmental policy and performance, the Company cares about environmental and ecological development, promotes low carbon environmental protection, advocates green business and green office ideas, upgrades video conferencing system, paperless meeting system, teleconferencing system, conference room reservation system etc., continues printing and copying outsourcing development, minimizes energy consumption, optimizes resources allocation, and actively contributes to the sustainable development of the society. The Company has complied with 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. 2019 Social Responsibility Report” published by the Company.

Regarding the governance of the Company, please see Section 11 “Corporate Governance” in the Annual Report. The Company has been improving the internal control management system and gradually enhancing the maturity, reasonability and effectiveness of internal control; the Company has further established and refined its rules and regulations, and each governance department of the Company has been fully performing their duties, complying with all provisions set out in the Corporate Governance Code contained in Appendix 14 to the Hong Kong Listing Rules and achieving most of the requirements of recommended best practices provided in the aforesaid rules.

**XX. REVIEW OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

The financial statements of the Company for the year ended December 31, 2019 have been reviewed by the Audit Committee of the Board of Directors of the Company.

By Order of the Board  
**Sun Shuming**  
*Chairman*

Guangzhou  
March 27, 2020

**Dear Shareholders,**

In 2019, the capital market reform was fully advanced, which brought deep impact to the development of the securities industry. During the Reporting Period, the Company worked diligently at all levels, all major operation indicators continued to achieve leading positions in the industry. The Supervisory Committee of the Company, with support and co-ordination from the Board and the management, continued to strengthen its own building, optimize the policies and standards, conduct various types of supervision and inspection work soundly and perform supervisory duties practically by focusing on the key tasks of the Company in accordance with the provisions and requirements of laws and regulations, including the Company Law, the Governance Standards of Securities Companies, the Governance Standards of Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the regulatory documents of supervision and administrative authorities, the Articles of Association and the Rules of Procedure for the Supervisory Committee, to promote compliance in operation and healthy development of the Company, and protect the legitimate rights and interests of the Company, customers, shareholders and employees. The report on the major tasks of the Supervisory Committee in 2019 are set out below:

**I. Major tasks of the Supervisory Committee during the Reporting Period**

**(I) Convening Supervisory Committee Meetings in compliance with laws and regulations to consider important matters of the Company**

During the Reporting Period, the Supervisory Committee of the Company convened five meetings in total, including one on-site meeting and four teleconference meetings. A total of 22 reports and proposals were considered/heard, the contents included regular reports, compliance reports, risk management reports, audit reports, changes in accounting policy, social responsibility report, assessment report on the effectiveness of compliance management and performance appraisal of the Supervisors. The Supervisory Committee performed its supervision role in compliance with laws and regulations, and conducted sufficient discussions and enquiries in understanding the above matters, and passed resolutions on matters required to be determined.

The specific details of the five meetings convened by the Supervisory Committee in 2019 are set out below:

Meeting session	Date of convening	Name(s) of resolution(s) of the meeting	Status of resolution	Date of disclosure	Index of disclosure
9th Meeting of the Ninth Session of the Supervisory Committee	January 11, 2019	1. Resolution on the Change in Accounting Estimate of the Term of Years for Depreciation of Fixed Assets	The resolution was voted and approved.	January 12, 2019	The Company published disclosure in the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and made disclosure on the website of CNINFO (www.cninfo.com.cn) and the HKExnews website (http://hkexnews.hk).
10th Meeting of the Ninth Session of the Supervisory Committee	March 26, 2019	1. GF Securities 2018 Self-Assessment Report on Internal Control; 2. GF Securities 2018 Annual Report; 3. Resolution on the Audit Opinions for GF Securities 2018 Annual Report; 4. GF Securities 2018 Supervisory Committee Report; 5. Resolution on 2018 Performance Appraisal of Supervisors; 6. GF Securities 2018 Performance Appraisal of Supervisors and Specific Explanation on Remuneration; 7. GF Securities 2018 Social Responsibility Report; 8. GF Securities 2018 Comprehensive Assessment Report on Effectiveness of Compliance Management; 9. Resolution on Change in Accounting Policy; 10. Resolution on 2018 Performance Remuneration for Chairman of the Supervisory Committee.	All resolutions were voted and approved.	March 27, 2019	
11th Meeting of the Ninth Session of the Supervisory Committee	April 29, 2019	1. GF Securities 2019 First Quarterly Report.	The resolution was voted and approved.	April 30, 2019	
12th Meeting of the Ninth Session of the Supervisory Committee	August 29, 2019	1. GF Securities 2019 Interim Report.	The resolution was voted and approved.	August 30, 2019	
13th Meeting of the Ninth Session of the Supervisory Committee	October 29, 2019	1. GF Securities 2019 Third Quarterly Report.	The resolution was voted and approved.	October 30, 2019	

**(II) Attending general meetings and Board meetings, supervising the governance and compliance in the operation of corporate entities**

During the Reporting Period, Supervisors conducted supervision on meetings through attending general meetings and Board meetings. The Supervisors attended two general meetings and seven on-site Board meetings in total. Through attending the said meetings, supervision was conducted on the attendance of directors and senior management in meetings, and on the compliance of the convening procedure, meeting contents and procedure and the process of resolution, and opinions and recommendations were provided. For Board meetings conducted by teleconference, the Supervisors also reviewed the relevant meeting materials carefully. The Chairman of the Supervisory Committee of the Company also attended important working meetings of the Company's operation management and provided opinions and recommendations from the perspectives of the Company and the employees in accordance with regulations and requirements, thus the duty of supervision on meetings was performed effectively.

During the Reporting Period, the Supervisory Committee conducted departure audit on senior management members to carry out objective evaluation on their performance during their term of office. Supervision on the three-meeting system was strengthened, persons who had access to inside information of the Company were managed by registration system and implementation of information disclosure system for tracking and examination, and supervision opinions and recommendations were provided to ensure the governance and compliant operation of corporate entities. Continuous inspection and supervision would be conducted on the implementation of resolutions approved by the three meetings of the Company to maintain the dignity and authority of the resolutions passed by the three meetings.

**(III) Performing compliance management, supervision duties of comprehensive risk management and enabling the Company to enhance the standard of internal control**

During the Reporting Period, the Supervisory Committee enforced the regulatory requirements to perform supervision duties conscientiously in the areas of compliance management, comprehensive risk management and money laundering risk management, and increased supervision efforts in compliance risk management, investigating and dealing with risks and potential hazards, compliance appraisal and accountability for innovation business and high-risk areas.

The Supervisory Committee read and reviewed regular reports, compliance reports, risk management reports and audit reports of the Company before convening a meeting, and opinions of review were provided in advance and timely communicated for discussion sufficiently at the meeting. Supervision opinions were expressed, and recommendations for improvement were suggested, on the basis of fully understanding the overall operating conditions and the existing compliance management and risk management conditions of the Company.

The Supervisory Committee engaged an external professional institution to conduct the annual comprehensive evaluation on the effectiveness of compliance management in the Company to identify problems and supervise the implementation of rectification measures persistently. The Chairman of the Supervisory Committee was the team leader of the working group in the internal control review project of the Company. Through this project, comprehensive examination and assessment were conducted on corporate governance, critical flow process, management and control of parent and subsidiaries, and rectifications were refined, to facilitate continuous enhancement of internal control standards in the Company.

**(IV) Giving full play to the role of employee supervisor, liaising with business to conduct practical studies and supervision**

During the Reporting Period, the employee supervisor fully utilized the advantages of being a member of the party committee and the trade union of the Company concurrently to implement the counterpart liaison system. Studies, visits, seminars and exchanges were conducted in many locations throughout the year for the purpose of promoting the Company's key decisions and arrangements of work to the employees and providing guidance for implementation and enforcement, while on the other hand, for the purpose of collecting, hearing, studying and analyzing opinions and recommendations from employees to the Company and the relevant personnel, issues of material matters or with general applicability would be reflected to the management with follow-up action to implement solutions.

**(V) Improving its own establishment continuously, and strengthening the performance capabilities of the Supervisory Committee persistently**

During the Reporting Period, according to external requirements of laws and regulations, the Company made amendments to various rules and regulations, including the Compliance Management System of GF Securities Co., Ltd., GF Securities Departure Audit Management Measures, GF Securities Anti-Money Laundering Management System and GF Securities Money Laundering Risk Self-Evaluation Management Measures, which further clarified and regulated the working principles, powers and obligations and specific requirements of the Supervisory Committee, providing the basis and standards for governing the performance of duties by the Supervisory Committee and the Supervisors.

During the Reporting Period, the Company organized trainings for Supervisors through various means: (1) timely communication and study sessions were organized on new regulations and requirements for implementation consistently; (2) active participation in studies on supervisory committees of outstanding listed companies to learn their advanced experience and explore effective supervision means and channels; and (3) organizing regular business trainings for Supervisors to participate according to regulatory requirements.

Promoting intensive operation of internal supervisory resources to further actualize the Supervisory Committee's core role of internal supervision and the major role of corporate governance supervision: (1) through strengthening inspections and collaborated actions, many important supervisory inspections were organized and completed during the year; (2) by further

enhancing the comprehensiveness and timeliness of information collected for internal supervision, preparing and issuing regular pamphlets for sharing information; (3) by using the meeting of the office of the Chairman of Supervisory Committee as a communication platform for alerts and rectifications of significant compliance risk.

## **II. Opinions expressed by the Supervisory Committee on relevant matters of the Company in 2019**

During the Reporting Period, the Supervisory Committee of the Company conducted supervision work in compliance with laws and regulations, on the basis of conscientious supervision and inspection, the following opinions were expressed:

- (I) In 2019, the Company complied with the relevant laws and regulations, including the Company Law, Securities Law and Governance Standards of Securities Companies, and the requirements of systems such as the Articles of Association. The decision-making procedure of the Company was legal, there was no discovery of any acts of the directors and senior management members of the Company in violation of laws, regulations or Articles of Association and causing harm to the legitimate interests of shareholders, the Company, employees, creditors and other stakeholders in the course of performing their corporate duties.
- (II) The Supervisory Committee conscientiously audited the accounting statements and financial information of the Company. Ernst & Young Hua Ming LLP and Ernst & Young audited the 2019 financial statements of the Company prepared according to PRC GAAP and International Accounting Standards, and issued standard and unqualified audit reports thereon. The Supervisory Committee believed that the financial report of the Company had truly, accurately and completely reflected the financial position and operating results of the Company.
- (III) During the Reporting Period, the Company convened two general meetings, namely the 2018 Annual General Meeting and the 2019 First Extraordinary General Meeting, a total of 12 resolutions were passed. The Supervisory Committee of the Company had supervised the implementation of the resolutions passed by the general meetings. In the opinion of the Supervisory Committee, the Board and the management of the Company earnestly implemented the relevant resolutions of the general meetings.
- (IV) The Supervisory Committee reviewed the GF Securities 2019 Internal Control Assessment Report. The Supervisory Committee did not have any objection to the content of the Company's internal control assessment report.
- (V) The Supervisory Committee did not discover any insider dealings in the Company nor any resulting harm to the interest of certain shareholders or loss of assets in the Company.

- (VI) 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.

### **III. Proposals of the Supervisory Committee to the Board and management of the Company**

Based on the responsible attitude towards shareholders, the Company, customers and employees, the Supervisory Committee made the following proposals to the Board and management on the work plan for 2020:

#### **(I) Strengthening internal control management, establishing a long-lasting effective mechanism**

In 2019, the Company further improved the internal control management system in the aspects of business process, organization functions and positions, information system support, appraisal and remuneration, and standardized the mechanism of three lines of defence, namely pre-event precaution, supervision of process and post-event examination. The Company should refer to advanced implementation experience in domestic and overseas industries continuously, strengthen and optimize internal control management system and working mechanism constantly, perform and enforce the system seriously, and enhance the identification, preventive capability and efficiency of internal risk through technological means. A long-lasting effective mechanism should be established to ensure that the Company is always in a healthy state with sound internal control.

#### **(II) Perform primary responsibilities, reinforcing the building of corporate culture**

An excellent culture is the base for the formation of a stable and perpetual enterprise. Stable operation is the core operation philosophy upheld by the Company. It is hereby proposed that the Company should consistently implement the relevant requirements of the regulatory authorities and self-regulated bodies on the building of an industry culture to perform primary responsibilities conscientiously. By following “compliance, integrity, professionalism and stability” as the guidelines for an industry culture, the building of a corporate culture is reinforced. By assimilating the formation of culture into corporate governance, the structure, system and mechanism of corporate culture formation and governance will be in place to further enrich the content of culture, reinforce the consistent promotion and implementation of corporate culture, realize the development of synergies among corporate culture, strategies and business.

#### **(III) Capture development opportunities of the industry, enhancing competitiveness of the Company**

In 2019, the Company worked diligently at all levels and achieved good operating results, while maintaining leading positions in the industry. In 2020, as the new round of capital market reforms proceed comprehensively, which will involve liberalization of capital markets to



foreign investors and reforms to the issuance system for investment banks, the securities industry is facing significant development opportunities and challenges. The Company should closely follow the policy orientation, provide service according to national strategies, capture the development opportunities in capital market reforms, accelerate business transformation and capability upgrading, reduce the gap with industry leaders and enhance the competitiveness of the Company.

#### **IV. Major work arrangements of the Supervisory Committee for 2020**

In 2020, the Supervisory Committee will continue to perform supervision work diligently and responsibly by focusing on the development strategies and key tasks of the Company, in accordance with the relevant provisions of laws and regulations, regulatory requirements and the Articles of Association, and in compliance with external regulatory concepts and policies. It will continue to enhance the governance standard of corporate entities, promote sustainable, stable and healthy development of the Company, protect the interests of various parties, including the shareholders, the Company, the customers and the employees.

- (I) The Supervisory Committee will study conscientiously and implement consistently the latest amended Securities Law and perform supervisory duties in accordance with the law. The new Securities Law has reinforced the high standard of integrity obligations for directors of listed companies, further strengthened the information disclosure requirements, consolidate the legal responsibilities of intermediaries as “gate keeper in the market”, and significantly increase the administrative and civil liabilities for breach of securities-related laws. The Supervisory Committee will conscientiously organize learning sessions to streamline the key tasks of performing supervisory duties, strengthen system building and perform supervisory functions strictly in accordance with the requirements of the new laws and regulations.
- (II) The Supervisory Committee will convene the Supervisory Committee Meeting strictly in accordance with regulations, and will attend relevant meetings of the Board and the general meetings. The Supervisory Committee will further enhance the meeting procedures, supervision capability and efficiency in conducting the Supervisory Committee Meeting, consider regular reports of the Company and other important matters. It will actively attend meetings of the Board and general meetings, and will supervise the lawfulness and legal compliance of the topics, procedures and decision-making process of the aforesaid meetings. It will review the meeting materials carefully, provide timely and constructive opinions and proposals, and will continue to supervise and examine the enforcement of the three-meeting system and the implementation of the resolutions of the three meetings.
- (III) The Supervisory Committee will continue to supervise the performance of duties by directors and senior management members. The Supervisory Committee will increase supervision efforts on the duty performance of directors and senior management members in accordance with external regulatory regulations and



requirements of internal system of the Company to facilitate the directors and senior management members to perform their duties diligently, responsibly and in compliance with regulations through various means, such as supervision reminders and monitored rectifications.

- (IV) The Supervisory Committee will perform supervision duties, such as compliance management and comprehensive risk management, to enable continuous enhancement of management standards of internal control. The Supervisory Committee will continue to enhance the supervisory efforts on directors and senior management members in performing their duties, such as compliance management, comprehensive risk management, money-laundering risk management and anti-corruption practices, in accordance with laws and regulations and requirements of rules and regulations of the Company. It will follow up timely the problems discovered and supervise the implementation of rectifications on internal control matters under review and matters relating to assessment of effectiveness of compliance management in order to promote the continuous enhancement of internal control standard of the Company.
- (V) The Supervisory Committee will actively support the employee supervisors to perform duties in according to laws. The Supervisory Committee will continue to support the employee supervisors to conduct basic-level studies, and examine the implementation and enforcement of the system of rules and regulations relating to the personal interests of the employees and to practically protect the interests of employees.
- (VI) The Supervisory Committee will continue to improve its own building. The Supervisory Committee will continue strengthening the training and guidance for Supervisors, actively participate in the exchange activities with regulatory institutions, associations and peer institutions. It will continue to promote the intensive operation of internal supervisory resources, explore supervision measures empowered by technology, and rely on the DCAR platform to realize informatized supervision by the Supervisory Committee, with a view to further enhance the capability and level of duty performance by the Supervisory Committee.

Please kindly consider the above report.

Dear Shareholders,

We hereby present the 2019 Final Financial Report of GF Securities as follows.

**I. Financial Position of 2019:**

As of the end of 2019, total assets of the Group were RMB394,391 million, representing an increase of RMB5,285 million from the beginning of the year. The changes in the Group's portfolio of assets between the beginning and the end of the year were mainly: (1) the total amount of bank balances and clearing settlement funds was RMB100,256 million, increased by RMB21,920 million from the beginning of the year; (2) the aggregate balance of financial investment assets was RMB193,368 million (including financial assets held for trading, debt investments, other debt investments and other equity instrument investments), increased by RMB7,876 million from the beginning of the year, of which both the size of equity investments and the size of bond investments were increased; (3) the balance of derivative financial assets was RMB72 million, decreased by RMB17,464 million from the beginning of the year, mainly due to a significant decrease in currency derivative financial instruments; (4) the balance of long-term equity investments was RMB6,727 million, increased by RMB1,478 million from the beginning of the year, mainly due to the recognition of RMB447 million in investment gains from associates and joint ventures, other equity movements increased by RMB224 million, net investments of associates and joint ventures increased by RMB136 million, receipt of cash dividends of RMB280 million, and an increase of RMB951 million as a result of the adjustment of some consolidated subsidiaries to associates and joint ventures; (5) margin financing amounted to RMB54,787 million, increased by RMB9,432 million from the beginning of the year; (6) securities held under resale agreements were RMB20,689 million, decreased by RMB16,124 million from the beginning of the year, with significant decreases in the balance of repurchase business on stock pledge and the balance of interbank funding.

As of the end of 2019, total liabilities of the Group were RMB300,254 million, decreased by RMB222 million from the beginning of the year. Total equity of shareholders amounted to RMB94,137 million, increased by RMB5,507 million from the beginning of the year. The changes in the Group's liabilities and owners' equity between the beginning and the end of the year were mainly: (1) the balance due to banks and other financial institutions was RMB2,984 million, decreased by RMB8,684 million from the beginning of the year; (2) the balance of financial assets sold under repurchase agreements was RMB95,396 million, increased by RMB9,403 million from the beginning of the year; (3) the balance of derivative financial liabilities was RMB201 million, decreased by RMB19,678 million from the beginning of the year, mainly due to the significant decrease in currency derivative financial instruments; (4) financial liabilities held for trading were RMB3,142 million, increased by RMB1,208 million from the beginning of the year, of which there was an increase in financial liabilities held for trading arising from the sale of debt instruments and an increase in third-party interests in consolidated structured entities arising from consolidated products; (5) the balance of accounts payable to brokerage customers was RMB79,681 million, increased by RMB21,235 million from the beginning of the year; (6) the balance of long-term and short-term debts (including issuance of corporate bonds, structured notes, long-term and short-term liabilities) was

RMB102,132 million, decreased by RMB1,592 million from the beginning of the year; (7) shareholders' equity attributable to the parent company was RMB91,234 million, increased by RMB6,216 million from the beginning of the year, mainly comprising the net profit of RMB7,539 million attributable to shareholders of the parent company realized during the year, an increase of RMB201 million in capital reserves due to movements of other consolidated income, and a distribution of cash dividends of RMB1,524 million.

The size of net capital of the parent company was RMB60,864 million, increased by RMB2,301 million from the beginning of the year.

## II. Profit realized in 2019:

In 2019, the market environment recovered and the stock market surged significantly, the activity level of market transactions increased significantly, the yield curve of bonds showed a steep downward shape, IPO issuance was normalized, the STAR market was launched, the number of IPO share offering projects and financing size increased significantly. Under the leadership of the Board of Directors, the management led all employees to work diligently, strengthened the formation of system for compliance risk control, continued pushing forward business transformation and development, continued optimizing the structure of customers, deepened the reforms of allocation of resources, and obtained good operating results, the profitability of the Group increased significantly from the previous year. In 2019, the Group realized total revenue of RMB22,810 million, total profit of RMB10,276 million, net profit attributable to shareholders of the parent company of RMB7,539 million, representing an increase of 49.37%, 71.15% and 75.32%, respectively.

The changes in the revenue items of the Group were: (1) the Group realized net fee income from brokerage business of RMB4,198 million, increased by 21.57% from the previous year, mainly due to the increase of 35.98% in the trading volume of stock and fund in A share market from the previous year, and a decline in the average fee rate of the parent company; (2) the Group realized net income of RMB1,438 million from investment banking business, increased by RMB222 million from the previous year, of which net fee income of RMB1,258 million was realized in underwriting and sponsorship business, increased by RMB323 million from the previous year, fee income from financial advisory and other services decreased by RMB101 million from the previous year; (3) the Group realized net fee income of RMB3,911 million from asset management business and fund management fees, increased by 4.48% from the previous year, of which increases were recorded in the net income from management fees of subsidiaries (GF Asset Management, GF Fund and GF Xinde); (4) the Group's investment business realized an aggregate amount of RMB10,163 million from interest income, investment gains and profit or loss from fair value changes, increased by RMB6,006 million from the previous year, mainly due to a significant year-on-year increase in income from equity investments of the parent company due to a rising market, gains from fixed income investments were also increased due to the increase in investment scale; (5) excluding interest income from investment business, other net interest income realized by the Group was negative RMB307 million, decreased by RMB411 million from the previous year, mainly due to a decline in income from the financing business of the parent company; (6) the Group recognized a total

investment income of RMB447 million from associates, decreased by 9.78% from the previous year, of which investment income from E Fund was RMB433 million, increased by 27.07% from the previous year; (7) other business income realized by the Group was RMB1,915 million, increased by RMB704 million from the previous year, such income was mainly derived from the business income of warehouse receipts of the commercial trading subsidiary of GF Futures; (8) the Group realized other income of RMB826 million, increased by RMB119 million from the previous year, mainly due to the receipt of government grants of RMB761 million, increased by RMB83 million from the previous year.

The changes in operating expenses of the Group were: (1) the Group's business and management fees were RMB9,393 million, increased by 23.24% from the previous year, which were mainly due to the increase in staff costs as a result of business growth, business transformation, IT expansion and investment in compliance risk control, and the increase in depreciation of fixed assets after the GF Securities Tower formally commenced operation during the year; (2) the Group made provision for credit impairment loss of RMB680 million, of which provision for other debt investments was RMB219 million, provision for debt investment was RMB149 million and provision for margin financing was RMB122 million according to the impairment test result; (3) the Group's other business costs were RMB1,900 million, including mainly the business costs of warehouse receipts of RMB1,897 million.

The Group incurred total non-operating expenses of RMB437 million, mainly due to the provision for anticipated liability relating to the Pandion Fund incident.

### **III. Operating conditions of subsidiaries:**

In 2019, GF Futures realized operating revenue of RMB2,531 million and a net profit of RMB205 million; GFHK realized operating revenue of RMB747 million and a net loss of RMB268 million; GF Xinde realized operating revenue of RMB519 million and a net profit of RMB219 million; GF Qianhe realized operating revenue of RMB522 million and a net profit of 300 million; GF Asset Management realized operating revenue of RMB1,779 million and a net profit of RMB943 million; GFFL realized operating revenue of RMB103 million and a net loss of RMB73 million; GF Hexin realized operating revenue of RMB18 million and a net profit of RMB9 million; GF Fund realized operating revenue of RMB3,304 million and a net profit of RMB1,186 million.

**IV. Key financial indicators of the Group and risk control indicators of the parent company:**

**1. Key financial indicators:**

<b>Item</b>	<b>2019</b>	<b>2018</b>
Basic earnings per share (RMB)	0.99	0.56
Equity per share attributable to owners of the Company (RMB)	11.97	11.16
Return on weighted average net assets	8.48%	5.07%

**2. Key regulatory indicators of the parent company:**

<b>Item</b>	<b>End of 2019</b>	<b>Pre-warning standard</b>	<b>Regulatory standard</b>
Net capital	RMB60,864 million	≥RMB240 million	≥RMB200 million
Risk coverage ratio	233.36%	≥120%	≥100%
Capital leverage ratio	19.73%	≥9.6%	≥8%
Liquidity coverage ratio	322.27%	≥120%	≥100%
Net stable funding ratio	159.77%	≥120%	≥100%
Net capital/net assets	75.30%	≥24%	≥20%
Net capital/liabilities	30.46%	≥9.6%	≥8%
Net assets/liabilities	40.46%	≥12%	≥10%
Proprietary equity securities and securities derivatives/net capital	27.59%	≤80%	≤100%
Proprietary non-equity securities and securities derivatives/net capital	250.55%	≤400%	≤500%

All regulatory indicators of the parent company were in compliance with the regulatory standard.

Please kindly consider the above report.

Dear Shareholders,

Pursuant to the requirements of the Regulations for Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Administrative Measures for Risk Indicators of Securities Companies (《證券公司風險控制指標管理辦法》), the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (as amended in 2010) (《關於加強上市證券公司監管的規定》)(2010年修訂), the Provisions on the Investment Scope for Proprietary Securities Business of Securities Companies and Related Matters (《關於證券公司證券自營業務投資範圍及有關事項的規定》), the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), the Guidelines on Proprietary Securities Business of Securities Companies (《證券公司證券自營業務指引》) and the Guidelines for the Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》), in order to further improve the authorization and management of proprietary investment of the Company, in conjunction with the actual conditions of the Company, the authorization of the investment quota for the proprietary business of the Company is proposed as follows:

1. To authorize the Board of Directors, subject to compliance with the relevant requirements of the CSRC and self-regulation organization regarding the supervision and administration of securities companies, management of proprietary investment and risk management, and provided that the investment quota of the proprietary securities business of the Company shall not exceed the maximum limit prescribed in the rules and regulations and regulatory documents of the CSRC, to determine reasonably the total amount of maximum limit for the proprietary investment of the Company, and make adjustments to the allocation of the proprietary investment quota in accordance with market conditions, regulatory environment and operating performance, the scope of proprietary investment is limited to the types of securities listed in the List of Securities Investment Products of Proprietary Trading by Securities Companies (《證券公司證券自營投資品種清單》) and its subsequent amendments.
2. To authorize the management of the Company to allocate the investment quota for the proprietary business scientifically within the scope of regulatory standards for risk indicators prescribed under the Administrative Measures for the Risk Indicators of Securities Companies (《證券公司風險控制指標管理辦法》), Rules on Computation Standards for Risk Indicators of Securities Companies (《證券公司風險控制指標計算標準規定》) and its subsequent amendments and carefully set the risk limit of proprietary business. To authorize the Board with the right to adjust the proprietary investment quota of the management of the Company within the extent authorized under Item 1.

3. To authorize the management of the Company to make reasonable adjustments to the size of the proprietary business and the risk limit as needed when amendments are made to external laws and regulations to ensure that the proprietary securities business quota of the Company will not exceed the requirements as stipulated in the rules and regulations and regulatory documents of the CSRC.

It should be noted that the above quota is the maximum limit for the proprietary investment quota determined according to the relevant requirements of the CSRC and the characteristics of market volatility, and its total quantity and variation are not representation of judgments made by the Board of Directors and the management of the Company in respect of the market. The above quota does not include the investment quota for long-term equities to be invested by the Company, the investment quota for long-term equities is still required to be determined and executed in accordance with the relevant decision-making procedures of the Company.

Please kindly consider the above resolution.

Dear Shareholders,

Pursuant to the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (hereinafter referred to as the “**SZSE Listing Rules**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), the Company has made an estimation of the daily related party/connected transactions that will occur in 2020.

**I. Estimation of Daily Related Party/Connected Transactions under the SZSE Listing Rules for 2020**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount (RMB ten thousand)	Percentage in the same category of business (%)
Investment Banking	Income from securities underwriting and sponsorship	Income generated from the provision of securities underwriting and sponsorship business services by the Company to related legal entities.	Pricing will be determined by reference to market level, however, since the issue size of securities is highly influenced by market conditions, the trading volume is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	1,483.10	1.14
	Income from financial advisory	Income generated from the provision of financial advisory business services by the Company to related legal entities.	Pricing will be determined by reference to market level, however, since customer demand is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–



**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount	Percentage in the same category of business
					(RMB ten thousand)	(%)
Wealth Management	Commission income from securities brokerage business	Seat income generated from the provision of trading service to E Fund Management Co., Ltd. and other related parties by the Company and controlled subsidiaries through specific trading seats. Commission income generated from the provision of trading services by the Company to related natural persons and related entities.	Pricing will be determined by reference to market level, however, since the trading volume is affected by market news, market trends and investment decisions, the transaction volume is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	E Fund Management Co., Ltd.	1,856.15	0.47
				Harvest Fund Management Co., Ltd.	1,468.59	0.37
				Jilin Aodong Pharmaceutical Group Co., Ltd. and its controlled subsidiaries	6.57	0.00
				Other related parties	52.72	0.01
	Interest income from margin financing and securities lending, repurchase transactions, financial leasing and money lending business (Hong Kong)	Interest income received by the Company and controlled subsidiaries by provision of margin financing and securities lending, repurchase transactions, financial leasing and money lending business (Hong Kong) to related parties.	Pricing will be determined by reference to market level, however, since the trading volume is affected by market news and market trends, the relevant business size is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–

**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount (RMB ten thousand)	Percentage in the same category of business (%)
	Commission income from futures brokerage business (GF Futures Co., Ltd. provides futures brokerage service)	Commission income generated from the provision of trading service to E Fund Management Co., Ltd. and other related parties by the Company and controlled subsidiaries through specific trading seats.	Pricing will be determined by reference to market level, however, since the trading volume is affected by market news, market trends and investment decisions, the transaction volume is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	E Fund Management Co., Ltd. Other related parties	– 0.83	– 0.00
	Income from sales of fund products as agent	Since the Company sells products from E Fund Management Co., Ltd. and other related parties in the capacity of sales agent, it will receive application fees, redemption fees, subscription fees, conversion fees, customer maintenance fees (trailing commission) and other fees.	Pricing will be determined by reference to market level, however, since subscription for funds is the discretionary act of customers and affected by market news and market trends, the application amount and redemption amount are unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	E Fund Management Co., Ltd. Harvest Fund Management Co., Ltd.	299.65 198.17	1.64 1.08

**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount (RMB ten thousand)	Percentage in the same category of business (%)
Trading and Institution	Trading of securities and financial products	Purchase financial assets (such as bonds) under resale agreements or sell financial assets under repurchase agreements and conduct proprietary trading with related parties in the interbank market and the stock exchange market.	Pricing will be determined by reference to market level, however, since trading securities and financial products are discretionary acts of customers and affected by market news and market trends, the transaction amount is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	2,078,646.61 <sup>Note 2</sup>	0.16
	Interest expenses for issuance of structured notes	Interest expenses incurred when the Company issues structured notes to related parties.	Pricing will be determined by reference to market level, however, since subscription for structured notes is the discretionary acts of customers and affected by market news and market trends, the subscription amount is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–
	Issuance of structured notes	Liabilities incurred when the Company issues structured notes to related parties.	customers and affected by market news and market trends, the subscription amount is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–

**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount (RMB ten thousand)	Percentage in the same category of business (%)
	Income/expenses from market-making business	Income/expenses generated by the Company when providing market-making services to related parties listing on the new third board (or NEEQ).	Pricing will be determined by reference to market level, however, since the volume of market-making target and market volatility level are unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–
	OTC transfer and trading	Income/expenses generated by the Company when providing liquidity for products held by customers of related parties in the OTC market.	Pricing will be determined by reference to market level, however, since the customer demand for liquidity is affected by market news and market trends, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–

**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount	Percentage in the same category of business
					(RMB ten thousand)	(%)
	Custody and fund service business	Income generated by the Company when providing custody and fund service business to related parties.	Pricing will be determined by reference to market level, since the scale of products of the custody and fund service business provided is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	9.91	0.17
<b>Investment Management</b>	Income from asset management business for customers	Management fees, commissions and other fees generated by wealth management products of GF Securities Asset Management (Guangdong) Co., Ltd. and GF Futures, being subsidiaries of the Company, held by related legal entities and related natural persons of the Company.	Pricing will be determined by reference to market level, since asset size of the related parties entrusted to the Company and the income generated according to management results are uncertain and affected by market news with relatively high volatility, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	59.89	0.05

**ANNEX E**
**RESOLUTION REGARDING THE 2020 EXPECTED  
DAILY RELATED PARTY/CONNECTED TRANSACTIONS**

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount (RMB ten thousand)	Percentage in the same category of business (%)
	Income of management fees from fund products	Management fees and other income generated by wealth management products, such as funds issued by GF Fund Management Co., Ltd. and its controlled subsidiaries, held by related legal entities and related natural persons of the Company.	The products are issued at net value and the fees are charged according to market standards, the actual income amount depends on market news and investment judgment, therefore, it is difficult to predict this income item and the amount actually occurred will be used for computation.	All related parties of the Company	133.50	0.05
		Management fees and other income generated by fund products issued by GF Xinde Investment Management Co., Ltd. held by related legal entities and related natural persons of the Company.		All related parties of the Company	–	–
	Income of consulting fees from investment management	Investment management consulting fees received by GF Xinde Investment Management Co., Ltd. from related legal entities and related natural persons.	Pricing will be determined by reference to market level, however, since the customer demand is unpredictable, therefore, it is difficult to predict this income item of the Company and the amount actually occurred will be used for computation.	All related parties of the Company	–	–

Category	Type of transaction	Particulars of the relevant transaction	Estimated amount of income/ expenses for 2020	Related parties <sup>Note 1</sup>	Actual occurrence in 2019	
					Actual amount	Percentage in the same category of business
					(RMB ten thousand)	(%)
	Joint investment with related parties	The subsidiary of the Company engaging in investment business and related/connected party act as joint promoters to establish equity investment fund partnership and investment related enterprises according to daily business development needs.	Pricing will be determined by reference to market level, since the occurrence and size of business are uncertain, the amount actually occurred will be used for computation.	All related parties of the Company	-	-

Note 1: Related parties mentioned in the above table refers to related legal entities and related natural persons as defined in accordance with the SZSE Listing Rules and the Notice on Matters Relating to Further Enhancing Supervisions on Related Party/Connected Transactions of Securities Firms under Jurisdiction issued by Guangdong Securities Regulatory Bureau of CSRC (《中國證監會廣東監管局關於進一步加強轄區證券公司關聯交易監管有關事項的通知》) (Guangdong Zheng Jian Fa [2018] No. 77).

Note 2: The transaction amount represents the amount of financial products held under resale agreements, the amount of financial products sold under repurchase agreements and proprietary trading amounts, including bonds, in the interbank market and stock exchange market conducted by the Company with three related parties which are financial institutions, namely, China Life Insurance Co., Ltd., Bank of Guizhou Co., Ltd. and Bank of Guiyang Co., Ltd.

Other than the aforesaid expected daily related party/connected transactions, when the Company entered into the following related party/connected transactions with related parties, it is exempted from performing the relevant obligations pursuant to Chapter 10 of the SZSE Listing Rules and Article 38 of the Connected Transaction Management System of the Company:

- (1) when one party subscribes in cash for the public offering of shares, corporate bonds or enterprise bonds, convertible corporate bond or other types of derivative products of the other party;
- (2) when one party acts as a member of the underwriting consortium to underwrite the public offering of shares, corporate bonds or enterprise bonds, convertible corporate bonds or other types of derivative products of the other party;

- (3) when one party collects dividends, bonus or returns according to the resolution of a general meeting of the other party;
- (4) other transactions recognized by the SZSE.

## **II. Introduction to Major Related Parties/Connected Persons and Relationship in Related Party/Connected Transactions under the SZSE Listing Rules which are Confirmed to Occur in 2020**

E Fund Management Co., Ltd. (“**E Fund**”) has registered capital of RMB132 million, its scope of business includes: management of securities investment fund issued by public offering, sales of funds, asset management for specific customers (operating activities may only commence after approval from the relevant authorities have been obtained for projects which require approval pursuant to the laws). Its address is at “Room 105 – 42891 (Office Zone), No. 6 Baohua Road, Hengqin New District, Zhuhai, Guangdong Province”. As of December 31, 2019, the amount of total assets of E Fund was RMB14,675 million and the amount of its net assets was RMB10,096 million. In 2019, the operating revenue of E Fund was RMB6,180 million, net profit attributable to shareholders of the parent company was RMB1,734 million. As of March 27, 2020, the Company held 22.65% equity interest in E Fund and was its largest shareholder. Mr. Qin Li, the executive Director and standing deputy general manager of the Company, is also a director of E Fund. E Fund has satisfied with the requirements of related party/connected relationship provided under Clause 3 of Article 10.1.3 of the SZSE Listing Rules, such related party/connected person has good capabilities for contractual performance and payment. E Fund does not constitute a connected person under the Hong Kong Listing Rules.

Harvest Fund Management Co., Ltd. (“**Harvest Fund**”) was established in March 1999, one of the first 10 fund management companies established in the PRC. By now, it operates “full-license” business, including funds by public offering, institution investment, pension business, overseas investment and wealth management (source of information: official website of Harvest Fund, 2020). Mr. Tang Xin, an Independent Non-executive Director of the Company, is an independent director of Harvest Fund. Harvest Fund has satisfied with the requirements of related party/connected relationship provided under Clause 3 of Article 10.1.3 of the SZSE Listing Rules, such related party/connected person has good capabilities for contractual performance and payment. Harvest Fund does not constitute a connected person under the Hong Kong Listing Rules.

## **III. Daily Connected Transactions under the Hong Kong Listing Rules in 2019**

The connected transactions of the Company as defined under the Hong Kong Listing Rules are conducted and the relevant decision making and disclosure procedures of the Company are performed in strict accordance with the provisions under Hong Kong Listing Rules and the Measures for the Administration of Related Transactions of GF Securities.



Concurrently, the Company is exempted from performing the relevant obligations in accordance with the provisions under Chapter 14A of Hong Kong Listing Rules and Article 30 of the Measures for the Administration of Related Transactions of the Company, when the following related/connected transactions occur between the Company and related/connected parties:

- (1) transactions that meet the de minimis level;
- (2) financial assistance;
- (3) issuance of new securities by listed group companies;
- (4) trading of securities on stock exchanges;
- (5) directors' service contracts and insurance;
- (6) repurchase of securities by listed group companies;
- (7) purchase or sales of consumer products or consumer services;
- (8) sharing of administration and management services;
- (9) transactions with the associate(s) of passive investors; and
- (10) transactions with connected parties at the subsidiary level.

#### **IV. Pricing Principles**

All businesses occurring between the Company and related/connected parties follow market-oriented pricing principles. The specific pricing principles for the major operations of the Company are as follows:

1. Income from agency sale of funds and other products: Charges are made according to the unified sales policy when the products are issued by fund companies;
2. Commission income from brokerage business: Pricing is determined with reference to the commission rates for similar trading services in the market;
3. Income from securities underwriting and sponsorship: Pricing is determined with reference to the market level and industry practice;
4. Income from entrusted customer asset management business: Pricing is determined by reference to the market level and industry practice;

5. Subscription of fund products: Subscription is made at net asset value and handling fees are paid based on market standards;
6. Interest income from margin financing and securities lending, repurchase transaction services and money lending (Hong Kong): Pricing is determined with reference to the market level;
7. Interest expenses arising from the issuance of structured notes: Pricing is determined with reference to the market level and industry practice;
8. Income from market-making business: Pricing is determined with reference to the market level;
9. Custody and fund service business: Pricing is determined with reference to the market level.

**V. Purposes of the Transactions and Impact on the Company**

1. Each of the related/connected transactions contemplated by the Company is beneficial for the Company in developing new businesses and broadening its income stream during its daily operations;
2. The pricing of the relevant related/connected transactions can be made with reference to market prices available, for which the Company intends to implement at a fair price, which will not damage the interests of the Company and minority Shareholders;
3. The relevant related/connected transactions do not affect the independence of the Company. The major businesses of the Company have not relied on the related/connected parties as a result of the above related/connected transactions.

**VI. Opinions of the Independent Directors**

The Independent Directors have issued the following independent opinions on the “Resolution Regarding the 2020 Expected Daily Related Party/Connected Transactions”:

1. The related party/connected transactions are intended to be executed at a fair price and will not damage the interests of the Company and minority Shareholders;
2. Carrying out the relevant businesses is beneficial for promoting the business growth of the Company, which is in line with the actual business needs of the Company, and is beneficial for the long-term development of the Company;

3. The relevant related party/connected transactions shall be disclosed in the annual report and the interim report of the Company in accordance with the SZSE Listing Rules and Hong Kong Listing Rules;
4. It is agreed that the “Resolution Regarding the 2020 Expected Daily Related Party/Connected Transactions” be submitted to the Board for consideration.

**It is hereby proposed to the AGM that:**

1. to agree the implementation of the above related /connected transactions; and agree that the Company shall perform its information disclosure obligations and perform the relevant procedures in accordance with the requirements under Chapter 14A of Hong Kong Listing Rules, if the above related party/connected transactions constitute connected transactions under Hong Kong Listing Rules;
2. to authorize the Board and approve the Board to delegate the management to enter into new agreements or renew the relevant agreements within the scope of the expected daily related/connected transactions in 2020 based on business needs.

Related/connected shareholders including Jilin Aodong and persons acting in concert; Liaoning Cheng Da and persons acting in concert; Zhongshan Public Utilities and persons acting in concert shall abstain from voting on this resolution, and shall not vote under the entrustment of other shareholders.

Please kindly consider the above resolution.

**Li Xiulin** (李秀林), male, born in March 1953, holds a bachelor degree. Mr. Li Xiulin has been appointed as our non-executive Director since May 2014. Mr. Li 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. For Mr. Li Xiulin, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He has connected relationship with Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司), a shareholder of the Company holding more than 5% of the shares of the Company. He does not have connected relationship with other directors, supervisors or senior management of the Company. Mr. Li does not hold any shares or other equity securities of the Company. In recent five years, he has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Shang Shuzhi** (尚書志), male, born in October 1952, holds a master's degree and is a senior economist and senior international business engineer. Mr. Shang Shuzhi has been appointed as our non-executive Director since July 2001. Mr. Shang 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.) since August 1993. His primary working experience includes: deputy general manager at 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 from February 1991 to November 1991, general manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation from December 1991 to July 1993, chairman of Liaoning Cheng Da Group Ltd. from January 1997 to December 2017. For Mr. Shang Shuzhi, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He has connected relationship with Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司), a shareholder of the Company holding more than 5% of the shares of the Company. He does not have connected relationship with other directors, supervisors or senior management of the Company. Mr. Shang does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock

exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Liu Xuetao (劉雪濤)**, female, born in September 1965, holds master's degree. Ms. Liu Xuetao has been appointed as our non-executive Director since May 2017. Mr. Liu has been the director and general manager of Zhongshan Public Utilities Group Co., Ltd. (a company listed on SZSE, stock code: 000685) since November 2016. Her primary working experience includes: assistant engineer of the Third Design Institute of Ministry of Chemical Industry (化學工業部第三設計院) from July 1989 to May 1992, engineer of Shunde Rongqi Construction Development General Company (順德市容奇城建開發總公司) from May 1992 to June 1996; assistant to division head of water supply division, head of technology and management office, assistant to general manager, deputy general manager and general manager of Zhongshan Water Supply Co., Ltd. (中山市供水有限公司) from June 1996 to August 2008; deputy general manager, executive vice general manager, general manager of water business department, deputy general manager of Zhongshan Public Utilities Group Co., Ltd. from August 2008 to November 2016. Ms. Liu concurrently served as chairman of Zhongshan Municipal Dafeng Water Supply Co. Ltd. (中山市大豐自來水有限公司) and chairman of Zhongshan Sino French Water Supply Co. Ltd. (中山中法供水有限公司) from October 2011 to December 2017, concurrently served as executive director of Zhongshan Sewage Treatment Co. Ltd. (中山市污水處理有限公司) and executive director of Zhongshan Public Water Co., Ltd. from March 2012 to August 2017, and concurrently served as executive director and general manager of Zhongshan Tianyi Energy Co., Ltd. (中山市天乙能源有限公司) from October 2016 to May 2017, concurrently served as chairman of Zhongshan – Hong Kong Passenger Shipping COOP Co., Ltd. (中港客運聯營有限公司) from January 2017 to December 2019, and concurrently served as vice chairman of CNOOC Guangdong Natural Gas Co., Ltd. (中海廣東天然氣有限責任公司) from March 2017 to October 2019. Ms. Liu concurrently served as director of Jining Zhongshan Public Utilities Water Co., Ltd. since July 2009. For Ms. Liu Xuetao, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. She has connected relationship with Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司), a shareholder of the Company holding more than 5% of the shares of the Company. She does not have connected relationship with other directors, supervisors or senior management of the Company. Ms. Liu does not hold any shares or other equity securities of the Company. She has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. She has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. She does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Fan Lifu (范立夫)**, male, PhD, and a professor, born in October 1972. Mr. Fan Lifu has been appointed as an Independent Non-executive Director of the Company since November 2018. Mr. Fan Lifu is currently a professor at the School of Finance of the Dongbei University of Finance and Economics and the director of the Research Department of the Dongbei University of Finance and Economics. His primary working experience includes: a teaching assistant at the School of Finance (former Department of Finance) of the Dongbei University of Finance and Economics from April 1998 to December 2000; lecturer at the School of Finance of the Dongbei University of Finance and Economics from December 2000 to July 2002; associate professor at the School of Finance of the Dongbei University of Finance and Economics from July 2002 to July 2011; a visiting scholar of the University of Reading in the United Kingdom from January 2003 to January 2004; a deputy director of the Research Department of the Dongbei University of Finance and Economics from December 2009 to December 2016; a professor at the School of Finance of the Dongbei University of Finance and Economics from July 2011; a deputy dean of the School of Finance of the Dongbei University of Finance and Economics from December 2016 to January 2019 and the director of the Research Department of the Dongbei University of Finance and Economics from January 2019. Mr. Fan Lifu has been an independent director of Tieling Newcity Investment Holding (Group) Limited (a company listed on SZSE, stock code: 000809) since December 2017. For Mr. Fan Lifu, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Mr. Fan Lifu does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Hu Bin (胡濱)**, male, PhD, and a researcher, born in May 1971. Mr. Hu Bin has been the deputy secretary of the Party committee and deputy director of the Institute of Finance and Banking, Chinese Academy of Social Sciences since March 2019. His primary working experience includes: he served as senior manager of CITIC Securities Company Limited (中信證券股份有限公司) from July 2002 to November 2003; he started working at the Institute of Finance Research of the Chinese Academy of Social Sciences from November 2003; he was the director of the Law and Finance Research Office of the Institute of Finance and Banking, Chinese Academy of Social Sciences from August 2004 to March 2011, during which he was promoted as an associate researcher in August 2004 and as a researcher in December 2009; he served as assistant to the director of the Institute of Finance and Banking, Chinese Academy of Social Sciences, and director of the Law and Finance Research Office from March 2011 to August 2011; he served as Secretary General of the Postdoctoral Management Committee of the Chinese Academy of Social Sciences and assistant to the director of the Institute of Finance



and Banking from August 2011 to November 2013; he served as Secretary General of the Postdoctoral Management Committee of the Chinese Academy of Social Sciences from November 2013 to March 2014; he served as deputy director of the Institute of Finance and Banking, Chinese Academy of Social Sciences from March 2014 to March 2019. For Mr. Hu Bin, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Mr. Hu Bin does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Leung Shek Ling Olivia (梁碩玲)**, female, Canadian Chartered Accountant, PhD, principal lecturer, born in December 1971. Ms. Leung has been the associate dean of the Faculty of Business and Economics of The University of Hong Kong since January 2020. Her primary working experience includes: she served as associate professor of accounting at The City University of Hong Kong from August 2004 to June 2011; she has been the principal lecturer of the Faculty of Business and Economics of The University of Hong Kong since July 2011; she served as the programme director of the International Business and Global Management Programme of The University of Hong Kong from June 2016 to October 2018, and assistant dean of the Faculty of Business and Economics of The University of Hong Kong from June 2016 to December 2019. For Ms. Leung Shek Ling Olivia, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. She does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Ms. Leung does not hold any shares or other equity securities of the Company. She has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. She has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. She does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges, save for the certificate of qualification for independent directors recognized by the stock exchange. Ms. Leung Shek Ling Olivia has undertaken to enroll in the next training session for independent directors available to obtain the certificate of qualification for independent directors recognized by the SZSE.

**Li Wenjing (黎文靖)**, male, PhD, and a professor, born in July 1979. Mr. Li Wenjing has been the dean of the Management School of Jinan University since March 2019. His primary working experience includes: he was a lecturer at the Management School of Jinan University from July 2006 to September 2008; he served as associate professor of the Management School of Jinan University from October 2008 to September 2013; he has been professor of the Management School of Jinan University since October 2013 and the deputy department head of the Accounting Department of the Management School of Jinan University from July 2012 to June 2016; he has been the department head of the Accounting Department of the Management School of Jinan University since July 2016. 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 By-Health Co., Ltd. (湯臣倍健股份有限公司) (a company listed on SZSE, stock code: 300146) since September 2017, 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) since December 2017, an independent director of Longse Technology Co., Ltd. (廣州長視科技股份有限公司) since December 2016, an independent director of Shenzhen Xunfang Technologies Co., Ltd. (深圳迅方技術股份有限公司) since May 2017, and an external supervisor of China Guangfa Bank Co., Ltd. (廣發銀行股份有限公司) since June 2017. For Mr. Li Wenjing, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Mr. Li Wenjing does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Sun Shuming (孫樹明)**, male, PhD, born in June 1962. Mr. Sun Shuming has been appointed as our Chairman and executive Director of the Company since May 2012, and the General Manager of the Company since April 2020. His primary working experience includes: serving as clerk, deputy chief officer and chief officer of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1984 to August 1990, deputy head of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1990 to September 1994, head of the Department of Treaty and Law of the Ministry of Finance of the PRC from September 1994 to March 1996, deputy mayor (a temporary appointment) of People's Government of Zhuozhou, Hebei from July 1994 to July 1995, director of the general manager's office and assistant to the general manager of China Economic Development Trust & Investment Corporation from March 1996 to June 2000, deputy director of the Central



Financial Work Commission Supervisors Work Department from June 2000 to March 2003, supervisor of China Galaxy Securities Co. Ltd (中國銀河證券有限公司) from September 2003 to January 2006, deputy chief officer of the Accounting Department of the CSRC from January 2006 to April 2007, chief officer of the Accounting Department of the CSRC from April 2007 to March 2011. He concurrently acts as the vice chairman of China Securities Inter-agency Quotation Systems Co., Ltd. (中證機構間報價系統股份有限公司) since March 2015, and chairman of GF Fund Management Co., Ltd. (“**GF Fund**”) since April 2016. For Mr. Sun Shuming, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Mr. Sun Shuming does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Qin Li (秦力)**, male, PhD, born in May 1968. Mr. Qin Li has been appointed as executive Director and standing deputy general manager of the Company since April 2011. 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 management department, general manager of investment department, assistant to the general manager, deputy general manager of our Company since March 1997 and the chairman of GF Xinde from May 2010 to August 2013, the chairman of the board of Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司) from September 2013 to April 2017, and the chairman of GF Asset Management from June 2018 to October 2019. Mr. Qin Li has been a director of GF Holdings (Hong Kong) Corporation Limited (“**GFHK**”) since September 2006, the director of E Fund since May 2012; he has been the chairman of GFHK since May 2019. For Mr. Qin Li, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Mr. Qin Li does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Sun Xiaoyan (孫曉燕)**, female, master's degree, born in June 1972. Ms. Sun Xiaoyan has been appointed as an executive Director of the Company since December 2014. Her primary working experience includes: staff of capital operation department, finance department and investment banking department, respectively, since joining our Company in July 1993, deputy general manager of the accounting department from September 1998 to January 2000, deputy general manager of our investment and proprietary trading department from January 2000 to October 2002, chief financial officer of GF Fund (preparatory) from October 2002 to August 2003, chief financial officer of GF Fund from August 2003 to October 2003, deputy general manager of GF Fund from October 2003 to March 2005, general manager of finance department of our Company from November 2003 to March 2014, and director of GFHK from August 2013 to May 2019. Ms. Sun Xiaoyan has been the chief financial officer of the Company since March 2006, a director of GF Fund since June 2007 and the deputy general manager of the Company since April 2011. In addition, Ms. Sun Xiaoyan was appointed as the chairman of the supervisory committee of E-Capital Transfer (證通股份有限公司) from December 2014 to June 2018, and supervisor of E-Capital Transfer since June 2018. For Ms. Sun Xiaoyan, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. She does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. Ms. Sun Xiaoyan does not hold any shares or other equity securities of the Company. She has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. She has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. She does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Lai Jianhuang (賴劍煌)**, male, born in October 1964. He holds a PhD degree and is a professor. Mr. Lai Jianhuang is currently the professor and supervisor for doctoral students in School of Data and Computer Science, chairman of the Academic Committee in Sun Yat-sen University (中山大學), director of the Guangdong Province Key Laboratory of Information Security Technology and an associate member of China Society of Image and Graphics (中國圖像圖形學會). His primary working experience includes: a teaching assistant and lecturer of mathematics department in Sun Yat-sen University from June 1989 to June 1995; an associate professor of mathematics department in Sun Yat-sen University from July 1995 to June 2002; a professor and a supervisor for doctoral students in School of Information and School of Data and Computer Science since July 2002. Mr. Lai Jianhuang served as the deputy chairman of Technical Committee on Computer Vision of China Computer Federation (中國計算機學會計算機視覺專業委員會) (1st and 2nd sessions) from March 2013 to November 2019; he has concurrently served as the deputy director and the standing deputy chairman of Academic Committee of Key Laboratory of Video and Image Intelligent Analysis and Application Technology, Ministry of Public Security of PRC (視頻圖像智能分析與應用公安部重點實驗室) since June 2015, a vice chairman of China Society of Image and Graphics since July 2016, and a vice chairman of Guangdong Society of Artificial Intelligence and Robotics (廣東省人工智能與機器人學會) and the chairman of Professional Committee of Artificial Intelligence of Guangdong Public Security & Protection Technology Association (廣東省安防協會人工智能專委會) since October 2019. Mr. Lai Jianhuang is the independent director of PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司) (a company listed on SSE, stock code: 600728) since July 2019 and the independent director of Zhongxiaoyun Technology Co., Ltd (中消雲科技股份有限公司) since January 2020. For Mr. Lai Jianhuang, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. He does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC or other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Xie Shisong (謝石松)**, male, born in October 1963. He holds a PhD degree and is a professor. Mr. Xie Shisong is currently the professor of the School of Law of Sun Yat-sen University and the chairman of Institute of International Law. His primary working experience includes: a lecturer at the School of Law of Sun Yat-sen University from September 1991 to November 1993, an associate professor at the School of Law of Sun Yat-sen University from December 1993 to November 1996, a professor at the School of Law of Sun Yat-sen University since December 1996 and the chairman of Institute of International Law of the School of Law of Sun Yat-sen University since March 1992. Mr. Xie Shisong concurrently served as the vice president of China Society of Private International Law since September 2003, an arbitrator of China International Economic and Trade Arbitration Commission since November 1999 and a committee member of the expert advisory committee of China International Economic and Trade Arbitration Commission since January 2008. Mr. Xie Shisong was the independent director of E Fund from December 2002 to April 2013, the independent director of Guangdong China Sunshine Media Co., Ltd. (廣東九州陽光傳媒股份有限公司) (renamed as Guangdong Guangzhou Daily Media Co., Ltd. (廣東廣州日報傳媒股份有限公司) in July 2012, a company listed on SZSE, stock code: 002181) from June 2007 to June 2013, the 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, the independent director of Guangdong Advertising Co., Ltd. (廣東省廣告股份有限公司) (renamed as Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司) in June 2016, a company listed on SZSE, stock code: 002400) from January 2014 to January 2020, the independent director of Golden Eagle Fund Management Co., Ltd. from September 2014 to January 2018, the 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, the 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, the independent director of Vtron Technologies Ltd. (廣東威創視訊科技股份有限公司) (renamed as Vtron Group Co., Ltd. (威創集團股份有限公司) in January 2017, a company listed on SZSE, stock code: 002308) since December 2013, the independent director of Zhuhai Wanlida Electric Co., Ltd (renamed as Ninestar Corporation (納思達股份有限公司) in May 2017, a company listed on SZSE, stock code: 002180) since October 2014 and the 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) since May 2017. For Mr. Xie Shisong, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. He does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. He does not hold any shares or other equity securities of the Company. He has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. He has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. He does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

**Lu Xin (盧馨)**, female, born in October 1963. She holds a PhD degree and is a professor. Ms. Lu Xin is currently the professor and the supervisor for master degree students at Accounting Department in School of Management and the deputy head of Research Center of Management Accounting in Jinan University (暨南大學). Her primary working experience includes: teaching at the School of Economics and Management in Dalian University (大連大學) from July 1989 to December 2003, during which she served as the lecturer from August 1992 to July 1998, the associate professor from August 1998 to December 2003. She served as the associate professor at Accounting Department of School of Management in Jinan University from January 2004 to September 2013; concurrently serving as the deputy director of the Audit Department in Jinan University from May 2013 to January 2016, the professor at Accounting Department of School of Management in Jinan University since October 2013, the supervisor for master degree students at Accounting Department in School of Management in Jinan University since October 2005 and the deputy head of the Research Center of Management Accounting in Jinan University since January 2014. Ms. Lu Xin was engaged as the expert in the Expert Pool of Department of Communications of Guangdong Province (廣東省交通廳專家庫) from 2005 to 2010, the special auditor of the Audit Office of Guangdong Province from 2008 to 2014, the think-tank expert of Department of Civil Affairs of Guangdong Province (廣東省民政廳智庫) since 2019. Ms Lu has been a deputy to the twelfth National People's Congress from 2013 to 2017 and a deputy to the thirteenth National People's Congress since 2018. Ms. Lu was the 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, the 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) since September 2014; the 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) since May 2014 and the independent director of PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司) (a company listed on SSE, stock code: 600728) since July 2019. For Ms. Lu Xin, there are no circumstances as set out in Rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange. She does not have any connected relationship with any shareholder holding more than 5% of the shares of the Company, or other directors, supervisors or senior management of the Company. She does not hold any shares or other equity securities of the Company. She has not been subject to any penalties imposed by the CSRC and other relevant authorities or disciplinary sanctions by any stock exchange. She has not been investigated by judicial authorities due to suspected commission of offences and has not been investigated by the CSRC due to suspected violation of laws and regulations. She does not have any dishonest behaviors and has met the qualifications required by the relevant laws, administrative regulations, departmental rules, normative documents, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other relevant provisions of the relevant stock exchanges.

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## APPENDIX II 2019 WORK REPORT OF THE INDEPENDENT DIRECTORS

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Dear Shareholders,

### 2019 Work Report of the Independent Directors of GF Securities Co., Ltd.

#### I. Performance of Duties by Independent Directors

In 2019, the Company has convened 10 Board meetings and 2 general meetings. The Independent Directors of the Company have actively participated in all Board meetings and general meetings. During the period of duty performance, Independent Directors of the Company have given sufficient time and efforts in performing duties. Before the meetings, the Independent Directors have read the meeting materials conscientiously, and expressed sufficient professional and independent opinions at the meetings; and they are not influenced by the substantial shareholders and other interested units or individuals of the Company when making independent judgement.

In 2019, specific details of attendance of Independent Directors at the Board meetings and general meetings are set out in the table below:

Name of Independent Director	Attendance at Board meetings required during the Reporting Period	Attendance at on-site Board meetings	Attendance at Board meetings by telecommunication/ correspondence	Attendance at Board meetings by proxy	No. of absence at Board meetings	Attendance at general meetings
Yang Xiong	10	2	8	0	0	1/2
Tang Xin	10	1	9	0	0	0/2
Chan Kalok	10	2	7	1	0	0/2
Fan Lifu	10	2	8	0	0	1/2

#### II. Participation of Independent Directors in the Work of Special Committees

On December 27, 2019, the Company convened the 24th Meeting of the Ninth Session of the Board at which the Resolution regarding Adjustment to the Structure of Special Committees of the Board (《關於調整董事會專門委員會架構的議案》) was considered and approved. The Board agreed to the new establishment of Nomination Committee of the Board and the Remuneration and Appraisal Committee of the Board, and the original Remuneration and Nomination Committee of the Board was revoked. Since then, there are five special committees under the Board of the Company, namely the Strategy Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee and the Risk Management Committee.



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## **APPENDIX II 2019 WORK REPORT OF THE INDEPENDENT DIRECTORS**

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Three Independent Directors, namely Mr. Tang Xin, Mr. Yang Xiong and Mr. Fan Lifu, were members of the original Remuneration and Nomination Committee of the Board, Mr. Tang Xin was the chairman of the original Remuneration and Nomination Committee.

With effect from December 27, 2019, the three Independent Directors, namely Mr. Tang Xin, Mr. Yang Xiong and Mr. Fan Lifu, became the members of the Nomination Committee, and Mr. Tang Xin assumed the role of the chairman of the Nomination Committee under the Ninth Session of the Board.

With effect from December 27, 2019, the three Independent Directors, namely Mr. Tang Xin, Mr. Yang Xiong and Mr. Fan Lifu, became the members of the Remuneration and Appraisal Committee, and Mr. Tang Xin assumed the role of the chairman of the Remuneration and Appraisal Committee of the Ninth Session of the Board.

In 2019, the three Independent Directors, namely Mr. Yang Xiong, Mr. Chan Kalok and Mr. Fan Lifu, were members of the Audit Committee, and Mr. Yang Xiong was the chairman of the Audit Committee of the Ninth Session of the Board.

In 2019, Mr. Tang Xin was a member of the Risk Management Committee of the Ninth Session of the Board.

In 2019, according to the rules of procedure for special committees of the Board of the Company, the Strategy Committee of the Board convened one meeting, the original Remuneration and Nomination Committee of the Board convened three meetings, the Nomination Committee of the Board convened one meeting, the Remuneration and Appraisal Committee of the Board convened one meeting, the Audit Committee of the Board convened six meetings, and the Risk Management Committee of the Board convened two meetings. During the term of office, the Independent Directors have attended all meetings of the special committees and provided professional opinions and advice for scientific decisions of the Board.

### **III. Work of the Independent Directors in 2019**

- (I) In 2019, the Independent Directors of the Company expressed independent opinions on the relevant matters in accordance with legal procedures and pursuant to the relevant national laws and regulations and the Articles of Association, the specific details are set out below:
1. On January 11, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, expressed independent opinions on the change of accounting estimate for the term of years in the depreciation of fixed assets.

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## APPENDIX II 2019 WORK REPORT OF THE INDEPENDENT DIRECTORS

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2. On January 28, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, issued pre-acknowledgment and independent opinions for the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd.

Of which, the independent opinion of Mr. Yang Xiong, an Independent Director, wrote “since Kangmei Pharmaceutical was under investigation by the CSRC due to alleged non-compliance with laws and regulations in information disclosure, I was unable to obtain the relevant information to judge on the necessity and transaction substance of the connected transaction”.

3. On March 26, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, expressed independent opinions on the 2018 Profit Distribution Plan, 2018 Internal Control and Evaluation Report, Distribution of Performance-based Remuneration for Management for the year of 2018, use of Company’s funds by controlling shareholder and other related parties and external guarantees of the Company, expected daily related party/connected transactions of the Company for the year of 2019 and changes in accounting policies of the Company, and issued pre-acknowledgment opinion on the re-appointment of accounting firm.
4. On April 16, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xu Youjun as secretary to the Board and joint company secretary.
5. On May 30, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xin Zhiyun as Chief Information Officer of the Company concurrently.
6. On August 29, 2019, the Independent Directors, namely Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu, expressed independent opinions on the 2019 Interim Profit Distribution Plan, use of Company’s funds by controlling shareholder and other related parties and external guarantees of the Company.

- (II) On the audit work of the Company in 2019, the Independent Directors of the Company strictly complied with the Annual Report Regulations of Independent Directors of GF Securities (《廣發証券獨立董事年報工作規定》) and ensured that sufficient time and energy were dedicated to perform their duties and timely communicated with the certified public accountants responsible for the annual audit before and after the audit. The Independent Directors conducted inspection in the Company and provided guidance in person, and heard reports from the audit institution on the operating conditions, financial position and audit work of the Company during the process of auditing.



Three out of four Independent Directors of the Company are members of the Audit Committee, they have participated in the communication with the audit institution before and after the audit in the dual capacity of Audit Committee member and Independent Director and expressed their opinions. On August 23, 2019, members of the Audit Committee communicated with the accountants conducting review on the 2019 interim period of the Company. On December 2, 2019, the Independent Directors and the accountants for the annual audit convened a communication meeting on the 2019 annual audit plan. Besides, the finance department of the Company has communicated with the accountants for the annual audit in details on the contents of problems discovered in the audit preview, impairment provision for financing business, valuation and impairment of financial instruments and critical auditing matters. On March 20, 2020, the certified public accountants for annual audit of the Company issued a draft of standard audit report without qualified opinions on the financial report of the Company for 2019, and convened an interview meeting with Independent Directors to consult their opinions on problems discovered in the process of audit. The Independent Directors and the certified public accountants for annual audit had sufficient communication thereon.

#### **IV. Other Explanatory Matters**

- (I) During the Reporting Period, the Independent Directors of the Company were diligent and active in duly performing their duties, proposed improvement recommendations on individual matters required for consideration, please see the work report of the independent directors for details.
- (II) During the Reporting Period, the Independent Directors dissented from some individual resolutions of the Board, the details are as follows:
  - 1. Mr. Yang Xiong, an Independent Director, voted against the Resolution on the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd. (《關於公司與康美藥業股份有限公司和普寧市信宏實業投資有限公司關連交易的議案》) of the 17th Meeting of the Ninth Session of the Board of the Company.
  - 2. Mr. Yang Xiong and Mr. Tang Xin, both are Independent Directors, proposed to postpone considering the three resolutions to be submitted to the 18th Meeting of the Ninth Session of the Board for consideration, namely, the Resolution on Appraisal of Directors' Duty Performance for the Year of 2018 (《關於董事2018年度履職考核的議案》), the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發証券2018年度董事績效考核和薪酬情況專項說明》), and the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Management for the Year of 2018 (《廣發証券2018年度經營管理層履職情況、績效考核情況、薪酬情況專項說明》). According to the above circumstances, the Board of the Company has decided to postpone considering the above matters.

3. Mr. Yang Xiong, an Independent Director, abstained from voting on Item 3.5 of the Resolution on Appraisal of Directors' Duty Performance for the Year of 2018 (《關於董事2018年度履職考核的議案》) and the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發證券2018年度董事績效考核和薪酬情況專項說明》) of the 19th Meeting of the Ninth Session of the Board of the Company.

Mr. Tang Xin, an Independent Director, abstained from voting on the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發證券2018年度董事績效考核和薪酬情況專項說明》) and the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Management for the Year of 2018 (《廣發證券2018年度經營管理層履職情況、績效考核情況、薪酬情況專項說明》) of the 19th Meeting of the Ninth Session of the Board of the Company.

- (III) During the Reporting Period, no incident has occurred in the Company where any Independent Director has proposed to convene a Board meeting.
- (IV) During the Reporting Period, no incident has occurred in the Company where any Independent Director has proposed to appoint or dismiss an accounting firm.
- (V) During the Reporting Period, no incident has occurred in the Company where any Independent Director has appointed an overseas audit institution and consulting institution.

Independent Directors of the Ninth Session of the Board:

Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok and Mr. Fan Lifu

Please kindly hear the above report.

Dear Shareholders,

**2019 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.**

Yang Xiong

In 2019, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2019 duty performance report of the Independent Directors as follows:

**I. Attendance at Board Meetings in 2019**

In 2019, the Board convened a total of 10 Board meetings, I should participate and have actually participated in 10 meetings. During the period of my duty performance, I have dedicated sufficient time and energy to perform duties; reviewed the meeting materials conscientiously before the meetings, fully expressed professional and independent opinions at the meetings; and was not influenced by the substantial shareholders of the Company and other units or individuals that own interests in the Company when making independent judgement. In 2019, I have exercised voting rights actively, specific details of my attendance at Board meetings are set out in the table below:

Name of Independent Director	Attendance at Board meetings		Attendance at Board meetings by telecommunication/ correspondence	Attendance at Board meetings by proxy	No. of absence at Board meetings
	required during the Reporting Period	Attendance at on-site Board meetings			
Yang Xiong	10	2	8	0	0

In 2019, I raised objection against Board resolutions in the following circumstances:

1. I voted against the Resolution on the Connected Transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd. (《關於公司與康美藥業股份有限公司和普寧市信宏實業投資有限公司關連交易的議案》) of the 17th Meeting of the Ninth Session of the Board of the Company.

2. I proposed to postpone considering the three resolutions to be submitted to the 18th Meeting of the Ninth Session of the Board for consideration, namely, the Resolution on Appraisal of Directors' Duty Performance for the Year of 2018 (《關於董事2018年度履職考核的議案》), the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發證券2018年度董事績效考核和薪酬情況專項說明》), and the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Management for the Year of 2018 (《廣發證券2018年度經營管理層履職情況、績效考核情況、薪酬情況專項說明》).
3. I abstained from voting on Item 3.5 of the Resolution on Appraisal of Directors' Duty Performance for the Year of 2018 (《關於董事2018年度履職考核的議案》) and the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發證券2018年度董事績效考核和薪酬情況專項說明》) of the 19th Meeting of the Ninth Session of the Board of the Company.

## **II. Participation in the Work of Special Committees in 2019**

In 2019, I was the chairman of the Audit Committee of the Ninth Session of the Board, a member of the original Remuneration and Nomination Committee of the Ninth Session of the Board (until December 26, 2019), a member of the Nomination Committee of the Ninth Session of the Board (commenced from December 27, 2019) and a member of the Remuneration and Appraisal Committee of the Ninth Session of the Board (commenced from December 27, 2019).

In 2019, according to the rules of procedure for special committees of the Board of the Company, I chaired and participated in six meetings of the Audit Committee of the Ninth Session of the Board, and participated in three meetings of the original Remuneration and Nomination Committee of the Ninth Session of the Board, one meeting of the Nomination Committee of the Ninth Session of the Board and one meeting of the Remuneration and Appraisal Committee of the Ninth Session of the Board. I have attended all meetings of the special committees and provided professional opinions and consulting advice for the scientific decision-making of the Board.

## **III. Expression of Independent Opinions in 2019**

In 2019, I, being an Independent Director, expressed independent opinions on the relevant matters with other Independent Directors in accordance with the relevant national laws and regulations, Articles of Association and legal procedures, the specific details are set out below:

1. On January 11, 2019, I expressed independent opinions on the change of accounting estimate for the term of years in the depreciation of fixed assets of the Company.

2. On January 28, 2019, I issued pre-acknowledgment opinion for the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd., and expressed the independent opinion that “since Kangmei Pharmaceutical was under investigation by the CSRC due to alleged non-compliance with laws and regulations in information disclosure, I was unable to obtain the relevant information to judge on the necessity and transaction substance of the connected transaction”.
3. On March 26, 2019, I expressed independent opinions on the 2018 Profit Distribution Plan, 2018 Internal Control and Evaluation Report, Distribution of Performance-based Remuneration for Management for the year of 2018, use of Company’s funds by controlling shareholder and other related parties and external guarantees of the Company, expected daily related party/connected transactions of the Company for the year of 2019 and changes in accounting policies of the Company, and issued pre-acknowledgment opinion on the re-appointment of accounting firm.
4. On April 16, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xu Youjun as secretary to the Board and joint company secretary of the Company.
5. On May 30, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xin Zhiyun as Chief Information Officer of the Company concurrently.
6. On August 29, 2019, I expressed independent opinions on the 2019 Interim Profit Distribution Plan, use of Company’s funds by controlling shareholder and other related parties and external guarantees of the Company.

#### **IV. Other Relevant Work**

1. On the audit work of the Company in 2019, I strictly complied with the Annual Report Regulations of Independent Directors of GF Securities (《廣發証券獨立董事年報工作規定》) and ensured that sufficient time and energy were dedicated to performing duties and timely communicated with the certified public accountants responsible for the annual audit before and after the audit. During the process of auditing, I participated in the dual capacity of being a member of the Audit Committee and an Independent Director in the communication with the certified public accountants responsible for the annual audit before and after the audit, and expressed opinions; I also heard reports from the audit institution on the operating conditions, financial position and audit work of the Company.

On August 23, 2019, members of the Audit Committee communicated with the accountants conducting review on the 2019 interim period of the Company. On December 2, 2019, the Independent Directors and the accountants for the annual audit convened a communication meeting on the 2019 annual audit plan. Besides, the finance department of the Company has communicated with the accountants for the annual audit in details on the contents of problems discovered in the audit preview, impairment provision for financing business, valuation and impairment of financial instruments and critical auditing matters. On March 20, 2020, the certified public accountants for annual audit of the Company issued a draft of standard audit report without qualified opinions on the financial report of the Company for 2019, and convened an interview meeting with Independent Directors to consult their opinions and communicated about problems discovered in the process of audit. The Independent Directors and the certified public accountants for annual audit had sufficient communication thereon.

2. On the training and learning aspects, I have been focusing on learning the latest laws, regulations and various rules and systems, and actively participating in the relevant training sessions organized by the Company and conducted in various forms, in order to improve my duty performance capabilities continuously, enhance my own ability to supervise the Company's operation, and provide better opinions and recommendations on scientific decision-making and risk prevention of the Company to facilitate further regulated operation of the Company. On March 26, 2019, I have participated in the Training on Directors' Duties and Responsibilities under the Hong Kong Listing Rules organized by GF Securities, the speaker was Latham & Watkins LLP. From December 3 to December 7, 2019, I have participated in the seminar on artificial intelligence in the future of the industry organized by the Chinese Institute of Certified Public Accountants and Beijing National Accounting Institute; from December 17 to December 19, 2019, I have participated in the 2019 Audit Training Session for Accounting Firms with Securities Qualifications organized by the Shanghai National Accounting Institute.

Independent Director: Yang Xiong

Dear Shareholders,

**2019 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.**

Tang Xin

In 2019, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2019 duty performance report of the Independent Directors as follows:

**I. Attendance at Board Meetings in 2019**

In 2019, the Board convened a total of 10 Board meetings, I should participate and have actually participated in 10 meetings. During the period of my duty performance, I have dedicated sufficient time and energy to perform duties; reviewed the meeting materials conscientiously before the meetings, fully expressed professional and independent opinions at the meetings; and was not influenced by the substantial shareholders of the Company and other units or individuals that own interests in the Company when making independent judgement. In 2019, I have exercised voting rights actively, specific details of my attendance at Board meetings are set out in the table below:

Name of Independent Director	Attendance at Board meetings required during the Reporting Period	Attendance at on-site Board meetings	Attendance at Board meetings by telecommunication/ correspondence	Attendance at Board meetings by proxy	No. of absence at Board meetings
Tang Xin	10	1	9	0	0

In 2019, I raised objection against Board resolutions in the following circumstances:

1. I proposed to postpone considering the three resolutions to be submitted to the 18th Meeting of the Ninth Session of the Board for consideration, namely, the Resolution on Appraisal of Directors' Duty Performance for the Year of 2018 (《關於董事2018年度履職考核的議案》), the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發証券2018年度董事績效考核和薪酬情況專項說明》), and the Special Description of Duty



Performance, Performance Assessment and Remuneration of GF Securities Management for the Year of 2018 (《廣發証券2018年度經營管理層履職情況、績效考核情況、薪酬情況專項說明》)。

2. I abstained from voting on the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2018 (《廣發証券2018年度董事績效考核和薪酬情況專項說明》) and the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Management for the Year of 2018 (《廣發証券2018年度經營管理層履職情況、績效考核情況、薪酬情況專項說明》) of the 19th Meeting of the Ninth Session of the Board of the Company.

## **II. Participation in the Work of Special Committees in 2019**

In 2019, I was the chairman of the original Remuneration and Nomination Committee of the Ninth Session of the Board (until December 26, 2019), the chairman of the Nomination Committee of the Ninth Session of the Board (commenced from December 27, 2019), the chairman of the Remuneration and Appraisal Committee of the Ninth Session of the Board (commenced from December 27, 2019) and a member of the Risk Management Committee of the Ninth Session of the Board.

In 2019, according to the rules of procedure for special committees of the Board of the Company, I chaired and participated in three meetings of the original Remuneration and Nomination Committee of the Ninth Session of the Board, one meeting of the Nomination Committee of the Ninth Session of the Board, one meeting of the Remuneration and Appraisal Committee of the Ninth Session of the Board and participated two meetings of the Risk Management Committee of the Ninth Session of the Board. I have attended all meetings of the special committees and provided professional opinions and consulting advice for the scientific decision-making of the Board.

## **III. Expression of Independent Opinions in 2019**

In 2019, I, being an Independent Director, expressed independent opinions on the relevant matters with other Independent Directors in accordance with the relevant national laws and regulations, the Articles of Association and legal procedures, the specific details are set out below:

1. On January 11, 2019, I expressed independent opinions on the change of accounting estimate for the term of years in the depreciation of fixed assets of the Company.



2. On January 28, 2019, I issued pre-acknowledgment opinion for the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd., and expressed independent opinions.
3. On March 26, 2019, I expressed independent opinions on the 2018 Profit Distribution Plan, 2018 Internal Control and Evaluation Report, Distribution of Performance-based Remuneration for Management for the year of 2018, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company, expected daily related party/connected transactions of the Company for the year of 2019 and changes in accounting policies of the Company, and issued pre-acknowledgment opinion on the re-appointment of accounting firm.
4. On April 16, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xu Youjun as secretary to the Board and joint company secretary of the Company.
5. On May 30, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xin Zhiyun as Chief Information Officer of the Company concurrently.
6. On August 29, 2019, I expressed independent opinions on the 2019 Interim Profit Distribution Plan, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company.

#### **IV. Other Relevant Work**

1. On the audit work of the Company in 2019, I strictly complied with the Annual Report Regulations of Independent Directors of GF Securities (《廣發證券獨立董事年報工作規定》) and ensured that sufficient time and energy were dedicated to performing duties and timely communicated with the certified public accountants responsible for the annual audit before and after the audit. During the process of auditing, I participated in the capacity of an Independent Director in the communication with the certified public accountants responsible for the annual audit before and after the audit, and expressed opinions; I also heard reports from the audit institution on the operating conditions, financial position and audit work of the Company.

On December 2, 2019, the Independent Directors and the accountants for the annual audit convened a communication meeting on the 2019 annual audit plan. Besides, the finance department of the Company has communicated with the accountants for the annual audit in details on the contents of problems discovered in the audit preview, impairment provision for financing business, valuation and impairment of

financial instruments and critical auditing matters. On March 20, 2020, the certified public accountants for annual audit of the Company issued a draft of standard audit report without qualified opinions on the financial report of the Company for 2019, and convened an interview meeting with Independent Directors to consult their opinions and communicated about problems discovered in the process of audit. The Independent Directors and the certified public accountants for annual audit had sufficient communication thereon.

2. On the training and learning aspects, I have been focusing on learning the latest laws, regulations and various rules and systems, and actively participating in the relevant training sessions organized by the Company and conducted in various forms, in order to improve my duty performance capabilities continuously, enhance my own ability to supervise the Company's operation, and provide better opinions and recommendations on scientific decision-making and risk prevention of the Company to facilitate further regulated operation of the Company. On March 22, 2019, I participated, as an invited expert, in the seminar on White Paper on the Status of Protection for Investors in the Capital Market of China (《中國資本市場投資者保護狀況白皮書》) organized by the China Securities Investor Protection Fund Corporation Limited. On June 14, 2019, I participated, as a chairman, in the "Second Chicago-Tsinghua Young Faculty Forum on Law & Social Science" (第二屆清華 – 芝加哥法學和社會科學青年學者論壇) jointly organized by the School of Law of Tsinghua University and the School of Law of Chicago University of the United States. On December 14, 2019, I participated in the 2019 Forum on Legal Governance of Capital Market organized by the Commercial Law Research Institute of Renmin University of China and delivered a key note speech on the topic of "Innovation on the Systems of Company Types, Corporate Governance and Shareholding Protection in Company Law Amendments" (公司法修改中公司類型、公司治理與股權保護的制度創新).

Independent Director: Tang Xin

**Dear Shareholders,**

**2019 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.**

Chan Kalok

In 2019, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2019 duty performance report of the Independent Directors as follows:

**I. Attendance at Board Meetings in 2019**

In 2019, the Board convened a total of 10 Board meetings, I should participate and have actually participated in 10 meetings. During the period of my duty performance, I have dedicated sufficient time and energy to perform duties; reviewed the meeting materials conscientiously before the meetings, fully expressed professional and independent opinions at the meetings; and was not influenced by the substantial shareholders of the Company and other units or individuals that own interests in the Company when making independent judgement. In 2019, I have exercised voting rights actively, without voting against or abstention from voting on any proposal.

Specific details of my attendance at the meetings in 2019 are set out in the table below:

Name of Independent Director	Attendance at Board meetings required during the Reporting Period		Attendance at on-site Board meetings	Attendance at Board meetings by telecommunication/ correspondence	Attendance at Board meetings by proxy	No. of absence at Board meetings
Chan Kalok	10		2	7	1	0

In 2019, I did not raise objection against any Board resolutions and other resolutions.

**II. Participation in the Work of Special Committees in 2019**

In 2019, I was a member of the Audit Committee of the Ninth Session of the Board.

In 2019, according to the rules of procedure for special committees of the Board of the Company, I participated in six meetings of the Audit Committee of the Ninth Session of the Board. I have attended all meetings of the special committees and provided professional opinions and consulting advice for the scientific decision-making of the Board.

**III. Expression of Independent Opinions in 2019**

In 2019, I, being an Independent Director, expressed independent opinions on the relevant matters with other Independent Directors in accordance with the relevant national laws and regulations, the Articles of Association and legal procedures, the specific details are set out below:

1. On January 11, 2019, I expressed independent opinions on the change of accounting estimate for the term of years in the depreciation of fixed assets of the Company.
2. On January 28, 2019, I issued pre-acknowledgment opinion for the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd., and expressed independent opinions.
3. On March 26, 2019, I expressed independent opinions on the 2018 Profit Distribution Plan, 2018 Internal Control and Evaluation Report, Distribution of Performance-based Remuneration for Management for the year of 2018, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company, expected daily related party/connected transactions of the Company for the year of 2019 and changes in accounting policies of the Company, and issued pre-acknowledgment opinion on the re-appointment of accounting firm.
4. On April 16, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xu Youjun as secretary to the Board and joint company secretary of the Company.
5. On May 30, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xin Zhiyun as Chief Information Officer of the Company concurrently.
6. On August 29, 2019, I expressed independent opinions on the 2019 Interim Profit Distribution Plan, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company.

**IV. Other Relevant Work**

1. On the audit work of the Company in 2019, I strictly complied with the Annual Report Regulations of Independent Directors of GF Securities (《廣發証券獨立董事年報工作規定》) and ensured that sufficient time and energy were dedicated to performing duties and timely communicated with the certified public accountants responsible for the annual audit before and after the audit. During the process of auditing, I participated in the dual capacity of a member of the Audit Committee and

an Independent Director in the communication with the certified public accountants responsible for the annual audit before and after the audit, and expressed opinions; I also heard reports from the audit institution on the operating conditions, financial position and audit work of the Company.

On August 23, 2019, members of the Audit Committee communicated with the accountants conducting review on the 2019 interim period of the Company. On December 2, 2019, the Independent Directors and the accountants for the annual audit convened a communication meeting on the 2019 annual audit plan. Besides, the finance department of the Company has communicated with the accountants for the annual audit in details on the contents of problems discovered in the audit preview, impairment provision for financing business, valuation and impairment of financial instruments and critical auditing matters. On March 20, 2020, the certified public accountants for annual audit of the Company issued a draft of standard audit report without qualified opinions on the financial report of the Company for 2019, and convened an interview meeting with Independent Directors to consult their opinions and communicated about problems discovered in the process of audit. The Independent Directors and the certified public accountants for annual audit had sufficient communication thereon.

2. On the training and learning aspects, I have been focusing on learning the latest laws, regulations and various rules and systems, and actively participating in the relevant training sessions organized by the Company and conducted in various forms, in order to improve my duty performance capabilities continuously, enhance my own ability to supervise the Company's operation, and provide better opinions and recommendations on scientific decision-making and risk prevention of the Company to facilitate further regulated operation of the Company. On February 27, 2019, I have participated in the 2019 First Session of Continuous Training for Corporate Governance Personnel – Laws and Regulations and Regulatory Knowledge Related to Banking Business organized by the Bank of Communications. On March 26, 2019, I have participated in the Training on Directors' Duties and Responsibilities under the Hong Kong Listing Rules organized by GF Securities, the speaker was Latham & Watkins LLP. On October 17, 2019, I have participated in the Citadel Securities APAC Financial Leaders Forum 2019 organized by Citadel Securities.

Independent Director: Chan Kalok

**Dear Shareholders,**

**2019 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.**

Fan Lifu

In 2019, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2019 duty performance report of the Independent Directors as follows:

**I. Attendance at Board Meetings in 2019**

In 2019, the Board convened a total of 10 Board meetings, I should participate and have actually participated in 10 meetings. During the period of my duty performance, I have dedicated sufficient time and energy to perform duties; reviewed the meeting materials conscientiously before the meetings, fully expressed professional and independent opinions at the meetings; and was not influenced by the substantial shareholders of the Company and other units or individuals that own interests in the Company when making independent judgement. In 2019, I have exercised voting rights actively, without voting against or abstention from voting on any proposal.

Specific details of my attendance at the meetings in 2019 are set out as follows:

Name of Independent Director	Attendance at Board meetings required during the Reporting Period	Attendance at on-site Board meetings	Attendance at Board meetings by telecommunication/ correspondence	Attendance at Board meetings by proxy	No. of absence at Board meetings
Fan Lifu	10	2	8	0	0

In 2019, I did not raise objection against any Board resolutions and other resolutions.

**II. Participation in the Work of Special Committees in 2019**

In 2019, I was a member of the Audit Committee of the Ninth Session of the Board, a member of the original Remuneration and Nomination Committee of the Ninth Session of the Board (until December 26, 2019), a member of the Nomination Committee of the Ninth Session of the Board (commenced from December 27, 2019), and a member of the Remuneration and Appraisal Committee of the Ninth Session of the Board (commenced from December 27, 2019).

In 2019, according to the rules of procedure for special committees of the Board of the Company, I have participated in six meetings of the Audit Committee of the Ninth Session of the Board, three meetings of the original Remuneration and Nomination Committee of the Ninth Session of the Board, one meeting of the Nomination Committee of the Ninth Session of the Board, and one meeting of the Remuneration and Appraisal Committee of the Ninth Session of the Board. I have attended all meetings of the special committees and provided professional opinions and consulting advice for the scientific decision-making of the Board.

### **III. Expression of Independent Opinions in 2019**

In 2019, I, being an Independent Director, expressed independent opinions on the relevant matters with other Independent Directors in accordance with the relevant national laws and regulations, the Articles of Association and legal procedures, the specific details are set out below:

1. On January 11, 2019, I expressed independent opinions on the change of accounting estimate for the term of years in the depreciation of fixed assets of the Company.
2. On January 28, 2019, I issued pre-acknowledgment opinion for the connected transaction between the Company and Kangmei Pharmaceutical Co., Ltd. and Puning Xinhong Industrial Investment Co., Ltd., and expressed independent opinions.
3. On March 26, 2019, I expressed independent opinions on the 2018 Profit Distribution Plan, 2018 Internal Control and Evaluation Report, Distribution of Performance-based Remuneration for Management for the year of 2018, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company, expected daily related party/connected transactions of the Company for the year of 2019 and changes in accounting policies of the Company, and issued pre-acknowledgment opinion on the re-appointment of accounting firm.
4. On April 16, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xu Youjun as secretary to the Board and joint company secretary of the Company.
5. On May 30, 2019, I expressed independent opinions on the nomination made by Mr. Sun Shuming, Chairman of the Board, and agreed to the appointment of Mr. Xin Zhiyun as Chief Information Officer of the Company concurrently.
6. On August 29, 2019, I expressed independent opinions on the 2019 Interim Profit Distribution Plan, use of Company's funds by controlling shareholder and other related parties and external guarantees of the Company.



**IV. Other Relevant Work**

1. On the audit work of the Company in 2019, I strictly complied with the Annual Report Regulations of Independent Directors of GF Securities (《廣發証券獨立董事年報工作規定》) and ensured that sufficient time and energy were dedicated to performing duties and timely communicated with the certified public accountants responsible for the annual audit before and after the audit. During the process of auditing, I participated in the dual capacity of a member of the Audit Committee and an independent director in the communication with the certified public accountants responsible for the annual audit before and after the audit, and expressed opinions; I also heard reports from the audit institution on the operating conditions, financial position and audit work of the Company.

On August 23, 2019, members of the Audit Committee communicated with the accountants conducting review on the 2019 interim period of the Company. On December 2, 2019, the Independent Directors and the accountants for the annual audit convened a communication meeting on the 2019 annual audit plan. Besides, the finance department of the Company has communicated with the accountants for the annual audit in details on the contents of problems discovered in the audit preview, impairment provision for financing business, valuation and impairment of financial instruments and critical auditing matters. On March 20, 2020, the certified public accountants for annual audit of the Company issued a draft of standard audit report without qualified opinions on the financial report of the Company for 2019, and convened an interview meeting with Independent Directors to consult their opinions and communicated about problems discovered in the process of audit. The Independent Directors and the certified public accountants for annual audit had sufficient communication thereon.

2. On the training and learning aspects, I have been focusing on learning the latest laws, regulations and various rules and systems, and actively participating in the relevant training sessions organized by the Company and conducted in various forms, in order to improve my duty performance capabilities continuously, enhance my own ability to supervise the Company's operation, and provide better opinions and recommendations on scientific decision-making and risk prevention of the Company to facilitate further regulated operation of the Company. On March 26, 2019, I have participated in the Training on Directors' Duties and Responsibilities under the Hong Kong Listing Rules organized by GF Securities, the speaker was Latham & Watkins LLP. From July 22 to 26, 2019, I have participated in the High-end Training on Revitalizing Northeast and Promoting Cooperation in Northeast Asia organized by the Northeast Asia Economic Research Institute of the Dongbei University of Finance and Economics. From September 27 to 29, 2019, I have participated in the 2019 Seminar on "Utilizing the scientific research advantages of higher education institutes of finance and economics in serving local economic and social developments" organized by the Branch of Higher Education



on Finance & Economics of the China Association of Higher Education. From October 21 to 25, 2019, I have participated in the Advanced Studies Session on the “Studies of Hot Issues on Taxation for Enterprises in the New Era” under the Knowledge Renewal Project for National Professional and Technical Talents organized by the Continuing Education Base (Dongbei University of Finance and Economics) for National Professional and Technical Personnel. From November 23 to 24, 2019, I have participated in the 8th Forum on Science and Technology Policy in China organized by the China Association for Science and Technology.

Independent Director: Fan Lifu

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## APPENDIX IV SPECIAL DESCRIPTION OF THE PERFORMANCE ASSESSMENT AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2019

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**Dear Shareholders,**

In 2019, according to the relevant requirements of laws and regulations including the Company Law (《公司法》) and the Rules on Governance of Securities Firms (《證券公司治理準則》), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (《董事、監事履職考核與薪酬管理辦法》) and the Performance Appraisal and Remuneration Management Regulations for the Management (《經營管理層績效考核與薪酬管理辦法》), by taking the actual circumstances of the Company into consideration and making reference to industry standards, the Company conducted duty performance appraisal of its Directors for the year of 2019 and determined the remuneration of its Directors on this basis. The particulars are set out as follows:

### **I. Principles of Duty Performance Appraisal and Remuneration for Directors in 2019**

According to the requirements of the Duty Performance Appraisal and Remuneration Management Regulations for the Directors and Supervisors (《董事、監事履職考核與薪酬管理辦法》), the duty performance appraisal on Directors in 2019 was performed by the Company based on the principles that “duty performance appraisal on directors shall include, inter alia, attendance at meetings as required under the law, speeches at legally convened meetings, whether punishment has been imposed by the regulatory authorities and whether the interest of the Company has been seriously harmed”.

Remuneration of non-executive Directors of the Company is in the form of annual allowance and distributed in equal amounts on a monthly basis. The Company will withhold and pay individual income tax on their behalf. Remuneration of executive Directors of the Company includes salaries, bonus and welfare benefits, which shall be distributed in according to the human resources management system and other relevant requirements. Personnel subject to the Performance Appraisal and Remuneration Management Regulations for the Management (《經營管理層績效考核與薪酬管理辦法》) shall also follow the requirements of these Regulations.

### **II. The Procedure of Duty Performance Appraisal for Directors in 2019**

The duty performance appraisal for Directors of the Company is composed of three stages, namely self-appraisal by Directors, appraisal by the Remuneration and Appraisal Committee of the Board, and consideration and determination 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.

Other relevant requirements, including the human resources management system and the Performance Appraisal and Remuneration Management Regulations for the Management are also applicable to the procedure of duty performance appraisal for executive Directors of the Company.

### **III. Duty Performance Appraisal Results and Remuneration of Directors in 2019**

According to the aforementioned principles and procedure, the duty performance appraisal results and remuneration for each of the Directors in 2019 are set out below:

- (I) The duty performance appraisal results for each of the Directors of the Company in 2019 are satisfactory.
  
- (II) The annual remuneration of non-executive Directors has adopted the allowance system, under which the annual allowance for an Independent Non-executive Director is RMB270,000 per annum (tax inclusive), the annual allowance of non-executive Director employed by a unit of the Shareholder is RMB180,000 per annum (tax inclusive). The above allowances will be distributed by the Company on a monthly basis, and individual income tax will be withheld and paid on their behalf. The expenses incurred by non-executive Directors relating to attending the Board meetings and general meetings of the Company and performing the duties of Directors shall be borne by the Company.
  
- (III) Executive Directors shall be appraised, and their remuneration shall be determined, in accordance with the relevant policies of the Company.

Please kindly hear the above report.

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## APPENDIX V SPECIAL DESCRIPTION OF THE DUTY PERFORMANCE APPRAISAL AND REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2019

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**Dear Shareholders,**

In 2019, according to the relevant requirements of laws and regulations including the Company Law (《公司法》) and the Rules on Governance of Securities Firms (《證券公司治理準則》), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (《董事、監事履職考核與薪酬管理辦法》) and the Performance Appraisal and Remuneration Management Regulations for Chairman of Supervisory Committee (《監事長績效考核與薪酬管理辦法》), by taking the actual circumstances of the Company into consideration and making reference to industry standards, the Company formulated the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the year of 2019 (《廣發証券監事會對監事2019年度履職監督評價實施方案》), and according to such implementation plan, conducted duty performance appraisal of its Supervisors for the year of 2019 and determined the remuneration of its Supervisors on this basis. The particulars are set out as follows:

### **I. Principles of Duty Performance Appraisal for Supervisors in 2019**

According to the requirements of the Duty Performance Appraisal and Remuneration Management Regulations for the Directors and Supervisors (《董事、監事履職考核與薪酬管理辦法》), the duty performance appraisal on Supervisors in 2019 was performed by the Company based on the principles that “duty performance appraisal on supervisors shall include, inter alia, attendance at meetings as required under the law, speeches at legally convened meetings, whether punishment has been imposed by the regulatory authorities and whether the interest of the Company has been seriously harmed”.

### **II. The Procedure of Duty Performance Appraisal for Supervisors in 2019**

The duty performance appraisal for Supervisors of the Company is composed of three stages, namely self-appraisal by Supervisors, mutual appraisal by Supervisors, and consideration and determination by the Supervisory Committee. When the Supervisory Committee deliberates on the duty performance of each Supervisor, the Supervisor being appraised shall abstain from voting.

The human resources management system and other relevant requirements are also applicable to the appraisal and remuneration determination of employee Supervisor of the Company. Meanwhile, the employee Supervisor of the Company has submitted an annual work report to all staff representatives of the Company and received comments in a democratic manner from staff representatives. The Performance Appraisal and Remuneration Management Regulations for Chairman of Supervisory Committee (《監事長績效考核與薪酬管理辦法》) are also applicable to the Chairman of the Supervisory Committee.

**III. Duty Performance Appraisal Results and Remuneration of Supervisors in 2019**

According to the aforementioned principles and procedure, and pursuant to the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the Year of 2019 (《廣發証券監事會對監事2019年度履職監督評價實施方案》), the duty performance appraisal results and remuneration for each of the Supervisors in 2019 are set out below:

- (I) The duty performance appraisal results for each of the Supervisors of the Company in 2019 are satisfactory.
- (II) A Supervisor is entitled to receive commensurate remuneration if the annual appraisal result is satisfactory. The annual remuneration of non-employee Supervisor has adopted the allowance system, under which the standard allowance for a non-employee Supervisor is RMB150,000 per annum (tax inclusive). The above allowances will be distributed by the Company on a monthly basis, and individual income tax will be withheld and paid on his behalf. The expenses incurred by a non-employee Supervisor relating to attending the Supervisory Committee Meetings, auditing Board meetings and attending general meetings of the Company and performing the duties of Supervisors shall be borne by the Company.
- (III) The human resources management system and other relevant requirements are applicable to determine the remuneration of employee Supervisor of the Company, and the Performance Appraisal and Remuneration Management Regulations for Chairman of Supervisory Committee (《監事長績效考核與薪酬管理辦法》) are applicable to the Chairman of the Supervisory Committee.

Please kindly hear the above report.

**Dear Shareholders,**

In 2019, according to the relevant requirements of laws and regulations including the Company Law (《公司法》) and the Rules on Governance of Securities Firms (《證券公司治理準則》), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (《董事、監事履職考核與薪酬管理辦法》), the Performance Appraisal and Remuneration Management Regulations for the Management (《經營管理層績效考核與薪酬管理辦法》) and 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》), by taking the actual circumstances of the Company into consideration and making reference to industry standards, the Company conducted appraisal of the duty performance of the management for the year of 2019 and determined the remuneration of the management on this basis. The particulars are set out as follows:

#### **I. Duty Performance of the Management in 2019**

In 2019, the Management of the Company was able to implement all resolutions of the general meetings, Board meetings and meetings of the Supervisory Committee of the Company conscientiously, and performed its duties diligently. It actively pursued and completed each of the work plans and arrangements of the Company with strong execution ability. It regulated its own practice and conduct in a voluntary manner, applied for abstention from voting to avoid matters with conflicts of interest, and operated the business with integrity. Non-compliance acts under laws and regulations or corporate systems and rules did not occur, nor incidents of harmful acts to the interest of the Company or equity of shareholders. The Management was able to perform the obligations of honesty and diligence practicably to protect the legitimate interests of customers, employees and Shareholders.

#### **II. Appraisal of the Management in 2019**

In 2019, the procedure of performance appraisal for the Management of the Company was implemented according to the human resources management system and other relevant regulations including the Performance Appraisal and Remuneration Management Regulations for the Management (《經營管理層績效考核與薪酬管理辦法》). The duty performance appraisal for the Chief Compliance Officer was implemented by the Company according to the regulatory requirements and the requirements of the Performance Appraisal and Remuneration Management Regulations for the Management and 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》), and a report was filed with the Guangdong Bureau of the CSRC.

### **III. Remuneration of the Management in 2019**

The annual remuneration of the Management was composed of two parts, namely basic remuneration and performance-based remuneration. Under which, the basic remuneration was determined in accordance with the human resources management and remuneration system of the Company. Independent opinions were expressed by Independent Directors and written opinions were issued by the Remuneration and Appraisal Committee on the distribution plan of performance-based remuneration, the final decision of which will be determined by the Board according to the comprehensive operating conditions and results of the Company.

The distribution of performance-based remuneration will be implemented according to the relevant requirements of the Rules on Governance of Securities Firms (《證券公司治理準則》) and the relevant regulations of the Company.

Please kindly hear the above report.