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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

The board of directors of GF Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results. The printed version of the Company's 2021 interim report will be dispatched to the holders of H shares of the Company and available for viewing on the 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) by the end of September 2021.

By order of the Board of Directors  
**GF Securities Co., Ltd.**  
**Lin Chuanhui**  
*Chairman*

Guangzhou, the PRC  
August 27, 2021

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

## **IMPORTANT**

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

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

All Directors of the Company attended the board meeting in respect of considering and approving this interim report.

The 2021 interim financial report of the Company prepared in accordance with the International Accounting Standards has not been audited but has been reviewed by Ernst & Young. Unless otherwise stated, the financial data stated in this report is denominated in RMB.

The Company has no plan to distribute cash dividends and bonus shares or convert capital reserves into share capital for the first half of 2021.

Forward-looking statements included in this interim report, including future plans, do not constitute a substantive commitment to investors by the Company. Investors should be aware of investment risks.

The Company has prepared this interim report in both Chinese and English languages. In case any discrepancy arises in the interpretation between the Chinese and the English versions of this interim report, the Chinese version shall prevail.

## **WARNING ABOUT MATERIAL RISK FACTORS**

The Company faces various risks in its operations, which mainly include policy risk that may cause adverse effects to the operations of securities companies as a result of macroeconomic adjustment and control measures promulgated by the State or changes in laws and regulations, regulatory systems and trading rules relevant to the securities industry; liquidity risk that may arise from the failure of the Company to obtain sufficient funds timely at reasonable cost to settle debts on due dates, perform other payment obligations and satisfy the capital requirements for ordinary business operations; market risk that may cause losses to be incurred by financial assets held by the Company due to adverse changes in market prices (such as prices of securities, interest rates, exchange rates or commodity prices) as a result of various factors; credit risk that may cause losses to be incurred by the Company as a result of the issuer or counterparty failing to perform their obligations as stipulated in the contracts or due to changes in the market value of debts arising from changes in credit ratings or contractual performance capabilities; compliance risk that may cause the imposition of sanctions by laws or punishment by regulatory authorities, material financial losses to be incurred or harm to reputation as a result of non-compliance with the relevant standards stipulated by laws and regulations, regulatory requirements, rules or relevant standards established by self-disciplinary bodies and the code of conduct applicable to the business activities conducted by securities companies as principals; operation risk that may cause direct or indirect losses to the Company as a result of deficiency or problems involving internal rules and processes, misoperation by staff members, system failure and external events; and information technology risk that may cause adverse impact to the Company due to the defective design and unstable operation of the information system.

In response to the risks mentioned above, the Company has established and maintained a comprehensive internal control system, compliance and a comprehensive risk management system to ensure that the Company operates healthily within an extent of controllable, predictable and tolerable risks. Investors are advised to read the “Management Discussion and Analysis” as set out in Section 3 of this report carefully and to pay particular attention to the above risk factors.

# Contents

	<b>Definitions</b>	<b>2</b>
Section 1	<b>Company Profile</b>	<b>5</b>
Section 2	<b>Accounting Data and Financial Indicators Summary</b>	<b>7</b>
Section 3	<b>Management Discussion and Analysis</b>	<b>10</b>
Section 4	<b>Corporate Governance</b>	<b>51</b>
Section 5	<b>Environment and Social Responsibilities</b>	<b>56</b>
Section 6	<b>Significant Events</b>	<b>59</b>
Section 7	<b>Changes in Shareholdings and Particulars about Shareholders</b>	<b>74</b>
Section 8	<b>Preference Shares</b>	<b>81</b>
Section 9	<b>Bonds</b>	<b>82</b>
Section 10	<b>Financial Statements</b>	<b>88</b>
Section 11	<b>Documents Available for Inspection</b>	<b>184</b>

## Definitions

Term	Definition
Reporting Period	first half of 2021 (January 1, 2021 to June 30, 2021)
the Company, Company, parent company, GF Securities	GF Securities Co., Ltd.
the Group, Group	the Company and its subsidiaries which fall within the scope of the consolidated financial statements
Jilin Aodong	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
Liaoning Cheng Da	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)
HKSCC Nominees	HKSCC Nominees Limited
GF Fund	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
GFHK	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
GF Brokerage (Hong Kong)	GF Securities (Hong Kong) Brokerage Limited (廣發證券(香港)經紀有限公司)
GF Asset Management (Hong Kong)	GF Asset Management (Hong Kong) Limited (廣發資產管理(香港)有限公司)
GF Investments (Hong Kong)	GF Investments (Hong Kong) Company Limited (廣發投資(香港)有限公司)
GF Capital (Hong Kong)	GF Capital (Hong Kong) Limited (廣發融資(香港)有限公司)
GF Global Capital	GF Global Capital Limited (廣發全球資本有限公司)
GF Futures	GF Futures Co., Ltd. (廣發期貨有限公司)
GF Futures (Hong Kong)	GF Futures (Hong Kong) Co., Limited (廣發期貨(香港)有限公司)
GF Xinde	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
GF Qianhe	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
GF Asset Management	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
GFFL	Guangfa Financial Leasing (Guangdong) Co., Ltd. (廣發融資租賃(廣東)有限公司)

## Definitions

Term	Definition
GF Hexin	GF Hexin Industry Investment Management Co., Ltd. (廣發合信產業投資管理有限公司)
E Fund	E Fund Management Co., Ltd. (易方達基金管理有限公司)
The PRC	Mainland China
CSRC	the China Securities Regulatory Commission
Guangdong Bureau of the CSRC	Guangdong Bureau of the China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
SZSE	the Shenzhen Stock Exchange
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Company Law	Company Law of the PRC (中華人民共和國公司法)
Securities Law	Securities Law of the PRC (中華人民共和國證券法)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
Margin financing and securities lending	the operating activities engaged by the Company in which loans are provided to customers for purchasing listed securities (margin financing) or listed securities are borrowed by customers for sale (securities lending) with collaterals provided by customers
Stock Index Futures	a financial futures contract using stock price index as the subject matter, that is, a standard form of contract to be entered into by both parties which stipulates the performance of a transaction on stock price index at an agreed price on a specific date in future, and in which the stock price index of a stock market is the subject matter of the transaction
Stock Pledged Repo Transaction	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge

## Definitions

Term	Definition
Security Transactions with Repurchase Agreement	a transaction in which a qualified customer sells the subject securities at an agreed price to the securities company which is the custodian of such securities, and agrees to purchase the subject securities from the securities company at another agreed price on a future date, and the securities company will return the relevant yields generated by the subject securities during the period pending for repurchase to the customer pursuant to the agreement signed with the customer
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as new third board (新三板)
QDII	Qualified Domestic Institutional Investors
QFII	Qualified Foreign Institutional Investors
RQFII	RMB Qualified Foreign Institutional Investors
ETF	Exchange Traded Funds, an open index fund available for trading, commonly known as Exchange Traded Fund, which is an open fund listed for trading on a stock exchange with variable portions of the fund components
FICC	Fixed Income, Currencies & Commodities
ISDA Agreements	the standard agreement text and ancillary documents for international OTC derivatives transactions provided by International Swaps and Derivatives Association
GMRA Agreements	Global Master Repurchase Agreement
VaR	Value at Risk
A Share(s)	domestic shares of the Company with a nominal value of RMB1.00 each, which are listed on a domestic stock exchange and traded in Renminbi
H Share(s)	foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
H Share prospectus	the prospectus issued by the Company on March 25, 2015 in respect of the public issuance of H Shares
CPA, auditor, Ernst & Young	Ernst & Young Hua Ming LLP and Ernst & Young, accounting firms appointed by the Company
WIND	Wind Information Co., Ltd, a financial terminal which provides the customers with financial data and analytic tools

In this 2021 interim report, some total figures may be slightly deviated in the last digit from the sum of direct aggregation of all amounts. Such discrepancy is due to the rounding up calculation of decimal places.

## Section 1 Company Profile

### I. COMPANY PROFILE

Stock Name	廣發證券	Stock Code	000776 (SZSE); 1776 (Hong Kong Stock Exchange)
Listing venues of the Shares	SZSE and Hong Kong Stock Exchange		
Name in Chinese	廣發證券股份有限公司		
Short Name in Chinese	廣發證券		
Name in English	GF Securities Co., Ltd.		
Short Name in English	GF SECURITIES		
Legal Representative of the Company	Lin Chuanhui		

### II. CONTACT PERSONS AND CONTACT INFORMATION

#### Secretary of the Board and Securities Affairs Representative

Name	Xu Youjun
Address	59th Floor, GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong
Tel	020-87550265/87550565
Fax	020-87554163
E-mail	xuyj@gf.com.cn

### III. OTHER INFORMATION

#### 1. Company Contact Channels

There was no change in the registered address of the Company, the business address of the Company and its postal code, the Company website and E-mail during the Reporting Period. Please refer to the 2020 Annual Report for details.

## Section 1 Company Profile

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### 2. Information Disclosure and Place of Inspection

There was no change in the name of newspapers designated by the Company for information disclosure, the website designated by the CSRC for publication of the interim reports and the place where the interim report of the Company was maintained during the Reporting Period. Please refer to the 2020 Annual Report for details.

### 3. Other Relevant Information

Class Rating from Regulatory Authorities:

According to the Regulatory Requirements for Classification of Securities Companies issued by the CSRC, the Class Ratings of the Company in the latest three years are as follows:

The Company was rated as Class B Grade BBB Securities Company in 2019;

The Company was rated as Class B Grade BBB Securities Company in 2020;

The Company was rated as Class A Grade AA Securities Company in 2021.

## Section 2 Accounting Data and Financial Indicators Summary

### I. KEY ACCOUNTING DATA (CONSOLIDATED STATEMENTS)

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

Unit: RMB million

Item	January to June 2021	January to June 2020	Change
Total revenue and other income	21,727	17,678	22.91%
Profit before income tax	8,219	7,854	4.64%
Net profit attributable to owners of the Company	5,888	5,752	2.38%
Net cash used in operating activities	(19,517)	(23,514)	–
Basic earnings per share (RMB/share)	0.77	0.75	2.67%
Return on weighted average net assets (%)	5.87	6.12	Decrease by 0.25 percentage point

  

Item	June 30, 2021	December 31, 2020	Change
Total assets	505,652	457,464	10.53%
Total liabilities	401,364	355,190	13.00%
Equity attributable to owners of the Company	100,243	98,162	2.12%
Total share capital (shares in million)	7,621	7,621	–
Equity per share attributable to owners of the Company (RMB/share)	13.15	12.88	2.10%
Gearing ratio (%) (Note 1)	73.06	71.15	Increase by 1.91 percentage points

Note 1:  $\text{Gearing ratio} = (\text{Total liabilities} - \text{Accounts payable to brokerage clients}) / (\text{Total assets} - \text{Accounts payable to brokerage clients})$

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

The net profits from January to June 2021 and January to June 2020 and the net assets as at June 30, 2021 and December 31, 2020 as disclosed in the consolidated financial statements of the Company prepared in accordance with the International Accounting Standards are consistent with those in accordance with China's Accounting Standards.

## Section 2 Accounting Data and Financial Indicators Summary

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

Unit: RMB

Item	June 30, 2021	December 31, 2020	Change
Core net capital	57,581,559,854.50	58,997,184,278.76	-2.40%
Supplementary net capital	3,500,000,000.00	5,900,000,000.00	-40.68%
Net capital	61,081,559,854.50	64,897,184,278.76	-5.88%
Net assets	85,826,950,476.65	85,503,525,631.22	0.38%
Total risk capital reserves	33,721,335,703.43	32,838,996,825.21	2.69%
Total on- and off-balance sheet assets	365,618,165,908.22	328,701,972,736.40	11.23%
Risk coverage ratio	181.14%	197.62%	Decrease by 16.48 percentage points
Capital leverage ratio	16.01%	18.24%	Decrease by 2.23 percentage points
Liquidity coverage ratio	208.45%	206.96%	Increase by 1.49 percentage points
Net stable funding ratio	143.31%	179.15%	Decrease by 35.84 percentage points
Net capital/net assets	71.17%	75.90%	Decrease by 4.73 percentage points
Net capital/liabilities	23.33%	27.79%	Decrease by 4.46 percentage points
Net assets/liabilities	32.78%	36.61%	Decrease by 3.83 percentage points
Proprietary equity securities and its derivatives/net capital	37.28%	35.33%	Increase by 1.95 percentage points
Proprietary non-equity securities and its derivatives/net capital	302.12%	243.89%	Increase by 58.23 percentage points

## Section 2 Accounting Data and Financial Indicators Summary

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

### IV. REVIEW OF THE AUDIT COMMITTEE

The Audit Committee under the Board has reviewed and confirmed the report on review of interim financial information of the Group for the six months ended June 30, 2021 disclosed in accordance with the International Accounting Standards, and has no objection against matters including the accounting policies and practices adopted by the Group.

## Section 3 Management Discussion and Analysis

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

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

The Group is 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 business, wealth management business, trading and institution business and investment management business, 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:

Investment Banking	Wealth Management	Trading and Institution	Investment Management
◆ Equity finance	◆ Brokerage and wealth management	◆ Equity and derivatives trading	◆ Asset 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 business: The Group earns its commissions, sponsor fees and consulting fees through underwriting stocks and bonds and providing sponsorship and financial advisory services;

Wealth management business: The Group earns its fees, consulting fees and commissions through providing brokerage and investment advisory services, obtaining interest income from its business of margin financing and securities lending, repurchase transactions, financial leasing and cash management of settlement funds 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 business: The Group earns its investment income and interest income through investment transactions, alternative investment and market making services for equities, fixed income products 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 business: The Group earns its management fees, advisory fees and performance fees through providing services for asset 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.

## Section 3 Management Discussion and Analysis

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

The main businesses of the Group have developed steadily in light of various driving factors, which mainly include: (1) The securities industry and the capital market have grown strong and exerted increasing influence in the financial system in China. Capital market is an important platform for market-oriented allocation of resources and is of great significance to revitalizing the real economy. With government policies that strongly support development of the real economy and vigorously encourage direct financing, as well as the introduction of major reform initiatives such as steady promotion of the registration system, the securities industry will play an important role in optimizing financing structure, stimulating the economy and cultivating innovation. (2) The quality development of the securities industry ushered in an important round of opportunities. Institutions in the industry focus on and specialize in their principal duties and business. The transformation towards professional and modern investment bank is accelerated to continuously create values for the society with its professional advantage; there is a further enhancement of compliance risk control, a return of responsibility and improvement in the accountability system that is compatible with the registration system. (3) The regulatory philosophy turns from “comprehensive and strict control in accordance with the law” to “building systems, non-intervention and zero tolerance”, creating favorable conditions for market vitality and innovative development in the industry. On one hand, the CSRC adheres to the “non-intervention” philosophy and vigorously promotes simplifying policies and delegating power, removing unnecessary rules and restriction; on the other hand, unlawful operation and violation of market order will be met with zero tolerance from the CSRC and severe punishment in order to purify market ecology. (4) The wealth of residents has been accumulated and allocation structure has changed, and there will be a considerable room for development in wealth management business. With the growth of China’s economy and the wealth of residents, the aggregate wealth of residents has continued to accumulate and grow. The percentage of the financial assets in the household asset allocation of China will increase, and there will be a huge room for development in the domestic wealth management business and the asset management industry. (5) There are changes in investor structure, with continuously increase in the proportion of institutional investors. The institutional investors will become the mainstream of the market. With the robust development of public fund and private fund, the degree of participation of institutional investors, such as insurance funds, pensions and offshore funds, has increased, which will generate diversified business opportunities for securities industry. (6) The internationalization of capital markets has accelerated. On the one hand, the restrictions on foreign investment in China’s capital market have been further loosened. On the other hand, the Group actively introduced overseas institutional investors by implementing various measures such as abolishing QFII quotas, lowering entry barriers and facilitating investments for overseas investment institutions and expanding cooperation with international indice agencies, and the internationalization of the capital market is accelerating. (7) 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.

## Section 3 Management Discussion and Analysis

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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. ANALYSIS ON CORE COMPETITIVENESS

#### 1. Excellent corporate culture and an outstanding team of talents

With the core value of "inquisitiveness, integrity, client focus and teamwork", the Company has thoroughly carried out the management philosophy of "stable growth, continual innovations, performance driven culture and business strategies", continuously strengthened harmonization of Chinese orthodox culture and operation and development of the Company, and relentlessly bolstered the empowerment of high quality development by our established culture heritage. In 2021, the Company was one of twelve securities companies which were accredited the highest A grade under Practical Evaluation Results for the Cultural Construction of Securities Companies (證券公司文化建設實踐評估結果) issued by Securities Association of China for the first time. Sound corporate culture will boost the Company's cohesion and momentum. Based on the system of and values upheld by the Company, we have a more complete and reasonable and people-oriented system for selection and nurture of talents. Our staff emphasize professionalism, business orientation, dedicated-services. Internal promoted members form the backbone of our management and operation teams, highlighting the inheritance and innovation of our corporate culture and boosting the continuity and stability of various businesses.

#### 2. Market-oriented operation mechanism

The Company has no controlling shareholder and de facto Controller. Over the past 22 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), 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. The Company insists on a market-oriented approach and also maintains dual emphases of incentives and control as well as a balance of short-term and long-term returns. As such, we have formulated a fair and equal assessment mechanism which stimulates different facets of our vitality in development.

## Section 3 Management Discussion and Analysis

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### 3. Complete business deployment and competitive business lines with unique features

Our Group possesses licenses for a full range of services including investment banking, wealth management, transaction and institution and investment management. The Group has not only built a group structure with full licenses, but also has implemented a complete business deployment, laying a solid foundation and a scientific business structure for our future growth. The Company always focuses on enhancement of professional capabilities of every major business line to realize their decent development, especially for maintenance of our outstanding edges in wealth management and asset management segments. From 2019 onwards, both of our income from securities brokerage business and sales agency of financial products have been ranked among the top five in their respective sectors. As of the end of the Reporting Period, the scale of our agency services in non-monetary mutual fund market retained its third position among securities companies. Especially, GF Fund, a wholly-owned subsidiary of the Company, and E Fund, a non-wholly-owned subsidiary of the Company, are leading companies in fund industry. The Company has outstanding investment research capabilities, which are among the best in the market, and our research segment has been ranked first in the best local research team of New Fortune(新財富) for consecutive years.

### 4. Customer-centric operation model and leading and comprehensive financial service capabilities

The operation network of the Company spreads all over our country and has acquired extensive market insights especially from our penetrating efforts in the Guangdong-Hong Kong-Macao Greater Bay Area over the years which equip us in provision of significant supports and assistance to our clients. The Company has integrated “customer first” into its set of core values and long-term development strategy. Under the strategic doctrine of “customer-centric”, the Company focuses on services to customers and aligns our value growth with the realization of our customers’ value enhancement. Over the years, the Company has continued to optimize its platform construction by achieving concerted effort from our scattered outlets, empowerment through cooperation and coordination within the Group, solid development among its subsidiaries, etc. Consequently, we can offer competitive and comprehensive financial service capabilities to serve our clients along the whole value chain.

### 5. Continuous improvement of risk management 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 the few 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 set up and continued to improve the comprehensive risk management system with coverage of compliance and risk culture, governance structure, mechanism and practice, and infrastructure facilities to cover various risks, businesses, departments, sub-branches and subsidiaries of the Company. In 2021, the Company was granted the AA grade of Type A rating for securities firms.

## Section 3 Management Discussion and Analysis

### 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. The Company attaches great importance to IT investment. The IT investment from 2018 to 2020 was RMB848 million, RMB805 million and RMB890 million, respectively, ranking among the forefront in the industry. The Company maintains its pursuit of technological innovation in its core sectors to create strong pillars for business development and risk management, including constantly optimizes the full-process wealth management platform with Yitaojin APP as the core, continuously improves its quick trading system for the brokerage business, has developed its own “GF Touyitong (廣發投易通)” investment and trading terminal, “GF Zhihui (廣發智匯)” APP, and GFQG quantitative strategy platform, keeps upgrading its derivatives investment management system and investment banking business management system, has established “Digital Compliance and Risk Control and Monitoring System” (DCAR), etc.

## III. ANALYSIS ON PRINCIPAL BUSINESS

From 2021 onwards, the Chinese economy has gradually stabilized and its economic operation has resumed further under the effective and ordinary epidemic prevention and control measures. The capital market retains a steady development momentum. As the Registration System Reform (註冊制改革) is advancing in depth, high-quality development has become the dominate theme of the securities industry in the future. Under the leadership of the Board of Directors, the management of our Company guide our staff striving ahead to “reform proactively with a focus on building core competitiveness and promoting high-quality enterprise development” and for transformation into a “customer-centric” operation model” in order to strengthen the construction of the Company’s platform, enhance comprehensive service capabilities, optimize business structure, and achieve good operating results in this fiercely competitive market environment.

### (I) General overview

In the first half of 2021, faced with complicated and changing environment both at home and abroad, under the strong leadership of CPC Central Committee with Comrade Xi Jinping at the core, the PRC continued to consolidate and expand the achievements made in the epidemic prevention and control and the economic and social development. As our precise and efficient macroeconomic policies were implemented, China’s economy sustained a steady recovery with the production and demand picking up, employment and prices remaining stable, new driving forces thriving fast, quality and efficiency enhancing, market expectations improving and major macro indicators staying within reasonable range. The national economy witnessed the steady and sound growth momentum consolidated. The GDP increased by 12.7% year-on-year (source: National Bureau of Statistics, 2021).

## Section 3 Management Discussion and Analysis

According to data released by Securities Association of China, which are derived from unaudited financial statements, as of June 30, 2021, the total assets of 139 securities companies in the industry amounted to RMB9.72 trillion, an increase of 9.21% from the end of 2020; their net assets amounted to RMB2.39 trillion, an increase of 3.46% from the end of 2020; their net capital amounted to RMB1.86 trillion, an increase of 2.20% from the end of 2020; their customers' transaction settlement fund amount, including margin capital, amounted to RMB1.79 trillion, an increase of 7.83% from the end of 2020; and their total principal sum of funds under management amounted to RMB10.45 trillion, a decrease of 0.57% from the end of 2020. Further, for the first half of 2021, 125 companies out of the 139 securities companies in the industry were profit-making and recorded an aggregate operating income of RMB232.414 billion, a year-on-year increase of 8.91%, of which net income from the securities trading agency service business, including trading unit seats rental, amounted to RMB58.040 billion, a year-on-year increase of 10.95%; net income from securities underwriting and sponsorship amounted to RMB26.781 billion, a year-on-year increase of 21.13%; net income from financial advisory business amounted to RMB3.054 billion, a year-on-year decrease of 4.77%; net income from investment consulting business amounted to RMB2.401 billion, a year-on-year increase of 20.65%; net income for asset management business amounted to RMB14.468 billion, a year-on-year increase of 1.24%; net interest income amounted to RMB30.854 billion, a year-on-year increase of 11.93%; securities investment gains, including fair value changes, amounted to RMB69.788 billion, a year-on-year decrease of 0.69%; and net profit of the first half of 2021 amounted to RMB90.279 billion, a year-on-year increase of 8.58% (source: Securities Association of China, 2021).

As of June 30, 2021, total assets of the Group amounted to RMB505,652 million, representing an increase of 10.53% as compared to the end of 2020, and equity attributable to owners of the Company was RMB100,243 million, representing an increase of 2.12% from the end of 2020. During the Reporting Period, total revenue and other income of the Group was RMB21,727 million, representing a year-on-year increase of 22.91%; total expenses were RMB14,203 million, representing a year-on-year increase of 41.47%; and net profit attributable to owners of the Company was RMB5,888 million, representing a year-on-year increase of 2.38%.

### (II) Analysis of Principal Businesses

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

#### 1. *Investment banking business segment*

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

## Section 3 Management Discussion and Analysis

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### (1) Equity financing business

Our equity financing business has been growing since 2021. In the first half of 2021, the total number of equity financing projects (including IPO, new issuance, rights issue, preference shares, convertible bonds (of which new issuance included assets acquired by issuing shares)) in the A-share market and the total amount were 553 and RMB764.082 billion, respectively, representing a year-on-year increase of 57.55% and 95.17% respectively. Specifically, the number and financing size of IPOs were 245 and RMB210.95 billion, respectively, representing an increase of 72.54% and 46.87%, respectively; while the number and financing size of refinancing were 308 and RMB553.133 billion, respectively, representing a year-on-year increase of 47.37% and 123.16% respectively. (Source: WIND, 2021).

In the first half of 2021, the Company followed the philosophy of customer-centric business with emphasis on platform, specialization, sophistication and digitization, and optimized the operation mechanism of investment banks, leveraged the advantages of platform, strengthened the cultivation of valued customer and consolidated the business development. During the Reporting Period, our equity financing business was carried out in an orderly manner and had no completed project under the equity financing business.

### (2) Debt financing business

In the first half of 2021, the growth in issuance size of major credit bonds weakened as a result of the combined effects of default events of credit bonds occurred frequently, tightened scrutiny of issuance and listing of corporate bonds and tightened financing policies of city investment enterprises. In January to June 2021, the offering size of corporate bonds throughout the market was RMB1,666.59 billion, representing a year-on-year increase of 2.26%; the offering size of enterprise bonds was RMB218.87 billion, representing a year-on-year increase of 15.15% (Source: WIND, 2021).

In the first half of 2021, the number of underwriting projects and the size of main underwriting projects under our debt financing business decreased substantially as a result of the administrative regulatory measures of not accepting the documents regarding the Company's bond underwriting business. During the Reporting Period, the Company acted as the lead underwriter for 13 bonds, with a lead underwritten amount of RMB4.902 billion.

## Section 3 Management Discussion and Analysis

The Company will continue to strengthen its responsibility, capability and professional ethics as an intermediary institution in the capital market, and enhance its ability to serve the real economy, thereby contributing to the high-quality development of the capital market in the new era. Currently, the Company conducts its debt financing business in an orderly manner.

Item	January-June 2021		January-June 2020	
	Lead underwritten amount (RMB100 million)	Number of offerings	Lead underwritten amount (RMB100 million)	Number of offerings
Enterprise bonds	44.22	8	77.50	14
Corporate bonds	—	—	165.47	46
Debt financing instruments of non- financial enterprises	—	—	58.36	10
Financial bonds	4.8	5	208.98	14
Exchangeable bonds	—	—	—	—
Total	49.02	13	510.31	84

Source: Statistics of the Company, 2021.

## Section 3 Management Discussion and Analysis

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### (3) Financial advisory business

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

Since 2021, the M&A market activity declined as a result of various factors including further implementation of the pilot registration-based IPO system. In the first half of 2021, 38 listed companies disclosed that their major asset restructuring had been completed and settled, representing a decrease of 19.15% as compared to the same period of the last year, and the trading size was RMB91.133 billion, representing a decrease of 74.89% as compared to the same period of the last year. There were 17 M&A and restructuring projects approved by the CSRC's Committee for M&A and Restructuring, representing a decrease of 48.48% as compared to the same period of the last year (Source: WIND, 2021). During the Reporting Period, guided by the industrial policies, financial policies and regional development policies of the PRC, the Company actively participated in the M&A and restructuring activities of high-quality enterprises.

Since 2020, the deepening reform of the NEEQ was fully launched and the selective layer was officially introduced. As of the end of June 2021, the number of enterprises listed on the NEEQ was 7,472, of which 55 were enterprises listed on the selective layer. In terms of market liquidity, the activity level of the NEEQ market increased significantly in the first half of 2021, with a half-yearly turnover of RMB61.067 billion, representing a year-on-year increase of 21.33% (Source: NEEQ, 2021). With the first batch of NEEQ selective layer companies being listed for a full year transfer listing will soon be launched and implemented, which will bring new development opportunities for the NEEQ market and the Company's investment banking business.

The Company adhered to the core principle of discovering value. Leveraging on its outstanding research capabilities, the Company strengthened business synergy and provided high-quality integrated services for valued customers. As of the end of June 2021, the Company sponsored a total of 34 companies listed on the NEEQ as the lead brokerage (Source: NEEQ, Statistics of the Company, 2021).

In addition, in respect of the overseas investment banking business, the Company carried out such business primarily through its indirect wholly-owned subsidiary, GF Capital (Hong Kong). During the Reporting Period, GF Capital (Hong Kong) completed 10 projects in which it acted as lead underwriter (including IPO, refinancing and bond offering) and financial adviser.

## Section 3 Management Discussion and Analysis

### 2. *Wealth management business segment*

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

#### (1) Brokerage and wealth management business

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

At the end of June 2021, the SSE Composite Index, the SZSE Component Index and the ChiNext Index increased by 3.40%, 4.78% and 17.22%, respectively as compared to the end of last year, while the trading volume of stocks and funds in the market was RMB115.73 trillion, representing a year-on-year increase of 22.21% (Source: WIND, 2021).

In the first half of 2021, as the Company strengthened marketing and technological finance, the number of new customers and asset scale increased significantly. Through deepening the transformation of wealth management, the business of selling financial products on an agency basis maintained rapid development. The Company constantly strengthened institutional brokerage by striving to expand quantitative private placement and building a unified service portal for institutional customers. With continuous promotion of comprehensive operation and collaborative services, the Company focused on promoting related businesses of listed companies and substantial shareholders. As the scale of enterprise WeChat customers continued to grow and the private domain traffic operation and service business developed in a compliant and efficient manner, the platform effect at company level has started to appear. Since solid compliance risk control and management supported business transformation and development, the Company's competitiveness was further enhanced.

As of the end of June 2021, the balance maintained by the agency sales of financial products of the Company recorded a year-on-year increase of 44.84% and ranked third amongst the securities dealers in terms of the balance of public fund maintained in the agency sales of non-monetary market (source: Asset Management Association of China (中國基金業協會), 2021). The number of the Company's mobile-phone securities users exceeded 34.90 million, representing an increase of approximately 9% as compared to the end of last year; the number of subscribers of the Company's WeChat account was 3.22 million; during the Reporting Period, the sales and transfer amount of financial products of the Yitaojin E-commerce platform amounted to RMB172.2 billion.

From January to June 2021, the trading volume of stocks and funds of the Company was RMB8.84 trillion (bilateral statistics), representing a year-on-year increase of 16.71%.

## Section 3 Management Discussion and Analysis

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

Item	January to June 2021		January to June 2020	
	Trading volume as agent (RMB100 million)	Market share (%)	Trading volume as agent (RMB100 million)	Market share (%)
Stocks	82,776.40	3.85	71,696.35	4.03
Funds	5,577.04	3.44	4,003.96	3.48
Bonds	162,140.46	4.83	114,415.85	4.20
Total	<u>250,493.91</u>	<u>4.42</u>	<u>190,116.17</u>	<u>4.12</u>

Note 1: The data is from the statistics of SSE, SZSE and WIND, 2021;

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

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

The financial products agency sales of the Company in the first half of 2021 are shown in the table below:

Type	Total sales amount for the period (RMB100 million)	Total redeemed amount for the period (RMB100 million)
Fund products	540.54	360.79
Trust products	94.63	60.29
Other financial products	<u>2,514.89</u>	<u>2,542.23</u>
Total	<u>3,150.06</u>	<u>2,963.31</u>

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

## Section 3 Management Discussion and Analysis

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

In regions outside of the PRC, the Group provides brokerage services for high-net-worth individuals and retail customers primarily through its indirectly wholly-owned subsidiary, GF securities (Hong Kong), covering financial products such as stocks and bonds listed on the Hong Kong Stock Exchange and overseas exchanges, using self-developed Yitaojin (易淘金) international version of trading system to focus on development of overseas wealth management business. In the first half of 2021, the transformation from brokerage business to wealth management achieved remarkable results with increasing number of high-net-worth customers, scientific and technological financial capability was enhanced and the operating income, number of accounts opened, product sales and number of customers covered by the product achieved substantial year-on-year growth.

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

In the first half of 2021, the overall A shares market showed violent fluctuation. The Shanghai and Shenzhen stock markets slid following a surge in the first quarter and steadily bounced after facing a range oscillation, boomed in gradual uptrend with increasingly active trading striking trillion RMB frequently in the second quarter. Meanwhile, the scale of margin financing and securities lending business has been expanding with increased market trading volume and spreading of money-spinning effect. As of the end of June 2021, the balance of margin financing and securities lending in SSE and SZSE was RMB1,784.203 billion, representing an increase of 10.20% as compared to the end of 2020 (Source: WIND, 2021).

In the first half of 2021, based upon the origins of its business with focus on continuous persistence in “customer-orientation”, the Company has facilitated healthy and orderly development of the business while working on customer service, compliance and risk control. As of the end of June 2021, the balance of margin financing and securities lending of the Company was RMB91.663 billion, representing an increase of 8.72% as compared to the end of 2020, and the market share was 5.14%.

### (3) Repurchase transaction business

In the first half of 2021, the scale of stock pledged business in the market continued to shrink. During the Reporting Period, the Company conducted a robust stock pledged business and continued optimizing its business structure. The scale of stock pledged business maintained a dynamic balance. As of the end of June 2021, the balance of the exchange traded Stock Pledged Repo Transaction business carried out by the Company through its owned funds was RMB12.226 billion, representing a decrease of 2.11% as compared with the end of 2020.

## Section 3 Management Discussion and Analysis

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### (4) Financial leasing

To enhance the stickiness of our customers and enhance the comprehensive financial services capability, the Company conducted financial leasing business through GFFL, our subsidiary.

In 2021, the financial leasing industry was put under great pressure. GFFL continued to strengthen the construction and optimization of its comprehensive risk management system. As of the end of June 2021, the net financial leasing and sale and leaseback receivables amounted to RMB1.232 billion.

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

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

#### (1) Equity and derivatives trading business

The equity and derivatives trading business of the Company mainly engages in market-making and trading of shares, equity linked financial products and equity derivative products.

In the first half of 2021, the A-share market and the Hong Kong stock market were in fluctuation intervals and gradually stabilized and rebounded in the second quarter despite of pulling back from highs in the first quarter. As of the end of June 2021, the SSE Composite Index, SZSE Component Index and the ChiNext Index rose by 3.40%, 4.78% and 17.22%, respectively as compared to the end of 2020. In the derivatives market, the liquidity of derivatives increased gradually in line with the gradual opening up of the market.

During the Reporting Period, in adherence to the idea of value investment, the Company's equity investment focused on investments in blue chip stocks, technology stocks and other stocks and better controlled its positions based on market fluctuations, coupled with derivatives investment better seized the trading opportunities arising from the market fluctuations, which together contributes to higher yields. Meanwhile, the average daily scale of the Company's market-making business increased substantially as compared to 2020, and the Company maintained the market liquidity, reduced the severe market volatility, improved the pricing efficiency and satisfied the investment needs of public investors by providing market maker services. During the Reporting Period, the Company has been granted the "Award for Outstanding ETF Liquidity Service Provider of the Year 2020" by the SZSE, and has obtained the AA rating (the highest one) for the year of 2020 in terms of the SSE's fund market-making business, 50ETF Option market-making business and 300ETF Option market-making business.

## Section 3 Management Discussion and Analysis

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

The fixed income sales and trading of the Company consists mainly of sales of underwritten bonds to institutional clients, and market-making and trading of financial products and interest rate derivatives with fixed income. The institutional clients of the Company mainly include commercial banks, insurance companies, fund companies, financial companies, trust companies and qualified foreign investors who are approved to invest in China's capital market by the CSRC.

The Company conducts trading in various types of fixed income and related derivative products on the interbank bond market and exchanges in the PRC and provides market making services, such as government bonds, policy-based financial bonds, medium term notes, short-term financing bonds, enterprise bonds, company bonds, government bond futures, interest rate swaps and standard bond forward. The Company executes fixed income derivative instruments (such as interest rate swaps and government bond futures) to hedge the interest risk arising from trading transactions and market-making business. In the first half of 2021, the Company ranked No.10 among securities firms in terms of the trading volume of bonds in China (Source: [www.chinabond.com.cn](http://www.chinabond.com.cn), 2021).

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

### (3) OTC sales and trading business

The Company designs and sells a variety of OTC products, including non-standard products, structured notes and OTC derivatives. Meanwhile, the Company provides liquidity support to non-standard products and structured notes products through OTC.

As of the end of June 2021, the Company has issued 21,606 OTC products in aggregate with an aggregate amount of approximately RMB909.157 billion. The market value of the products as at the end of the Reporting Period was approximately RMB82.266 billion. Specifically, the Company issued 2,598 new OTC products with an aggregate amount of RMB64.676 billion in the first half of 2021. As of the end of June 2021, the Company provided market-making services for 71 companies listed on the NEEQ.

## Section 3 Management Discussion and Analysis

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### (4) Alternative investment business

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

In the first half of 2021, GF Qianhe focused on advanced manufacturing, semiconductors, healthcare, new consumption, TMT and other major fields. During the Reporting Period, GF Qianhe completed 17 new investment projects with a total investment of RMB0.906 billion. As of the end of June 2021, GF Qianhe has completed 159 investment projects.

### (5) Investment research business

The investment research business of the Group mainly comprises investment research services provided in various areas such as macro economy, strategy, fixed income, financial engineering, industry and listed companies for institutional clients. The Company earned commission fee for sub-position transactions from institutional clients. Specifically, our investment research services cover the provision of research reports and customized investment research services for the National Social Security Fund, insurance companies, fund companies, private equity funds, financial companies, securities companies and other institutional investors in Hong Kong and the PRC. The Group's equity research covers nearly 700 A shares listed companies in the PRC in 28 industries, and nearly 180 companies listed in Hong Kong and the US.

The outstanding research capacity of the Company enjoys a high reputation in the industry. The Company received numerous honors: 1st in the "Domestic Best Research Teams (本土最佳研究團隊)" by the best analyst of New Fortune for consecutive years from 2017 to 2020, "Top 5 Golden Bull Research Team (五大金牛研究團隊)" award by "China Securities Industry Analyst Golden Bull Award (中國證券業分析師金牛獎)" for the seventh consecutive year and other awards. Currently, the Company is continuously promoting the internationalization of its research brands so far as permitted by and in compliance with laws and regulations.

### (6) Asset custody business

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

## Section 3 Management Discussion and Analysis

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In 2021, the private equity fund industry actively adapted to the new changes posed by the epidemic, and continued to develop in a standardized and professional manner with market resources further aggregating in medium and large high-quality private equity fund managers. The brokerage settlement model was adopted for publicly-offered funds which provided service opportunities for the asset custody business of brokerages. The custody outsourcing services in respect of bank wealth management products was gradually deregulated for brokerages. Transition to NAV-based trust products also created opportunities for brokerages to provide outsourcing.

During the Reporting Period, the Company actively expanded the market, strengthened infrastructure construction, improved comprehensive service capabilities and enhanced risk control system to consistently improve customer satisfaction. As of the end of June 2021, the total asset scale of asset custody and fund service business provided by the Company was RMB411.085 billion, representing an increase of 25.78% as compared with the end of 2020, of which the scale of trust products was RMB202.119 billion, and the scale of fund service products provided was RMB208.966 billion.

### **4. *Investment management business segment***

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

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

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

In the first half of 2021, the asset management institutions of various brokerages relied on their own resources to actively promote the public offerings and the issuance of various products. Net income from the overall asset management for customers in the industry showed a year-on-year growth trend. However, with the increase in market participants such as the wealth management subsidiaries of banks, the industry competition intensified further, and the market structure was further differentiated.

## Section 3 Management Discussion and Analysis

GF Asset Management manages the investments of client assets under various asset categories and investment strategies, including fixed-income investment, equity investment, quantitative investment and cross-border products. The clients of GF Asset Management mainly include commercial banks, trust companies, other institutional investors and affluent population including the high-net-worth individuals. During the Reporting Period, GF Asset Management consistently improved its operating mechanism, strengthened infrastructural construction and raised the internal control level, achieving overall good operating results. It has continuously enhanced its core capabilities in active management, assets allocation, products design and innovation and channel marketing.

As of the end of June 2021, the net value of collective asset management schemes and single asset management schemes of GF Asset Management increased by 20.67% and 2.21%, respectively, and that of its specific asset management schemes decreased by 29.14% as compared with the end of 2020, and its total scale increased by 8.90% as compared with the end of 2020. The asset management scale of GF Asset Management as of the end of June 2021 is as follows:

	<b>Net value of asset management (RMB100 million)</b>	
	<b>June 30, 2021</b>	December 31, 2020
Collective asset management business	<b>1,651.55</b>	1,368.63
Single asset management business	<b>1,547.76</b>	1,514.35
Specific asset management business	<b>111.14</b>	156.84
Total	<b>3,310.44</b>	3,039.82

Source: Statistics of the Company, 2021; the sum of the sub-items may be deviated from the aggregated data, which is caused by rounding.

## Section 3 Management Discussion and Analysis

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As of the end of June 2021, the scale of regulatory entrusted fund of GF Asset Management ranked tenth (source: the Securities Association of China, 2021), and in the second quarter of 2021, the average monthly scale of private active asset management of GF Asset Management ranked fifth (source: Asset Management Association of China, 2021) in the securities industry.

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

### (2) Public fund management service

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

In the first half of 2021, the public fund industry sustained rapid growth with its scale hitting a record high and the proportion of active management funds increased significantly while the funds further concentrated on the leading fund companies and outstanding fund managers. Meanwhile, the fund industry expedited reforms that render gradual extension towards wealth management from assets management, thereby allowing wider scope of business. Moreover, the industry actively served the reform of the capital market and the real economy by exploring to take various innovative methods such as investment consultation and publicly offered REITs.

As of the end of June 2021, the Company held 54.53% interest in GF Fund. GF Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, other institutional investors and high-net-worth individuals. In addition, GF Fund can invest the capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII), and invest capital raised from overseas markets in China's capital market in the form of RQFII through GF International Investment Management Limited, its wholly-owned subsidiary. As of the end of June 2021, the public funds managed by GF Fund in aggregate reached RMB1,065.08 billion, representing an increase of 39.51% as compared to the end of 2020, and the total fund size excluding money market funds amounted to RMB622.193 billion, ranking third in the industry (Source: Statistics of the Company, China Galaxy Securities Fund Research Center, 2021).

## Section 3 Management Discussion and Analysis

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As of the end of June 2021, the Company held 22.65% interest in E Fund, was one of the three parallel largest shareholders. E Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, enterprise annuity and other institutional investors as well as high-net-worth individuals. In addition, E Fund can invest capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII), and invest capital raised from overseas markets in China's capital market in the form of RQFII. As of the end of June 2021, the public funds managed by E Fund in aggregate reached RMB1,559.864 billion, representing an increase of 27.32% as compared to the end of 2020, and the total public fund size excluding money market funds was RMB1,065.768 billion, ranking first in the industry (Source: Statistics of the Company, China Galaxy Securities Fund Research Center, 2021).

### (3) Private fund management services

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

Since 2021, GF Xinde has continued to focus on such industries as biomedicine, intelligent manufacturing and corporate services. As of the end of June 2021, GF Xinde set up and managed approximately 50 private funds, the total size of customers' assets under management was more than RMB10 billion.

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

## Section 3 Management Discussion and Analysis

### IV. ANALYSIS ON FINANCIAL STATEMENTS

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

Revenue composition

Unit: RMB' 000

Item	January to June 2021	January to June 2020	Amount of increase/ decrease	Percentage of increase/ decrease
Commission and fee income	9,016,437	6,426,107	2,590,330	40.31%
Interest income	6,651,609	5,438,136	1,213,473	22.31%
Net investment gains	4,305,291	5,392,343	-1,087,052	-20.16%
Other income and gains or losses	1,754,079	421,486	1,332,593	316.17%
Total revenue and other income	<u>21,727,416</u>	<u>17,678,072</u>	<u>4,049,344</u>	<u>22.91%</u>

During the period from January to June 2021, due to favorable market conditions, total revenue and other income of the Group was RMB21,727 million, representing an increase of 22.91% as compared with RMB17,678 million for the corresponding period of 2020.

## Section 3 Management Discussion and Analysis

The increase in total revenue and other income was mainly reflected by commission and fee income of RMB9,016 million in the period from January to June 2021, representing an increase of RMB2,590 million or 40.31% as compared with the corresponding period of 2020, mainly attributable to the increase in commission and fee income from the securities brokerage business and fund management fee income as a result of the increase in stock and fund trading volume and the scale of fund management business. The increase in total revenue and other income was also reflected by the increase in interest income and other income and gains in the period from January to June 2021, representing an increase of RMB1,213 million or 22.31% and RMB1,333 million or 316.17% as compared with the corresponding period of 2020, respectively, mainly attributable to the increase in interest income from margin financing and securities lending and revenue from commodity sales, respectively, which was partly offset by a decrease in net investment gains of RMB1,087 million or 20.16% as compared with the corresponding period of 2020, mainly attributable to the decrease in unrealised fair value changes of financial assets at fair value through profit or loss.

### Expenses composition

Unit: RMB' 000

Item	January to June 2021	January to June 2020	Amount of increase/ decrease	Percentage of increase/ decrease
Depreciation and amortization	369,258	356,291	12,967	3.64%
Staff costs	5,670,828	4,216,362	1,454,466	34.50%
Commission and fee expenses	169,991	148,215	21,776	14.69%
Interest expenses	4,238,701	3,531,544	707,157	20.02%
Other operating expenses	3,389,185	1,427,796	1,961,389	137.37%
Credit loss expense	363,580	358,306	5,274	1.47%
Impairment losses	1,371	1,002	369	36.83%
Total expenses	<u>14,202,914</u>	<u>10,039,516</u>	<u>4,163,398</u>	<u>41.47%</u>

## Section 3 Management Discussion and Analysis

For the period from January to June 2021, total expenses of the Group were RMB14,203 million, representing an increase of 41.47% from RMB10,040 million for the corresponding period in 2020. The change in total expenses was mainly reflected in the increase in staff costs and the increase in other operating expenses. The increase in staff costs was mainly attributable to the increase in salaries and social insurance expenses. The increase in other operating expenses was mainly attributable to the increase in cost of commodity sales and fund sales expenses.

For the period from January to June 2021, the Group realized net profit attributable to owners of the Company of RMB5,888 million, representing a year-on-year increase of 2.38%; basic earnings per share were RMB0.77, representing a year-on-year increase of 2.67%; and return on weighted average net assets was 5.87%, representing a year-on-year decrease of 0.25 percentage point.

### 2. Analysis on Consolidated Statement of Financial Position

Unit: RMB' 000

	June 30, 2021	Composition	December 31, 2020	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
<b>Non-current assets</b>	<b>25,416,773</b>	5.03%	34,975,939	7.65%	-9,559,166	-27.33%
Of which: Equity instruments at fair value through other comprehensive income	769,785	0.15%	11,625,078	2.54%	-10,855,293	-93.38%
Investments in associates	5,444,958	1.08%	4,930,337	1.08%	514,621	10.44%
Property and equipment	3,048,712	0.60%	3,164,197	0.69%	-115,485	-3.65%
Financial assets held under resale agreements	1,505,720	0.30%	1,858,547	0.41%	-352,827	-18.98%
Investments in joint ventures	2,349,253	0.46%	2,311,812	0.51%	37,441	1.62%
Financial assets at fair value through profit or loss	7,536,341	1.49%	6,617,326	1.45%	919,015	13.89%
Debt instruments at amortized cost	116,838	0.02%	116,610	0.03%	228	0.20%
<b>Current assets</b>	<b>480,234,795</b>	94.97%	422,487,747	92.35%	57,747,048	13.67%
Of which: Bank balances	121,160,205	23.96%	102,766,204	22.46%	18,394,001	17.90%
Advances to customers	93,678,988	18.53%	86,152,816	18.83%	7,526,172	8.74%
Financial assets at fair value through profit or loss	94,690,610	18.73%	61,080,068	13.35%	33,610,542	55.03%
Debt instruments at fair value through other comprehensive income	114,634,579	22.67%	120,182,381	26.27%	-5,547,802	-4.62%
Clearing settlement funds	18,468,167	3.65%	20,515,405	4.48%	-2,047,238	-9.98%
Financial assets held under resale agreements	16,314,760	3.23%	14,935,302	3.26%	1,379,458	9.24%
Deposits with exchanges and non-bank financial institutions	11,801,832	2.33%	11,045,546	2.41%	756,286	6.85%
Debt instruments at amortized cost	94,715	0.02%	345,705	0.08%	-250,990	-72.60%
<b>Total assets</b>	<b>505,651,568</b>	<b>100.00%</b>	<b>457,463,686</b>	<b>100.00%</b>	<b>48,187,882</b>	<b>10.53%</b>

## Section 3 Management Discussion and Analysis

	June 30, 2021	Composition	December 31, 2020	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
<b>Current liabilities</b>	<b>354,120,752</b>	88.23%	282,105,575	79.42%	72,015,177	25.53%
Of which: Accounts payable to brokerage clients	118,512,209	29.53%	102,941,105	28.98%	15,571,104	15.13%
Financial assets sold under repurchase agreements	99,107,736	24.69%	94,611,621	26.64%	4,496,115	4.75%
Short-term financing payables	35,305,853	8.80%	35,008,179	9.86%	297,674	0.85%
Other accounts payables, other payables and accruals	13,122,213	3.27%	5,655,933	1.59%	7,466,280	132.01%
Due to banks and other financial institutions	10,555,582	2.63%	6,121,286	1.72%	4,434,296	72.44%
Bonds payable	56,003,589	13.95%	22,009,246	6.20%	33,994,343	154.45%
<b>Net current assets</b>	<b>126,114,043</b>		<b>140,382,172</b>		<b>-14,268,129</b>	<b>-10.16%</b>
<b>Non-current liabilities</b>	<b>47,242,914</b>	11.77%	73,084,525	20.58%	-25,841,611	-35.36%
Of which: Bonds payable	41,858,063	10.43%	67,740,617	19.07%	-25,882,554	-38.21%
Long-term loans	154,086	0.04%	365,129	0.10%	-211,043	-57.80%
<b>Total liabilities</b>	<b>401,363,666</b>	100.00%	<b>355,190,100</b>	100.00%	<b>46,173,566</b>	<b>13.00%</b>
<b>Total equity</b>	<b>104,287,902</b>		<b>102,273,586</b>		<b>2,014,316</b>	<b>1.97%</b>

As of June 30, 2021, total assets of the Group were RMB505,652 million, representing an increase of RMB48,188 million or 10.53% as compared with that at the end of 2020; and total liabilities were RMB401,364 million, representing an increase of RMB46,174 million or 13.00% as compared with that at the end of 2020. In the Group's assets, the proportion of bank balances and clearing settlement funds to total assets was 27.61%; the proportion of financial assets at fair value through profit or loss and equity instruments and debt instruments at fair value through other comprehensive income to total assets was 43.04%; the proportion of advances to customers to total assets was 18.53%; and the proportion of financial assets held under resale agreements to total assets was 3.53%.

As of June 30, 2021, non-current assets were RMB25,417 million, representing a decrease of 27.33% as compared with that at the end of 2020, which was mainly attributable to the decrease in equity instruments at fair value through other comprehensive income; current assets were RMB480,235 million, representing an increase of 13.67% as compared with that at the end of 2020, which was mainly attributable to the increase in bank balances, financial assets at fair value through profit or loss and advances to customers; current liabilities were RMB354,121 million,

## Section 3 Management Discussion and Analysis

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representing an increase of 25.53% as compared with that at the end of 2020, which was mainly attributable to the increase in accounts payable to brokerage clients and bonds payable due within one year; and non-current liabilities were RMB47,243 million, representing a decrease of 35.36% as compared with that at the end of 2020, which was mainly attributable to the maturity of part of the bonds within one year.

The Group's equity attributable to owners of the Company as of June 30, 2021 was RMB100,243 million, representing an increase of RMB2,081 million or 2.12% as compared with that as of the end of 2020. Excluding the effect of accounts payable to brokerage clients, the Group's gearing ratio as of June 30, 2021 was 73.06%, representing an increase of 1.91 percentage points as compared with that of 71.15% as of the end of 2020, while the Group's assets and liabilities structure remained relatively stable.

### Borrowings and debt financing

As of June 30, 2021, total borrowings and bonds financing of the Group amounted to RMB139,683 million. The following table sets forth details of the Group's borrowings and bonds financing:

## Section 3 Management Discussion and Analysis

		Unit: RMB' 000
	<b>June 30, 2021</b>	December 31, 2020
Short-term borrowings	<b>5,321,379</b>	2,552,786
Short-term financing payables	<b>35,305,853</b>	35,008,179
Bonds payable	<b>97,861,652</b>	89,749,863
Long-term loans	<b>1,194,089</b>	2,183,069
Total	<b><u>139,682,973</u></b>	<u>129,493,897</u>

For details of the interest rates and maturities of short-term borrowings, short-term financing payables, bonds payable and long-term loans, please refer to Notes 35, 36, 44 and 45 to the financial report attached below.

Apart from borrowings and bonds financing instruments, the Group also raised funds through inter-bank lending, brokers lending as well as on-market and OTC repurchase. As at the end of the Reporting Period, the balance due to banks and other financial institutions amounted to RMB10,556 million and the balance of financial assets sold under repurchase agreements amounted to RMB99,108 million.

The aforesaid debts totaled RMB249,346 million.

Save as disclosed in this report, as of June 30, 2021, the Group did not have any outstanding mortgages, pledges, debentures, loan capital, bank overdrafts, borrowings or other similar debts or liabilities under acceptances or letter of credits, any guarantees or other material contingent liabilities.

## Section 3 Management Discussion and Analysis

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

As of June 30, 2021, cash and cash equivalents of the Group amounted to RMB22,036 million, representing an increase of 22.12% as compared with that of RMB18,044 million for the corresponding period of 2020, of which, net cash used in operating activities from January to June 2021 was RMB19,517 million, representing a decrease of 17.00% as compared with that of RMB23,514 million for the same period of 2020, which was mainly attributable to the increase in net cash inflow from financial assets sold under repurchase agreements, which was partially offset by the increase in net cash outflow in respect of financial assets at fair value through profit or loss; net cash from investing activities from January to June 2021 was RMB14,761 million, as compared with that of RMB5,456 million for the same period in 2020, representing an increase of 170.56%, which was mainly attributable to the increase in net cash inflow from the disposal of financial instruments at fair value through other comprehensive income; and net cash from financing activities from January to June 2021 was RMB6,903 million, representing a decrease of 53.28% as compared with RMB14,774 million for the same period of 2020, which was mainly attributable to a decrease in net cash inflow from short-term financing payables and bonds payable.

### 4. Explanation of changes in the consolidation scope of financial statements

The changes in the Group's consolidation scope of financial statements during the Reporting Period are detailed in the notes to the condensed consolidated financial statements "51. Change of scope of consolidation".

### 5. Change in principal accounting policies and accounting estimates

The changes in the Group's major accounting policies and accounting estimates during the Reporting Period are detailed in the notes to the condensed consolidated financial statements "2. Basis of preparation and changes on accounting policies"; there were no significant accounting errors requiring rectification occurred in the Group.

## Section 3 Management Discussion and Analysis

### 6. Restricted asset rights as of the end of the Reporting Period

	June 30, 2021 RMB	December 31, 2020 RMB
Financial assets at fair value through profit or loss (FVTPL) pledged for pledge-style repo business	7,761,328,987.54	7,347,938,043.77
Of which: Financial assets at FVTPL pledged for bond pledged quoted-repo business	477,751,321.97	400,280,702.10
Financial assets at fair value through other comprehensive income (FVTOCI) pledged for pledge-style repo business	64,834,656,631.85	69,085,794,222.98
Of which: Financial assets at FVTOCI pledged for bond pledged quoted-repo business	—	24,212,776.60
Debt instruments at amortized cost pledged for pledge-style repo business	—	153,037,830.68
Financial assets held under resale agreements pledged for pledge-style repo business	200,567,200.00	363,002,280.00
Financial assets at FVTPL transferred for buyout repo business	3,919,084,132.30	2,673,861,847.20
Financial assets at FVTOCI transferred for buyout repo business	2,785,235,462.50	4,195,327,538.92
Financial assets held under resale agreements transferred for buyout repo business	397,101,534.93	194,836,695.81
Financial assets at FVTPL transferred for margin financing and securities lending business	663,976,213.21	377,158,002.68
Financial assets at FVTOCI transferred for margin financing and securities lending business	35,627.00	83,997.00
Financial assets at FVTOCI pledged for refinancing business	2,752,957,275.64	510,771,526.92
Financial assets at FVTPL pledged for bond lending business	1,620,613,400.60	1,129,361,849.30
Financial assets at FVTOCI pledged for bond lending business	14,689,513,179.27	8,606,106,017.98
Rights and interests in financial leasing and sale and leaseback receivables restricted for bank borrowings	733,277,525.72	1,624,346,462.04
Financial assets at FVTPL pledged for due to banks and other financial institutions business	877,468,621.81	2,299,535,478.35
Financial assets at FVTOCI pledged for due to banks and other financial institutions business	—	196,965,558.82
Total	101,235,815,792.37	98,758,127,352.45

## Section 3 Management Discussion and Analysis

### V. ANALYSIS ON INVESTMENT CONDITIONS

#### 1. General

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

*Note: The amount of investment in the Reporting Period is the amount of the Company's investment in GF Futures and GF Qianhe.*

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

N/A

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

N/A

## Section 3 Management Discussion and Analysis

### 4. Financial asset investment

#### (1) Securities investment

Unit: RMB' 0,000

Type of securities	Stock code	Short name	Investment cost	Accounting Measurement mode	Book value at the beginning of the period	Profit or loss from the fair value change of the period	Accumulative fair value change accounted into equity	Purchase amount of the period	Sales amount of the period	Profit or loss in the Reporting Period	Book value at the end of the period	Accounting subject	Source of capital
Fund	003281	Guangfa Huoqibao B	604,816.01	Measured at fair value	654,114.62	-	-	296,480.93	356,244.22	10,521.22	604,872.55	Trading	Self-owned
Fund	510300	Huatai Bairui CSI 300 ETF	191,075.18	Same as above	74,144.47	-11.89	-	1,417,427.94	1,305,049.49	6,568.53	193,091.45	Trading	Self-owned
Fund	510050	ChinaAMC SSE 50ETF	191,539.47	Same as above	31,053.18	-497.54	-	1,106,053.02	943,778.92	-1,543.59	191,783.69	Trading	Self-owned
Fund	270014	GuangFa Monetary B	154,804.36	Same as above	15,498.80	-	-	237,469.37	100,108.56	1,944.75	154,804.36	Trading	Self-owned
Fund	000662	Yinhua Live Money F	155,242.30	Same as above	4,080.44	-	-	271,284.95	121,446.74	1,351.13	155,269.78	Trading	Self-owned
Bond	112117110	21 CEB CD110	145,871.85	Same as above	-	-6.64	-92.96	209,724.79	63,813.19	213.74	146,032.38	Trading/	Self-owned
												Other debt investments	
Fund	002183	GF Tiantianhong B	137,498.94	Same as above	233,471.25	-	-	109,644.48	208,447.41	2,858.58	137,526.90	Trading	Self-owned
Fund	000621	E Fund Cash Return Fund B	133,035.21	Same as above	41,947.54	-	-	298,748.25	210,248.25	2,596.15	133,043.69	Trading	Self-owned
Fund	003393	OCB Principal Tiantianyi C	132,118.12	Same as above	-	-	-	302,118.12	172,118.12	2,128.62	132,128.62	Trading	Self-owned
Fund	003474	Southern Tiantianli B	131,851.23	Same as above	894.45	-	-	130,944.99	944.99	965.79	131,860.24	Trading	Self-owned
Other securities investments held at the end of the period			19,289,905.11	-	18,966,375.08	56,465.47	31,650.62	N/A	N/A	540,988.47	19,838,387.07	-	-
Total			21,267,757.78	-	20,021,579.83	55,949.40	31,357.66	N/A	N/A	568,593.39	21,818,800.73	-	-

#### (2) Derivative investment conditions

N/A

### 5. Use of proceeds

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

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

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

## Section 3 Management Discussion and Analysis

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

As of June 30, 2021, RMB12.504 billion out of the proceeds raised from the issuance of H Shares was used for the wealth management business to mainly develop margin financing and securities lending business and build a strategic Internet financial platform and wealth management platform; RMB4.986 billion was used for the investment management business, investment banking business and transaction and institution business to mainly increase the asset size under the investment management, increase input into the seed funds, innovate and develop investment management products, and participate in various financial products markets as a market maker and provide liquidity support; RMB3.443 billion was used for the international business to mainly increase input into the investment management, transaction and institution businesses in Hong Kong; the remaining RMB4.126 billion was temporarily used to replenish the working capital and develop short-term investment business. Upon approval from relevant regulatory authorities, the Company is expected to utilize the remaining proceeds raised from the H Share issuance for international business of the Company in accordance with the use of proceeds as disclosed in the Company's H Share prospectus by December 31, 2023. Such estimation is based on the information currently available to the Company and will be adjusted according to the actual development of the Company.

## VI. SALE OF MAJOR ASSETS AND EQUITY

### 1. Sale of major assets

The Company has not sold any of its major assets in the Reporting Period.

### 2. Sale of major equity

The Company has not sold any of its major shares in the Reporting Period.

## Section 3 Management Discussion and Analysis

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

#### Principal subsidiaries and participating stock companies

Company name	Company type	Main business	Registered capital	Total assets (RMB)	Net assets (RMB)	Net profit (RMB)
GF Futures	Subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sale.	RMB1,900,000,000	29,951,710,220.02	3,226,373,051.23	185,284,063.64
GF Xinde	Subsidiary	Equity investment; providing financial advisory services on equity investment to clients and other businesses approved by CSRC.	RMB2,800,000,000	7,568,373,146.27	6,222,393,661.66	611,200,073.80
GFHK	Subsidiary	Investment holding, undertaking investment banking, sale and transactions, asset management, equity investment and other businesses permitted by regulatory rules through professional subsidiaries.	HKD5,600,000,000	21,477,837,258.25	4,675,824,861.35	144,616,486.16
GF Qianhe	Subsidiary	Project investment; investment management.	RMB4,103,500,000	7,065,438,540.70	6,501,687,005.59	635,841,616.53
GF Asset Management	Subsidiary	Securities asset management (including overseas securities investment management business of Qualified Domestic Institutional Investor).	RMB1,000,000,000	6,914,531,795.24	6,395,220,615.65	289,564,665.82
GFFL	Subsidiary	Leasing business (foreign-invested enterprises shall operate with approval letter or certificate); financial leasing services (limited to foreign-invested enterprises); commercial factoring business related to main business (only for financial leasing enterprises); purchase of leased property at home and abroad (foreign-invested enterprises shall operate with approval letter or certificate); residual value disposal and maintenance of the leased property (foreign-invested enterprises shall operate with approval letter or certificate); leasing transaction consultation and guarantee (foreign-invested enterprises shall operate with approval letter or certificate); medical equipment leasing services; financial leasing of class III medical devices (limited to foreign-invested enterprises).	RMB800,000,000	1,665,875,611.80	706,198,483.80	-13,940,012.85
GF Hexin	Subsidiary	Investment management, asset management, fund management, equity investment, investment consulting.	RMB100,000,000	134,002,018.22	125,893,022.05	3,023,313.10
GF Fund	Subsidiary	Fund raising, fund sale, asset management, other businesses approved by the CSRC.	RMB140,978,000	14,654,389,089.65	8,678,626,223.12	1,272,352,741.56
E Fund	Participating stock company	Publicly offered securities investment fund management, fund sale, asset management for specific customers.	RMB132,442,000	19,912,103,398.80	10,868,018,236.33	1,840,604,259.18

#### Acquisition and disposal of subsidiaries in the Reporting Period

Please refer to the notes to the condensed consolidated financial statements “51. Change of scope of consolidation”.

## Section 3 Management Discussion and Analysis

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### Explanation on the status of principal subsidiaries

GF Fund recorded net profit of RMB1,272 million, representing a year-on-year increase of 39.78%, which was mainly due to the increase in fund management fee income; GF Qianhe recorded net profit of RMB636 million, representing a year-on-year increase of 33.54%, which was mainly due to the increase in gain on financial assets at fair value through profit or loss.

### VIII. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

The consolidated structured entities of the Group are primarily those structured entities of which the Group acts as a manager or investment advisor and in which the Group invests. The variable returns enjoyed by the Group through participating in the relevant activities of these structured entities have significant impact and the Group is able to impose influence on the amount of variable returns by applying its power over these structured entities. As at June 30, 2021, there were a total of 20 products consolidated into the consolidated financial statements of the Group.

As at June 30, 2021, the net assets of the consolidated structured entities were RMB7,275,011,428.31 (as at the beginning of the year: RMB6,898,170,741.54). The book value of the Group's interests was RMB4,958,851,020.62 (as at the beginning of the year: RMB4,912,258,834.88). The book value of the interests in the aforesaid structured entities held by various parties outside the Group was RMB2,316,160,407.69 (as at the beginning of the year: RMB1,985,911,906.66).

## Section 3 Management Discussion and Analysis

### IX. RISK EXPOSURE AND RESPONSIVE MEASURES OF THE COMPANY

1. During the Reporting Period, the risks affecting the business and operating activities of the Company mainly include: policy risk, liquidity risk, market risk, credit risk, compliance risk, operation risk, information technology risk, etc., and are mainly reflected in the following areas:

#### **(1) Policy risk**

Policy risk refers to the adverse impact on the operations of securities companies as a result of changes in national macroeconomic policies and regulation measures, relevant laws and regulations of the securities industry, regulatory policies and trading rules. On one hand, national macroeconomic measures have relatively large impact on the securities market, as changes and adjustments in macro policies, interest rates and exchange rates are closely correlated to the capital market trend, and affect the operating conditions of the securities companies. While on the other hand, the securities industry is a highly regulated industry, the regulatory policies issued by the regulatory authorities have direct effect on the operating activities of the securities, if non-compliance event occurs due to the failure of adapting to the changes in policies and regulations in a timely manner in the course of the Company's daily operations, the Company may be subject to regulatory punishment including fines, suspension or cancellation of business qualifications imposed by the regulation authorities, and resulting in economic losses or impairment of reputation impairment to the Company.

#### **(2) Liquidity risk**

Liquidity risk refers to the risk of the Company when it fails to obtain sufficient funds at reasonable cost in a timely manner to repay debts fall due, perform other payment obligations and meet the funding needs for normal business operations. Factors affecting the liquidity risk of the Group include but not limited to a mismatch in the structure of assets and liabilities, the difficulties in the cash realization of assets, operating losses, payment delay or default of counterparty, as well as the transformation of other types of risks, such as credit risk, market risk and reputation risk, into liquidity risk. As the capital strength of the Company continues to increase, the variety of businesses grows richer, and products present a diversified, complicated and international development trend, the exposure of assets to types of risks and duration structure will become more complicated, the Company needs to arrange the due date structure of assets and liabilities in a reasonable manner, and through measures such as managing the liquidity of reserves actively, monitoring ordinary liquidity risk and carrying out contingency management of liquidity risk, in order to ensure safety of the Company against liquidity risk.

## Section 3 Management Discussion and Analysis

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### **(3) Market risk**

Market risk refers to the risk of incurring losses in the financial assets held by the Company as a result of adverse changes in the market price (including price of equity securities, interest rate, exchange rate or price of commodities), and such risk may be classified into equity price risk, interest rate risk, exchange rate risk and commodity price risk according to the type of the subject assets. The market risk faced by the Group at present is primarily concentrated on the areas of equity price risk and interest rate risk, and is mainly reflected in the onshore and offshore businesses operated by the Company and its subsidiaries using their own funds to carry out proprietary investment in equity securities, proprietary investment in fixed income securities, trading in derivatives on stock exchange and in OTC market, and market making activities on the NEEQ market. As the capital market of China continues to open up and develops further, as well as the gradual implementation of the internationalization strategy of the Company, various types of market risk tolerated by the Company will be increasing in line with the rapid expansion of its own business scope and the cross-border flows of capital, the level of difficulty in managing market risk by the Company is also increased accordingly.

### **(4) Credit risk**

Credit risk refers to the risk of causing losses to the Company when the issuer or counterparty fails to perform contractual obligations, or when a change occurs in the market value of debts due to a change in credit rating or a change in contractual performance ability. The credit risk faced by the Group at present is primarily concentrated on the businesses of debt investment trading, OTC derivatives, margin financing and securities lending, securities transactions with repurchase agreements, stock pledged repo transactions, financial leasing, brokerage business for positive repos of pledged bonds and other businesses involving the undertaking or promise of payment by the Company or its subsidiaries. With increasing leverage of securities companies and continual development of innovative business, the various types of credit risks undertaken by the Company become more complicated and the credit risk exposure is increasing gradually. Moreover, the significant increase in default rate in the credit market and the decline in the prosperity level of specific industry have led to a higher frequency of occurrence of risk events, and will pose a greater challenge to the Group in managing credit risk in the future.

## Section 3 Management Discussion and Analysis

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### **(5) Compliance risk**

Compliance risk refers to the risk of being subject to possible legal sanctions or regulatory punishment, financial losses or impairment in reputation, due to non-compliance with laws and regulations, regulatory rules, relevant rules enacted by self-disciplinary bodies and the code of conduct applicable to proprietary business activities conducted by securities companies.

### **(6) Operation risk**

Operation risk refers to the risk of incurring direct or indirect losses as a result of deficiencies or problems in the internal procedures, staff members, systems and external events. The operation risk of securities companies has the characteristics of covering all departments and business lines of the Company (including front-desk business departments and middle to back stage supporting departments), with extensive coverage width, diversified varieties, and easy to happen but difficult to control attributes, including processing errors in the ordinary course of business that incur lower losses but higher frequency of occurrence, as well as emergency event that incur significant losses but lower frequency of occurrence. Meanwhile, with increasing innovative businesses of the Group and growing complexity in business processes, if hidden deficiencies in various business lines and ordinary operations cannot be identified in a timely manner and alleviation measures are not adopted effectively, the configuration of the relevant business processes of the Company may be unreasonable, the design of risk control measures may have defects and become unenforceable, and will, in turn, lead to operation risk.

### **(7) Information technology risk**

Securities companies have vigorously promoted the transformation of financial technology and digitalization, and have greatly enhanced the operation efficiency and core competitiveness of the enterprise on an on-going basis. Many businesses of the Group, including investment banking business, investment business, asset management business and brokerage business, as well as the management of middle to back stage supporting functions are highly dependent on information technology support, and information technology has provided the critical driving force to the businesses of the Company. While promoting the development of the business, information technology has also brought potential risk. The quality of electronic equipment and system software, system operation capability, business processing performance of application software, standard of service providers in the industry, attacks from virus and hackers, loss and leakage of data, fundamental security capability, natural disasters and other events may have material impact on the construction and operation of the systems.

## Section 3 Management Discussion and Analysis

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### 2. Counter-measures that the Company has adopted or plans to adopt for the above risks

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

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

#### **(2) Specific management for various risks**

##### ① Policy risk management

The Company pays close attention to the change of various policies and makes timely response and corresponding adjustments according to the latest policies to minimize the influence of policy risks on operating activities of all businesses of the Company. The Company’s measures to manage policy risks include: 1) The Company regularly monitors various external regulatory policies and conducts particular assessment and analysis in respect of material regulatory policies; 2) Implementation of various businesses of the Company will always be policy-oriented, front office, middle office and back office of the Company will continuously be highly sensitive to policy changes; as for major policy changes, each department of the Company provides basis for management at all levels to make operational decisions on the basis of elaborated analysis and monographic study; 3) The Company regularly conducts perspective discussions about macroscopic and supervision policy change and formulates specific countermeasures.

## Section 3 Management Discussion and Analysis

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### ② Liquidity risk management

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

### ③ Market risk management

The Company follows the principles of active management and quantitation orientation based on its own risk preference and market risk tolerance, as well as the actual needs of each business line, and adopts a top-down and bottom-up method to formulate and refine the market risk limit of the Group, the parent company and each business unit, to guarantee that the market risk exposure of the Company is within the risk tolerance range set through various measures such as risk identification, evaluation, measurement, monitoring, reporting and disposal. With the development of the FICC business, derivative products business and overseas business of the Company, the Company has enhanced effectiveness and efficiency of risk management through the following measures to cope with more complicated market risk: 1) The Company monitors daily possible short-term losses under normal-fluctuations by setting VaR and sensitivity index limit for key investment business and complex derivatives business

## Section 3 Management Discussion and Analysis

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based on traditional risk index limit, and establishes stress test index limit to monitor and evaluate possible losses under extreme conditions, so as to continue to improve the scientificity and effectiveness of the market risk limit management and optimize authorization hierarchy for risk limit; 2) The Company actively studies the advanced and mature market risk measurement models, gradually explores the application of indicators such as ES and SVaR and establishes a multi-level risk quantification indicators system; 3) The Company continues to independently research and develop industry-leading risk management system to achieve centralized management of full-position market risk covering various investment businesses and investment types of the Company, thus realizing systematic daily monitoring and early warning of risk index limit to improve monitoring efficiency; 4) The Company continues to improve the risk management framework for pricing and risk measurement model, covering rating, development, verification, examination, utilization, monitoring and review of the model, and realizes the online management of the entire process through the model base; 5) The Company implements centralized management to the domestic and overseas business and conducts analysis in terms of various perspectives such as asset scale limit, VaR, sensitivity analysis and stress testing; the Company implements overall monitor on exchange rate risk for assets in foreign currency and controls foreign exchange risk exposure to an acceptable level by ways of quota.

### ④ Credit risk management

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

## Section 3 Management Discussion and Analysis

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### ⑤ Operational risk management

The Company manages its operation risks mainly through the combination of sound authorization mechanism and segregation of duties, optimized system and process, well-established IT system, strict operation discipline, strengthened control before and during the process as well as subsequent supervision and inspection etc.. The Company has improved the level and effect of operation risk control mainly through the following measures: 1) The Company has improved the operation risk management system, strengthened the joint coordination between the three lines of defense of the operation risk management, and enhanced the in-depth analysis and rectification tracking of the operation risk related issues; 2) The Company has improved tool system for operation risk management, and further improved the operation risk identification, evaluation, monitoring and reporting mechanism through continuous improvement and further promotion of risk and control self-assessment, key risk indicators and loss data collection, with new business assessment and IT system establishment process embedded as a normal practice; 3) The Company has been gradually achieving the systematization and standardization of the operation risk management through continuous optimization of the operation risk management system; 4) The Company continues to enhance the management of operation risks of its subsidiaries through traditional tools for operation risk management and new business assessment and information system establishment; 5) Considering requirements for the construction of operation risk management system, the Company has been continuing to improve the assessment and management system for new products and new business, optimize the process for assessment, inspection and review, and continuously enhance the tracking management for new business.

## Section 3 Management Discussion and Analysis

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### ⑥ Compliance risk management

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

### ⑦ Information technology risk management

During the first half of 2021, leveraging on the five-in-one assurance system of “assurance of on-going business, safety assurance, quality assurance, information platform and cloud platform”, the Company enhanced online operation of the assurance system through platform to achieve the close-cycle before-event, event and after-event management of IT risks. The Company continued to increase its IT investment, regulate operation process, strengthen compliance risk control and management and enhance accountability efforts, which further improved the management level for the establishment, operation and maintenance of information system and ensured the safe, reliable and stable operation of the Company’s information system, thereby effectively supporting the regulated development of the Company’s business.

## Section 3 Management Discussion and Analysis

### X. REGISTER FOR RECEPTION ACTIVITIES OF SURVEY RESEARCH, COMMUNICATION AND INTERVIEW DURING THE REPORTING PERIOD

From January to June 2021, apart from daily telephone communications with public investors, the Company organized and participated in a total of 12 survey research receptions and results roadshows, receiving a total of about 100 investors, of which 2 performance presentations were organized through telephone and internet and 180 questions raised by investors via EasyIR platform of SZSE were answered.

Reception time	Reception location	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
From January 1, 2021 to June 30, 2021	–	Telephone communication	Individuals	Public investors	Operation and development of the Company
January 14, 2021	–	Telephone communication	Institutions	M&G	Operation and development of the Company
March 30, 2021	–	Results roadshow	Institutions	Analysts and investors invited to GF Securities' 2020 Annual Results Presentation	Strategic and business development of the Company
March 31, 2021	–	Results roadshow	Institutions, individuals	Investors participating in GF Securities' 2020 Annual Results Webcast Presentation	Strategic and business development of the Company
April 8, 2021	–	Telephone communication	Institutions	Analysts of DBS and its invited investors	Strategic and business development of the Company
April 9, 2021	–	Telephone communication	Institutions	Analysts of CITIC Construction and its invited investors	Strategic and business development of the Company
April 13, 2021	–	Telephone communication	Institutions	M&G	Operation and development of the Company
April 20, 2021	–	Telephone communication	Institutions	Analysts of Changjiang Securities and its invited investors	Strategic and business development of the Company
May 19, 2021	–	Telephone communication	Institutions	Millennium Capital	Operation and development of the Company
May 27, 2021	–	Telephone communication	Institutions	Investors invited to the Pan-Asia Regional Financial Conference 2021 organised by BofA Securities	Strategic and business development of the Company
June 2, 2021	–	Telephone communication	Institutions	Investors invited to the 2021 Capital Market Forum sponsored by CITIC Securities	Strategic and business development of the Company
June 3, 2021	–	Telephone communication	Institutions	Analysts of TF Securities and its invited investors	Strategic and business development of the Company
June 3, 2021	–	Telephone communication	Institutions	Investors invited to the Pan-Asia Regional Investor Conference 2021 organised by Citigroup	Strategic and business development of the Company

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

## Section 4 Corporate Governance

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### I. BASIC SITUATION OF CORPORATE GOVERNANCE

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

The Company continues to enhance corporate governance pursuant to stipulations under the relevant laws and regulations including the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Standardized Operational Guidelines for Companies Listed on SZSE and the Hong Kong Listing Rules. The Company constantly improves its internal control management system so as to gradually reinforce the integrity, rationality and effectiveness of its internal control. The Company further establishes and improves its rules and regulations. The general meeting of Shareholders, the Board of Directors, the Supervisory Committee and the management of the Company perform their respective duties and act with due diligence, which establishes a sound structure of corporate governance. Through this corporate governance structure, the Company ensures its standard operation in accordance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules (hereinafter referred to as the “Code”).

To satisfy the requirements of both corporate governance and specific operation for an A+H dual listed company, the Company approved at the Board meeting on March 19, 2015, the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for securities transactions of the Company by all Directors, and the adoption of the Code as the guidelines for standardizing the Company's governance. As at the end of the Reporting Period, after special enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have strictly complied with the standards in the Model Code for Securities Transactions by Directors of Listed Issuers during the Reporting Period. On April 10, 2015, the Company's H Shares were issued and listed on the Main Board of Hong Kong Stock Exchange. Since then, the Company has strictly complied with the Code, and met most of the recommended best practice provisions as set out in the Code. According to the Code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since July 22, 2021, Mr. Lin Chuanhui has also served as the Chairman and the General Manager of the Company, which has improved the implementation of the Company's development strategy and promoted communication between the Board of Directors and senior management. Meanwhile, as all decisions of the Board of Directors of the Company are required to be reviewed and approved by the Board of Directors, there are 7 non-executive Directors among the 10 members of the Board of Directors of the Company, including four independent non-executive Directors who comply with the listing rules of the two places, which are sufficient to ensure a balance of power and authority in the operation of the Board of Directors.

## Section 4 Corporate Governance

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

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

Session of meeting	Type of meeting	Participation ratio of investors	Convening date	Disclosure date	Resolution
The 2021 first extraordinary general meeting	Extraordinary general meeting	49.6957%	January 6, 2021	January 7, 2021	Related announcements of resolutions are published in the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (www.cninfo.com.cn) and the HKExnews website of Hong Kong Stock Exchange (www.hkexnews.hk) by the Company
Annual general meeting 2020	Annual general meeting	51.2127%	May 13, 2021	May 14, 2021	

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

N/A

### III. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Type	Date	Reasons
Lin Chuanhui	Executive director	Elected	January 6, 2021	Election at the general meeting
	Chairman	Elected	July 22, 2021	Election by the Board
Sun Shuming	Chairman and executive director	Left office	July 21, 2021	Age reason
Luo Binhua	Deputy general manager	Resigned	July 21, 2021	Work adjustment
Yang Long	Deputy general manager	Resigned	July 21, 2021	Work adjustment
Yi Yangfang	Deputy general manager	Appointed	July 22, 2021	Appointed by the Board
Li Qian	Deputy general manager	Appointed	July 22, 2021	Appointed by the Board
Kong Weicheng	Chief risk officer	Appointed	July 22, 2021	Appointed by the Board

- On January 6, 2021, Mr. Lin Chuanhui was elected as the executive director of the tenth session of the board of directors of the Company at the first extraordinary general meeting of the Company in 2021. On the same day, the Company held the twelfth meeting of the tenth session of the board of directors and elected Mr. Lin Chuanhui as a member of the Strategy Committee of the tenth session of the board of directors of the Company.

## Section 4 Corporate Governance

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2. On July 21, 2021, the Company received a written resignation letter from Mr. Sun Shuming, the former Chairman. Mr. Sun Shuming tendered the resignation from the position as the chairman and an executive director of the Company, a member of the Strategy Committee, the Nomination Committee and the Risk Management Committee of the board of directors of the Company for age reason. Following his resignation, Mr. Sun Shuming will continue to be the chairman of GF Fund Management Co., Ltd., a controlled subsidiary of the Company.

On July 22, 2021, the Company held the fifteenth meeting of the tenth session of the board of directors and elected Mr. Lin Chuanhui as the Chairman of the Company, appointed Mr. Lin Chuanhui as the authorized representative for communication between the Company and the Hong Kong Stock Exchange, and elected Mr. Lin Chuanhui as a member of the Risk Management Committee of the tenth session of the board of directors of the Company.

3. On July 21, 2021, the Company received a written resignation letter from Mr. Luo Binhua, the former deputy general manager, and a written resignation letter from Mr. Yang Long. Mr. Luo Binhua tendered the resignation from the position of the deputy general manager of the Company due to work adjustment. Following his resignation, Mr. Luo Binhua will continue to serve as the vice chairman of the advisory board of the Company and the chairman of GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司), a wholly-owned subsidiary of the Company.
4. On July 22, 2021, the Company held the fifteenth meeting of the tenth session of the board of directors and appointed Mr. Xu Youjun as the chief compliance officer of the Company, appointed Mr. Kong Weicheng as the chief risk officer of the Company, and appointed Mr. Yi Yangfang, Mr. Xin Zhiyun, Mr. Li Qian and Mr. Xu Youjun as the deputy general manager of the Company.

In accordance with the relevant requirement of “Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies” (《證券公司和證券投資基金管理公司合規管理辦法》), Mr. Xu Youjun will duly perform his duties as the chief compliance officer from the date he obtained the approval from the regulatory authorities. Mr. Wu Jifu, the former chief compliance officer of the Company will continue to perform his duties until the official duty performance of Mr. Xu Youjun. Mr. Yi Yangfang and Mr. Li Qian will duly perform their duties as the deputy general manager only upon passing of the qualification test for senior manages of securities company, for which the Company will conduct filing procedures with the relevant regulatory authorities.

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

## Section 4 Corporate Governance

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### **IV. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL DURING THE REPORTING PERIOD**

The Company has no plan to distribute cash dividends and bonus shares or convert capital reserves into share capital for the first half of 2021.

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

There was no implementation of equity incentive, employee stock ownership plan or other employee incentive of the Company during the Reporting Period.

### **VI. STAFF AND REMUNERATION POLICIES**

As of June 30, 2021, the Group had 12,814 employees, of whom a total of 10,892 were from the parent company and 1,922 were from the subsidiaries.

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

The Company is committed to establish effective salary motivation and constraint mechanism to fully motivate the initiative and innovation of all the employees and introduce and retain the core talents. The basic principles of the remuneration management of the Company include performance orientation, prosperity by cooperation, external competitiveness, risk matching and multiple incentives.

The remuneration of the Company's employees primarily comprises of fixed salary, performance-based bonus and benefits. The Company established a comprehensive employees' welfare and security system, including social insurance, housing fund, supplementary medical insurance, annuity, paid benefits leave, staff benefits, union welfare, and welfare of female employees, etc.

## Section 4 Corporate Governance

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The Company attached great importance to employee training, carried out training and learning activities as common measures for the development of talents and was committed to building a team of highly qualified personnel. The Company took the training center as the carrier and built a hierarchical and targeted employee training course system of “business + leadership” to meet the development needs of employees in different professional stages of professional channels and management channels and to improve the organization ability of the implementation of strategy; through the operation of four learning platforms such as Guangfa Aixue APP, we can flexibly accommodate the learning needs of employees in various scenarios, help employees effectively use personal fragmentation time, and guide employees to learn independently, actively share and precipitate in time. By establishing an effective training management mechanism and extracting and disseminating organizational wisdom and culture, we created an atmosphere that was conducive to guiding employees to learn and share independently, and built a learning organization. The employee training that met the strategic needs, supported the sustainable and stable development of the Company, and achieved a “win-win” for the Company’s business development and employee career development.

In the first half of 2021, the Company planned and organized various kinds of key training programs based on three critical value areas, namely, “empowerment of business transformation (賦能業務轉型)”, “construction of talent teams (建設人才梯隊)” and “extraction of organizational wisdom (萃取組織智慧)”. In the area of “empowerment of business transformation (賦能業務轉型)”, by combining strategic deployment of the Company, and focusing on the key business areas of private wealth management business, OTC derivatives business, investment banking business, equity investment business and R&D business, specific learning programs were designed to enable business development and implementation of strategies. In the area of “construction of talent teams (建設人才梯隊)”, by combining available talents and promoting continuous training for reserve talents and in-service management staff, the management capabilities and leadership level of the management staff were specifically enhanced. In the area of “extraction of organizational wisdom (萃取組織智慧)”, functions of the technological platform were continually developed and optimized, the extraction and replication of successful experience from staff with excellent performance were accelerated, to realize the overall fast learning abilities of the Company.

## Section 5 Environmental and Social Responsibilities

### I. MATERIAL ENVIRONMENTAL PROBLEMS

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

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

#### 1. Energy Conservation and Emissions Reduction

During the Reporting Period, the Company fully implemented energy conservation and emissions reduction. Low-energy products were our priorities while purchasing internal electrical equipment for GF Securities Tower, which, combined with relevant rectification measures, can reduce energy consumption; intelligent control was adopted for the lighting system, air conditioning system and elevator system which were regulated over time based on lighting conditions, external temperature and traffic usage to avoid prolonged operation of high energy consumption equipment; proper air-conditioning temperature was maintained at the office area, the operation of air-conditioning system and equipment was monitored with operating parameters to be adjusted timely to ensure efficient operation of such system and reduce energy consumption; the replacement of water use plan and the adjustment of air conditioning temperature in the infield wiring room were completed, which, together with the renovation of infield lighting technology, saved approximately 19,000 kWh of electricity each month based on comprehensive assessment.

During the Reporting Period, the Company organized the refined energy consumption management, and controlled the on-site energy consumption process through various means such as formulating relevant operational requirements and standards, fixing positions and responsibilities, implementing on-site management signs, carrying out personnel training, and subsequently through daily inspection, to effectively reduce energy consumption rate and avoid the waste of materials.

#### 2. Green Office

The Company advocated the concept of green office through regular green office publicity and training activities among employees. During the Reporting Period, waste sorting was implemented in an all-round way in GF Securities Tower with training on waste sorting carried out in batches for our staff in the building; green dining was implemented by cancelling the use of disposable tableware in our restaurant; pickup points of disposable water cups were reduced on a certain floor; employees were encouraged to take public transportation tools and a transit bus route was opened; paperless conference rooms were established to advocate a green concept of electronic office; printer was set to black and white and double-sided printing as default option to reduce color printing and paper consumption; waste paper, after being recycled and sorted, was delivered to a third party for recycling.

## Section 5 Environmental and Social Responsibilities

### II. SOCIAL RESPONSIBILITIES

During the Reporting Period, while pursuing for economic benefits, the Group also emphasized on serving customers, assisting staff to achieve success and generating return for shareholders, positive contributions were also made to society and the public to fulfill the social responsibilities of a corporate citizen.

During the Reporting Period, the Group's social welfare expenses amounted to a total of RMB35.6778 million (including the donation to the "GF Securities Social Charity Foundation in Guangdong Province" by the Company and the social welfare expenses of wholly-owned and holding subsidiaries). The "GF Securities Social Charity Foundation in Guangdong Province" established by the Group had been actively participating in rural revitalization and education promoting activities, and incurred social welfare expenses of approximately RMB22.9444 million during the Reporting Period.

During the Reporting Period, the Group donated RMB20,000,000 to the Red Cross of Guangzhou city to support the local prevention and control of epidemic. Under the leadership of the municipal government of Guangzhou, the sum was used for epidemic preventive control of novel coronavirus pneumonia in Guangzhou. Moreover, the Group continuously developed micro enterprising initiatives for university students, the Gypsophila reading plan for village children, specialized nursing classes and other public welfare programs through the GF Securities Social Charity Foundation in Guangdong Province.

During the Reporting Period, the Group initiated the unification of the village revitalization township and village support team of Guangdong Province as a member unit in the provision of support and alleviation work, by uniting efforts under the leadership of the Development and Research Center of the Municipal Government of Guangdong Province to carry out alleviation work in Zhen'an township in Yunan District of Yufu city. The "United Nations Sustainable Development Demonstration Village" project was making progress in an orderly manner, which provided support to construct the demonstration plantation base for hairy mountain fig (五指毛桃) in Baisha County of Hainan Province and to offer "GF encouragement classes" project in the Hainan Health Management Vocational College to consolidate and expand the poverty alleviation results to push forward village revitalization. A total of 9,537 persons participated in the consumption alleviation activities with consumption amount at RMB1,300,000. During the Reporting Period, the Group was awarded the bronze prize of "Guangdong Poverty Alleviation Red Cotton Cup (廣東扶貧濟困紅棉杯)" for 2020.

## Section 5 Environmental and Social Responsibilities

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The Group's wholly-owned and holding subsidiaries actively assumed their responsibilities as corporate citizenship to contribute to the development of society. During the Reporting Period, GF Futures completed a total of 4 “insurance + futures” projects; provided public welfare assistance to outstanding poverty-stricken students in Tongbai County, Henan Province; and provided consumer support in agricultural products to Taihu County in Anhui Province, Jiangcheng County in Yunnan Province, Yanchang County in Shaanxi Province and Laifeng County in Hubei Province; and provided scholarship of RMB200,000 to outstanding poverty-stricken students at the School of Economics of Peking University. During the Reporting Period, GF Fund donated RMB200,000 to the rural revitalization of Zunyi City, Guizhou Province, the counterpart of Zhuhai City; donated RMB150,000 in the construction of a library in Fuxi School of Renhua County, Guangdong Province for supporting the rural revitalization and education promoting activities in the county; donated over RMB200,000 in endowing 400 financially disadvantaged students in Fenxi County, Shanxi Province for consolidating the results of poverty alleviation in the county.

In July 2021, a flood occurred in Henan Province. GF Securities continued tracking the development of the disaster and donated RMB2,000,000 immediately to the China Foundation for Poverty Alleviation. Such donation was mainly used to support rescue efforts and facilitate flood control and disaster relief as well as post-disaster reconstruction in Henan Province. GF Futures donated RMB500,000 to Henan Province to combat disaster. GF Fund donated RMB2,000,000 to Henan Province through “GF Securities Social Charity Foundation in Guangdong Province” to fully support the disaster relief and post-disaster recovery of affected areas.

## Section 6 Significant Events

### I. COMMITMENTS PERFORMED DURING THE REPORTING PERIOD OR NOT YET PERFORMED AS OF THE END OF THE REPORTING PERIOD BY THE DE FACTO CONTROLLER OF THE COMPANY, SHAREHOLDERS, RELATED PARTIES, PURCHASERS AND THE COMPANY

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

## Section 6 Significant Events

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

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

The Company did not have a controlling shareholder nor a de facto controller. During the Reporting Period, no funds of the Listed Company were used by other related parties for non-operating purposes.

### III. NON-COMPLIANCE IN EXTERNAL GUARANTEES

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

### IV. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

The Group has not engaged any accounting firm to audit the interim financial information. Ernst & Young has reviewed the interim financial information in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

## Section 6 Significant Events

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### **V. STATEMENT ON ACCOUNTING FIRM'S "NON-STANDARD AUDIT REPORT" OF THE REPORTING PERIOD BY THE BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE**

N/A

### **VI. STATEMENT ON THE "NON-STANDARD AUDIT REPORT" FOR THE PREVIOUS YEAR BY THE BOARD OF DIRECTORS**

N/A

### **VII. RELEVANT MATTERS ABOUT BANKRUPTCY REORGANIZATION**

No matter relating to bankruptcy reorganization occurred during the Reporting Period.

### **VIII. LITIGATIONS**

During the Reporting Period and as of the end of the Reporting Period, the Group was not involved in any material litigation or arbitration.

As of the end of June 2021, the Group was involved in 112 litigation and arbitration cases pending for final judgment or ruling and completed execution, involving a total amount of claims at approximately RMB2.717 billion.

### **IX. PENALTY AND RECTIFICATION**

During the Reporting Period, the Company did not have penalty and rectification.

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

During the Reporting Period, the Company did not have any obligation determined in effective legal instruments by valid court judgments pending for execution or relatively large amount of outstanding debt pending for payment.

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

## Section 6 Significant Events

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### XI. MAJOR RELATED TRANSACTIONS

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

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

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

In 2021, our day-to-day related transactions were executed subject to the Proposals on Estimates of Annual Day-to-day Related/Connected Transactions in Year 2021 of the Company passed by the Annual General Meeting of 2020 upon deliberation.

The investment banking, wealth management, trading, institutional and investment management services in respect of day-to-day operations provided by the Group to related/connected persons were conducted in the ordinary and usual course of business and on normal commercial terms, they were exempt continuing connected transactions under the Hong Kong Listing Rules, namely the de minimis transactions, and such transactions were exempt from the requirements of reporting, announcement and approval by independent shareholders under Chapter 14A of the Hong Kong Listing Rules.

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

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

During the Reporting Period, the Company did not have any related transaction in respect of acquisition and sale of assets or equity interest.

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

During the Reporting Period, the Company did not have any related transactions in respect of Joint External Investment.

## Section 6 Significant Events

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

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

Unit: RMB

Item Name	Related Party	Amount as of the end of the period	Amount as of the beginning of period
Seats commission, trailing commission and custodian fee receivables	E Fund Management Co., Ltd.	29,989,385.09	25,817,290.30
Seats commission and trailing commission receivables	Harvest Fund Management Co., Ltd.	10,656,888.66	8,957,403.99
Seats commission receivables	Hang Seng Qianhai Fund Management Company Limited	2,395.88	48,841.11

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

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

### 5. Amount due to or from related/connected financial companies or financial companies that are controlling subsidiaries of the Company

N/A

### 6. Other Material Related-Party Transactions

No other material related transactions occurred during the Reporting Period.

### XII. MAJOR CONTRACTS AND THEIR PERFORMANCE

#### 1. Custody, Contracting and Leases

##### **(1) Custody**

During the Reporting Period, there was no occurrence of any major custody event nor any major custody event occurred in the previous periods had extended to the Reporting Period.

##### **(2) Contracting**

From May 2013, the Company and Guangzhou Construction Co., Ltd. successively entered into the “Construction General Contract for GF Securities Tower” and the relevant supplementary agreements. Guangzhou Construction Co., Ltd. is the main contractor for the construction of GF Securities Tower. The tentative contract price is RMB1,062 million.

In December 2018, GF Securities Tower passed the acceptance inspection. In March 2019, the principal business address of the Company’s headquarter changed to GF Securities Tower, No. 26 Machang Road, Tianhe District, Guangzhou, Guangdong Province.

##### **(3) Leases**

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

## Section 6 Significant Events

### 2. Material Guarantees

Unit: RMB'0,000

External Guarantees Provided by the Company and Its Subsidiaries (Excluding Guarantees Provided to Subsidiaries)								
	Date of Disclosure of Guarantee		Actual Date of Occurrence	Actual			Performance	Guarantee
Name of the Guaranteed Party	Amount on the Relevant Announcement	Amount of Guarantee	(Date of Agreement)	Amount of Guarantee	Type of Guarantee	Term of Guarantee	Fulfilled or Not	Provided to Related Parties or Not
Nil	-	-	-	-	-	-	-	-
Total amount of external guarantees approved during the Reporting Period (A1)			0	Total actual amount of external guarantees provided during the Reporting Period (A2)				0
Total amount of external guarantees approved as at the end of the Reporting Period (A3)			0	Total actual balance of external guarantees as at the end of the Reporting Period (A4)				0
Guarantees Provided to Subsidiaries by the Company								
	Date of Disclosure of Guarantee		Actual Date of	Actual			Performance	Guarantee
Name of the Guaranteed Party	Announcement	Amount of Guarantee	Occurrence	Amount of Guarantee	Type of Guarantee	Term of Guarantee	Fulfilled or Not	Provided to Related Parties or Not
GF Financial Markets (UK) Limited (the Company undertook guarantee liabilities to the extent of the amount of the letter of guarantee ultimately and actually signed)	April 30, 2019	A balance of not more than US\$70 million	September 4, 2019	US\$40 million	Joint and several guarantee liabilities	Until September 3, 2021	No	No
			January 29, 2020	US\$30 million		Until January 28, 2022	No	No
		March 30, 2021	A cumulative balance of not more than US\$140 million	Agreement not yet executed	0	Joint and several guarantee liabilities	N/A	N/A
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (B1)		RMB904.4140 million	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (B2)		RMB452.2070 million			
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (B3)		RMB904.4140 million	Total actual balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B4)		RMB452.2070 million			

## Section 6 Significant Events

Name of the Guaranteed Party	Date of Disclosure of Guarantee Amount on the Relevant Announcement		Guarantees among Subsidiaries				Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
	Amount of Guarantee	Actual Date of Occurrence (Date of Agreement)	Actual Amount of Guarantee	Type of Guarantee	Term of Guarantee			
GF Securities (Hong Kong) (GFHK provided guarantee to it)	December 19, 2013	HK\$50 million and relevant interest and expenses (if any)	December 16, 2013	HK\$50 million	Joint and several guarantee liabilities	Until April 15, 2021	Yes	No
GF Global Capital Limited (GF Holdings (Hong Kong) Corporation Limited provided guarantee to it)	February 6, 2021	Provide performance guarantee to the guaranteed party in respect of the issue of structured notes with a total size of no more than US\$1 billion (or its equivalent in other currencies), subject to a guarantee amount of no more than US\$1 billion (or its equivalent in other currencies)	March 22, 2021	US\$100.5330 million	Joint and several guarantee liabilities	According to provisions of agreement	No	No
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (C1)			RMB6,460.1000 million	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (C2)				RMB691.0574 million
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (C3)			RMB6,460.1000 million	Total actual balance of guarantee provided to subsidiaries as at the end of the Reporting Period (C4)				RMB630.0731 million
Total Amount of Guarantees Provided by the Company (i.e. the total of the first three major items)								
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)			RMB7,364.5140 million	Total actual amount of guarantees provided during the Reporting Period (A2+B2+C2)				RMB1,143.2644 million
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)			RMB7,364.5140 million	Total actual balance of guarantees provided as at the end of the Reporting Period (A4+B4+C4)				RMB1,082.2801 million
Total actual amount of guarantees (i.e. A4+B4+C4) as a percentage of the net assets of the Company								1.10%
Including:								
Balance of guarantees provided to shareholders, de facto controller and their related parties (D)								0
Balance of debt guarantees provided directly or indirectly to guaranteed parties with gearing ratio over 70% (E)								RMB1,082.2801 million
Amount of total guarantees above 50% of net assets (F)								0
Total of the above 3 amounts of guarantees (D+E+F)								RMB1,082.2801 million
For outstanding guarantees, description on the guarantee liabilities or possible joint and several liabilities of repayment occurred during the Reporting Period (if any)								Nil
Description on the provision of external guarantee with non-compliance in required procedures (if any)								Nil
Other description				In February 2018, the board of directors of GFHK resolved that it agreed to provide guarantees to its wholly-owned subsidiary, GF Global Capital Limited, under the agreements such as ISDA and GMRA. As of June 30, 2021, the amount of such guarantee was approximately US\$0.7457 million.				

## Section 6 Significant Events

*Note 1: Calculated by the central parity exchange rates of Hong Kong dollar to Renminbi at 1:0.83208 and US dollar to Renminbi at 1:6.4601 published by the People's Bank of China on June 30, 2021.*

*Note 2: Matters on providing guarantees for foreign loans of GF Financial Markets (UK) Limited considered and approved by the Company during the Reporting Period are subject to filing procedures with the CSRC.*

*Note 3: "Balance of debt guarantees provided directly or indirectly to guaranteed parties with gearing ratio over 70% (E)" in the table above is filled based on the balance of guarantee when the gearing ratio of the guaranteed party exceeds 70% at the time of consideration of related proposals by the authorized organizations of the Company and subsidiaries.*

### 3. Entrusted Wealth Management

There was no entrusted wealth management by the Company during the Reporting Period.

### 4. Major Contracts Relating to Day-to-day Operations

N/A

### 5. Other Major Contracts

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

## XIII. CHANGES OF QUALIFICATIONS FOR INDIVIDUAL BUSINESSES

Membership and qualifications of individual business that the Group obtained during the Reporting Period include:

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

1	Fund investment advisory business	CSRC	June 2021
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## XIV. PARTICULARS OF OTHER SIGNIFICANT ISSUES

As of June 30, 2021, the Company has 20 branch companies and 282 securities brokerage branches, covering 31 provinces, municipalities directly under the Central Government and autonomous regions in Mainland China. In January to June 2021, the relocation of 11 securities brokerage branches of the Company and two branch companies in the same cities has been completed.

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

1. In April 2021, the Company resolved to increase capital of RMB0.5 billion in GF Futures, its wholly-owned subsidiary. In May 2021, the Company has finished the aforesaid capital injection according to the resolution. GF Futures has obtained a new business license, and the registered capital is RMB1.9 billion.

## Section 6 Significant Events

2. In April 2021, the Company resolved to increase capital of RMB0.5 billion in GF Qianhe, its wholly-owned subsidiary. In May 2021, the Company has finished the aforesaid capital injection according to the resolution. GF Qianhe has obtained a new business license, and the registered capital is RMB4.1035 billion.
3. In June 2021, GF Xinde, a wholly-owned subsidiary of the Company, completed the change of its registered address and obtained the updated business license. The registered address of GF Xinde is Room B607, Building 1, No. 275 Xintuo Road, Daxie Development Zone, Ningbo, Zhejiang (residential declaration commitment pilot area).

### XVI. ADMINISTRATIVE LICENSE DECISIONS MADE BY REGULATORY AUTHORITIES OR BUSINESS LICENSE NOTICES BY SELF-REGULATORY ORGANISATIONS DURING THE REPORTING PERIOD

No.	Regulatory authority	Administrative license decisions or business license notices by self-regulatory organisations
1	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors (關於同意廣發證券股份有限公司向專業投資者公開發行公司債券註冊的批覆)
2	CSRC	No-objection Letter to GF Securities Co., Ltd. for Engaging in Bond Pledged Quoted-repo Business as a Pilot Company (關於對廣發證券股份有限公司從事債券質押式報價回購業務試點方案的無異議函)
3	SZSE	No-objection Letter to GF Securities Co., Ltd. for the Short-term Corporate Bonds of Securities Firms in 2021 Meeting Transfer Conditions of the SZSE (關於廣發證券股份有限公司2021年證券公司短期公司債券符合深交所轉讓條件的無異議函)
4	SZSE	No-objection Letter to GF Securities Co., Ltd. for the Non-public Issue of Corporate Bonds in 2021 Meeting Transfer Conditions of the SZSE (關於廣發證券股份有限公司2021年非公開發行公司債券符合深交所轉讓條件的無異議函)
5	SZSE	No-objection Letter to GF Securities Co., Ltd. for the Non-public Issuance of Perpetual Subordinated Bonds in 2020 Meeting Transfer Conditions of the SZSE (關於廣發證券股份有限公司2020年非公開發行永續次級債券符合深交所轉讓條件的無異議函)

## Section 6 Significant Events

### XVII. INDEX OF INFORMATION DISCLOSURE

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

No.	Matters of Announcement	Date of Publication
1	Announcement on the Resolutions of the 11th Meeting of the 10th Session of the Board of Directors	January 1, 2021
2	Announcement on Reminder Notice of the 2021 First Extraordinary General Meeting	January 5, 2021
3	Announcement on the Resolutions of the 2021 First Extraordinary General Meeting	January 7, 2021
4	Announcement on the Resolutions of the 12th Meeting of the 10th Session of the Board of Directors	January 7, 2021
5	Announcement on the Result of Issuance of Non-public Issuance of Corporate Bonds	January 15, 2021
6	Announcement on the Result of Issuance of Non-public Issuance of Corporate Bonds	January 28, 2021
7	Preliminary Financial Figures for the Year 2020	February 1, 2021
8	Announcement on the Guarantee provided by GF Holdings (Hong Kong) Corporation Limited for GF Global Capital Limited, its wholly-owned subsidiary, in respect of the issue of structured notes	February 6, 2021
9	Announcement on the Results of the Issuance of the 2021 First Tranche of Short-term Financing Bills (Bond Connect) of the Company	February 9, 2021
10	Announcement of GF Securities Co., Ltd. on the Interest Payment in 2021 for the 2019 Public Issuance of Corporate Bonds (First Tranche) to Qualified Investors	February 23, 2021

## Section 6 Significant Events

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No.	Matters of Announcement	Date of Publication
11	Announcement in Relation to 2020 Annual Results Presentation	March 27, 2021
12	Announcement on the Resolutions of the 13th Meeting of the 10th Session of the Board of Directors	March 30, 2021
13	Announcement on the Resolutions of the 4th Meeting of the 10th Session of the Supervisory Committee	March 30, 2021
14	Highlights of the 2020 Annual Report	March 30, 2021
15	Announcement on the Proposed Re-appointment of Accounting Firm	March 30, 2021
16	Announcement on the Estimates of Daily Related (Connected) Transactions of the Company for 2021	March 30, 2021
17	Announcement on Providing Guarantees for Foreign Loans for GF Financial Markets (UK) Limited	March 30, 2021
18	Notice of the 2020 Annual General Meeting	April 15, 2021
19	Announcement of GF Securities Co., Ltd. on the Interest Payment in 2021 for the 2018 Public Issuance of Corporate Bonds (First Tranche) to Qualified Investors and delisting thereof	April 22, 2021
20	Announcement on the Resolutions of the 14th Meeting of the 10th Session of the Board of Directors	April 29, 2021
21	2021 First Quarterly Report	April 29, 2021
22	Announcement on the Resolutions of the 5th Meeting of the 10th Session of the Supervisory Committee	April 29, 2021
23	Announcement on Reminder Notice of the 2020 Annual General Meeting	May 11, 2021
24	Announcement on the Resolutions of the 2020 Annual General Meeting	May 14, 2021

## Section 6 Significant Events

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No.	Matters of Announcement	Date of Publication
25	Announcement to the Registration Approval of Public Issuance of Corporate Bonds to Professional Investors by China Securities Regulatory Commission	May 25, 2021
26	Issuance Announcement on the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. in 2021 to Qualified Investors	June 3, 2021
27	Issuance Announcement on the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. in 2021 to Qualified Investors (Updated)	June 3, 2021
28	Announcement on Extension of Book-building Period in respect of the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. in 2021 to Qualified Investors	June 4, 2021
29	Announcement on Coupon Rate in respect of the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. in 2021 to Qualified Investors	June 7, 2021
30	Announcement on the Results of the Issuance in respect of the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. in 2021 to Qualified Investors	June 9, 2021
31	Announcement on the Interest Payment by GF Securities Co., Ltd. in 2021 for “13 GF 03” Corporate Bonds	June 10, 2021
32	Announcement on the Results of the Issuance of the 2021 Second Tranche of Short-term Financing Bills (Bond Connect) of the Company	June 26, 2021
33	Announcement on the Implementation of Profit Distribution for A Shares for 2020	June 30, 2021

## Section 6 Significant Events

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

No.	Matters of Announcement	Date of Publication
1	Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2020	January 4, 2021
2	List of Directors and their Roles and Functions	January 6, 2021
3	Announcement on Poll Results of the 2021 First Extraordinary General Meeting	January 6, 2021
4	Preliminary Financial Figures For the Year 2020	January 31, 2021
5	Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2021	February 1, 2021
6	Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2021	March 1, 2021
7	Date of Board Meeting	March 12, 2021
8	Announcement in Relation to 2020 Annual Results Presentation	March 26, 2021
9	2020 Annual Results Announcement	March 29, 2021
10	2020 Corporate Social Responsibility Report	March 29, 2021
11	Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2021	April 1, 2021
12	Date of Board Meeting	April 14, 2021
13	Notification Letter and Request Form to Non-Registered Shareholders	April 14, 2021
14	Notification Letter and Request Form to Registered Shareholders	April 14, 2021
15	Proxy Form For the 2020 Annual General Meeting	April 14, 2021
16	Notice of Annual General Meeting	April 14, 2021

## Section 6 Significant Events

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No.	Matters of Announcement	Date of Publication
17	2020 AGM Circular	April 14, 2021
18	2020 Annual Report	April 14, 2021
19	2021 First Quarterly Report	April 28 2021
20	Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2021	May 6, 2021
21	Poll Results of the 2020 Annual General Meeting And Final Dividend For the Year Ended December 31, 2020	May 13, 2021
22	Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2021	June 1, 2021

## Section 7 Changes in Shareholdings and Particulars About Shareholders

### I. CHANGES IN SHAREHOLDINGS

#### 1. Changes in shareholdings

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

Set out below is the share capital of the Company:

Unit: Share

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

#### 2. Changes in restricted shares

N/A

### II. SECURITIES ISSUANCE AND THE LISTING

For details about the issuance of corporate bonds, subordinated bonds, short-term corporate bonds, short-term financing bills, please refer to Section 9 “Bonds” of this report.

## Section 7 Changes in Shareholdings and Particulars About Shareholders

### III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS IN THE COMPANY

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period 211,806 (of which, 210,226 were A shareholders, 1,580 were registered H shareholders) Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period 0

#### Shareholdings of ordinary shareholders who hold more than 5% of the shares or shareholdings of the top ten ordinary shareholders

Name of shareholder	Capacity of shareholder	Percentage of shareholding	Number of ordinary shares held as at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of ordinary shares with selling restrictions held	Number of ordinary shares without selling restrictions held	Pledge, marker or freeze Status of shares	Number of shares
HKSCC Nominees Limited	Overseas legal entity	22.31%	1,700,104,660	72,400	0	1,700,104,660		
Jilin Aodong Pharmaceutical Group Co., Ltd.	Domestic general legal entity	16.43%	1,252,297,867	0	0	1,252,297,867		
Liaoning Cheng Da Co., Ltd.	State-owned legal entity	16.40%	1,250,154,088	12,337,000	0	1,250,154,088		
Zhongshan Public Utilities Group Co., Ltd.	State-owned legal entity	9.01%	686,754,216	0	0	686,754,216		
China Securities Finance Corporation Limited	Domestic general legal entity	2.99%	227,870,638	0	0	227,870,638		
Puning Xinhong Industrial Investment Co., Ltd.	Domestic general legal entity	1.89%	144,000,000	0	0	144,000,000	Pledged	144,000,000
Hong Kong Securities Clearing Company Limited	Overseas legal entity	1.49%	113,895,250	45,402,559	0	113,895,250		
China Construction Bank Corporation – Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.63%	47,822,004	-15,310,250	0	47,822,004		
Heung Kong Holdings Limited	Domestic general legal entity	0.51%	38,623,278	0	0	38,623,278		
China Construction Bank Corporation – Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.49%	37,157,855	5,491,868	0	37,157,855		

## Section 7 Changes in Shareholdings and Particulars About Shareholders

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

Name of shareholder	Number of ordinary shares without selling restrictions held as at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
HKSCC Nominees Limited	1,700,104,660	Listed foreign shares	1,700,104,660
Jilin Aodong Pharmaceutical Group Co., Ltd.	1,252,297,867	RMB-denominated ordinary shares	1,252,297,867
Liaoning Cheng Da Co., Ltd.	1,250,154,088	RMB-denominated ordinary shares	1,250,154,088
Zhongshan Public Utilities Group Co., Ltd.	686,754,216	RMB-denominated ordinary shares	686,754,216
China Securities Finance Corporation Limited	227,870,638	RMB-denominated ordinary shares	227,870,638
Puning Xinhong Industrial Investment Co., Ltd.	144,000,000	RMB-denominated ordinary shares	144,000,000
Hong Kong Securities Clearing Company Limited	113,895,250	RMB-denominated ordinary shares	113,895,250
China Construction Bank Corporation – Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	47,822,004	RMB-denominated ordinary shares	47,822,004
Heung Kong Holdings Limited	38,623,278	RMB-denominated ordinary shares	38,623,278
China Construction Bank Corporation – Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	37,157,855	RMB-denominated ordinary shares	37,157,855

*Note 1: Among H shareholders of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited;*

*Note 2: In the table above, shares held by HKSCC Nominees Limited are listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares);*

## Section 7 Changes in Shareholdings and Particulars About Shareholders

*Note 3: According to the information provided by Jilin Aodong Pharmaceutical Group Co., Ltd. ("Jilin Aodong"), Liaoning Cheng Da Co., Ltd. ("Liaoning Cheng Da") and Zhongshan Public Utilities Group Co., Ltd. ("Zhongshan Public Utilities"), as at June 30, 2021, Jilin Aodong held 87,124,600 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, namely Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 123,993,400 H Shares, representing 1.63% of the total share capital of the Company. Liaoning Cheng Da held 115,300,000 H Shares of the Company and held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), which is a wholly-owned subsidiary of Liaoning Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司)(a wholly-owned Subsidiary of Liaoning Cheng Da), a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company. Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. As at June 30, 2021, the shareholding percentages of A Shares and H Shares in the Company of Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties and Zhongshan Public Utilities and its concert parties were 18.06%, 17.94% and 10.34%, respectively;*

*Note 4: The number of shares held by Liaoning Cheng Da at the end of the Reporting Period increased by 12,337,000 shares compared with the end of December 2020, mainly due to the participation of Liaoning Cheng Da in the margin refinancing and securities refinancing;*

*Note 5: According to the public information disclosed on the HKExnews website of the Hong Kong Stock Exchange, as at June 30, 2021, other than those as set out in Note 3, shareholders holding 5% or more of the H Shares of the Company are as follows: on January 31, 2020, the labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 long-position H Shares of the Company, representing 16.01% of the H Share capital of the Company. The above shares are held by HKSCC Nominees Limited on their behalf;*

*Note 6: At the end of the Reporting Period, no shares of the Company were held by A shareholders mentioned above through credit-based securities accounts;*

*Note 7: At the end of the Reporting Period, no A shareholders mentioned above conducted agreed repurchase type securities trading.*

## IV. CHANGES IN THE SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Directors, Supervisors and senior management did not directly hold shares, share options and restrictive shares of the Company.

## V. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

The Company has no controlling shareholder or de facto Controller.

## Section 7 Changes in Shareholdings and Particulars About Shareholders

### VI. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2021, as far as the Directors of the Company are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company) held interests or short positions in the shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under section 336 of the SFO:

No.	Name of substantial shareholders	Class of Shares	Nature of interests	Number of shares held (share)	Long position	Percentage of total issued	Percentage of total issued
					(Note 1) /short position (Note 2)	of total issued shares of the Company (%) (Note 8)	A Shares/H Shares of the Company (%) (Note 8)
1	Jilin Aodong	A Shares	Beneficial owner	1,252,297,867	Long position	16.43	21.16
		H Shares	Interest in a controlled corporation	123,993,400 (Note 3)	Long position	1.63	7.29
2	Liaoning Cheng Da	A Shares	Beneficial owner	1,250,154,088	Long position	16.40	21.12
		H Shares	Interest in a controlled corporation	116,773,600 (Note 4)	Long position	1.53	6.86
3	Zhongshan Zhonghui Investment Group Company Limited	A Shares	Interest in a controlled corporation	686,754,216	Long position	9.01	11.60
		H Shares	Interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
4	Zhongshan Public Utilities	A Shares	Beneficial owner	686,754,216	Long position	9.01	11.60
		H Shares	Interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
5	Public Utilities International (Hong Kong) Investment Company Ltd.	H Shares	Beneficial owner	100,904,000 (Note 5)	Long position	1.32	5.93
6	The labor union committee of GF Securities Co., Ltd.	H Shares	Trustee of a trust	272,500,600 (Note 6)	Long position	3.58	16.01

## Section 7 Changes in Shareholdings and Particulars About Shareholders

- Note 1: A shareholder has a “long position” if such shareholder has an interest in shares, including interests through holding, writing or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to take the underlying shares; (ii) such shareholder is under an obligation to take the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- Note 2: A shareholder has a “short position” if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, writes or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to take the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares declines.*
- Note 3: Jilin Aodong held 87,124,600 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, namely Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 123,993,400 H Shares, representing 1.63% of the total share capital of the Company.*
- Note 4: Liaoning Cheng Da held 115,300,000 H Shares of the Company and held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), which is a wholly-owned subsidiary of Liaoning Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司)(a wholly-owned subsidiary of Liaoning Cheng Da), a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company. Therefore, Liaoning Cheng Da and Liaoning Chengda Steel Co., Ltd. were deemed to have interests in the shares held by Chengda Steel Hongkong Co., Limited.*
- Note 5: Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. Zhongshan Zhonghui Investment Group Company Limited held 47.98% of the issued shares of Zhongshan Public Utilities. Therefore, Zhongshan Zhonghui Investment Group Company Limited and Zhongshan Public Utilities were deemed to have interests in the shares held by Public Utilities International (Hong Kong) Investment Company Ltd..*
- Note 6: The labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 H Shares of the Company, representing 16.01% of the H Share capital of the Company.*
- Note 7: Under Part XV of the SFO, forms disclosing of interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of Shareholders’ shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be differences between substantial Shareholders’ latest shareholdings in the Company and the shareholding information as reported to the Hong Kong Stock Exchange.*
- Note 8: The relevant percentages are calculated based on 1,701,796,200 H Shares and/or 5,919,291,464 A Shares of the Company in issue as at June 30, 2021.*

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as at June 30, 2021 required to be recorded in the register pursuant to section 336 of the SFO.

## Section 7 Changes in Shareholdings and Particulars About Shareholders

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

As of June 30, 2021, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

As of June 30, 2021, none of the Company, its subsidiaries or fellow subsidiaries was a party to any arrangements during the year to enable the Directors, Supervisors or chief executives of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **VIII. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the listed securities of the Company.

## Section 8 Preference Shares

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During the Reporting Period, the Company did not have any preference share.

## Section 9 Bonds

### 1. ENTERPRISE BONDS

During the Reporting Period, the Company did not have any enterprise bonds.

### II. CORPORATE BONDS

#### (I) BASIC INFORMATION OF CORPORATE BONDS

##### 1. Issuance of Corporate Bonds

On May 31, 2013, the CSRC issued the Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds (Zheng Jian Xu Ke [2013] No. 725) 《關於核准廣發證券股份有限公司公開發行公司債券的批覆》(證監許可[2013]725號)文件) and the Company was approved to publicly issue corporate bonds with a nominal value of not more than RMB12 billion to the public. The outstanding bonds in issue within the limit as provided in the approval as of the disclosure date of this report are as follows:

	Abbreviation	Code	Balance						Trading
Name of Bond	of Bond	of Bond	Issue Date	Value date	Maturity Date	(RMB'0,000)	Coupon Rate	Debt Service	Places
Corporate bonds of GF Securities Co., Ltd. in 2013 (Type III)	13GF03	112183	2013-06-17	2013-06-17	2023-06-17	900,000	5.10%	Interest shall be paid annually, while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Suitability arrangement of Investors (if any)			Target investors are social public investors who hold security accounts with the initial letters of A, B, D, F opened in the registered companies (excluding purchasers prohibited by laws and regulations) and institutional investors opening eligible securities accounts in the registered companies (excluding purchasers prohibited by laws and regulations).						
Applicable trading system			Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE.						
Any risk of suspension of trading in the shares of the listed company and the response			N/A						

## Section 9 Bonds

On November 9, 2018, the CSRC issued the Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds to Qualified Investors (Zheng Jian Xu Ke [2018] No. 1826) (《關於核准廣發證券股份有限公司向合格投資者公開發行公司債券的批覆》(證監許可[2018]1826號)文件) and the Company was approved to publicly issue corporate bonds with a nominal value of not more than RMB7.8 billion to qualified investors. The outstanding bonds in issue within the limit as provided in the approval as of the disclosure date of this report are as follows:

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB'0,000)	Coupon Rate	Debt Service	Trading Place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Qualified Investors in 2019 (First Tranche)	19 GF 03	112857	2019-02-27	2019-03-01	2022-03-01	780,000	3.70%	Interest shall be paid annually, while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Suitability arrangement of Investors (if any)	Target investors are qualified investors who comply the Management Measures on Corporate Bond Issuance and Trading and open a legal A-share securities account with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

## Section 9 Bonds

On May 13, 2021, the CSRC issued the Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2021] No. 1653) (《關於同意廣發證券股份有限公司向專業投資者公開發行公司債券註冊的批覆》(證監許可[2021]1653號)文件) and the Company was approved to publicly issue corporate bonds with a nominal value of not more than RMB50 billion to professional investors. The outstanding bonds in issue within the limit as provided in the approval as of the disclosure date of this report are as follows:

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB'0,000)	Coupon Rate	Debt Service	Trading Place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (First Tranche) (Type I)	21 GF 03	149499	2021-06-07	2021-06-08	2024-06-08	450,000	3.40%		
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (First Tranche) (Type II)	21 GF 04	149500	2021-06-07	2021-06-08	2026-06-08	100,000	3.68%		
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type I)	21 GF 05	149562	2021-07-22	2021-07-23	2024-07-23	300,000	3.13%	Interest shall be paid annually, while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type II)	21 GF 06	149563	2021-07-22	2021-07-23	2026-07-23	450,000	3.45%		
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type III)	21 GF 07	149564	2021-07-22	2021-07-23	2031-07-23	150,000	3.77%		

## Section 9 Bonds

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB'0,000)	Coupon Rate	Debt Service	Trading Place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Third Tranche) (Type 1)	21 GF 08	149593	2021-08-12	2021-08-13	2022-09-07	460,000	2.69%	The principal shall be fully repaid upon maturity with interest.	
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Third Tranche) (Type 2)	21 GF 09	149594	2021-08-12	2021-08-13	2023-08-13	340,000	2.90%	Interest shall be paid annually, while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	
Suitability arrangement of Investors (if any)	Target investors are qualified investors who comply with the Management Measures on Corporate Bond Issuance and Trading and open a legal securities account with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

### 2. OUTSTANDING OVERDUE BONDS

The Company had no outstanding overdue bond.

#### (II) Trigger and Performance of the Issuer or investor option terms and investor protection terms

During the Reporting Period, the Company had no trigger and performance of such terms.

#### (III) Adjustments to credit rating during the Reporting Period

During the Reporting Period, there was no adjustment to credit rating of the Company or the bonds by credit rating agencies.

## Section 9 Bonds

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### **(IV) Performance of and changes in guarantees, debt repayment schedule and other debt repayment safeguard measures and the effects on the interests of bond investors**

The above corporate bonds bear no warranties.

he debt repayment plans of the above corporate bonds: The Company will fulfill the obligation of interest payment on a timely basis as agreed in the bond prospectus. Such interest payment date shall be postponed to the next business day if the interest payment date or the repayment date falls on a statutory holiday or rest day, and no interest shall be accrued during such period. The principal and interest of corporate bonds shall be paid through registration authorities and relevant institutions. The detailed matters about principal and interest payment shall be explained by the Company in the relevant announcement published through the media designated by the CSRC according to the relevant national provisions. During the Reporting Period, there was no delayed payment of principal and interests for these corporate bonds and there was no default in debt settlement thereof.

The safeguard measures on debt repayment of the above corporate bonds include but are not limited to: retaining a bond manager; establishing special repayment work team; establishing the Bondholder Meeting Rules; and disclosing information strictly. Furthermore, if it is predicted that the interest and principal of the bonds cannot be repaid on time when due or if the interest and principal of the bonds cannot be repaid at the end of the period, the Company shall adopt the following measures in accordance with the mandatory requirements (if applicable) under laws, regulations or regulatory documents: 1. the proportion of discretionary surplus reserve fund and the proportion of general risk reserves shall be increased during the duration of the bonds in order to reduce the solvency risk; 2. no profit shall be distributed to the shareholders; 3. Significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed; 4. salary and bonus of the Directors and senior management shall be reduced or suspended; and 5. the main responsible person shall not be transferred.

During the Reporting Period, the above corporate bond's credit enhancement mechanism, debt repayment schedule and the other debt repayment supporting measures were not changed.

### **III. DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL BUSINESSES**

During the Reporting Period, the Company had no debt financing instruments for non-financial businesses.

### **IV. CONVERTIBLE CORPORATE BONDS**

During the Reporting Period, the Company had no convertible corporate bonds.

## Section 9 Bonds

### V. DURATION FOR OTHER DEBT FINANCING INSTRUMENTS OF THE COMPANY

Name of Debt Financing Instruments	Type	Code of Debt Financing Instruments		Value Date	Maturity Date	Balance (RMB'0,000)	Coupon Rate
19 GF 01	Non-public corporate bonds	114436		2019-02-01	2022-02-01	300,000	3.90%
19 GF 02	Non-public corporate bonds	114437		2019-02-21	2022-02-21	400,000	4.00%
19 GF 05	Non-public corporate bonds	114445		2019-03-15	2022-03-15	320,000	4.00%
19 GF 06	Non-public corporate bonds	114487		2019-05-24	2022-05-24	330,000	4.10%
20 GF 01	Non-public corporate bonds	114655		2020-01-20	2023-01-20	500,000	3.65%
20 GF 02	Non-public corporate bonds	114687		2020-03-16	2023-03-16	580,000	3.20%
20 GF 04	Non-public corporate bonds	114819		2020-09-07	2023-09-07	370,000	4.00%
20 GF 05	Non-public corporate bonds	114825		2020-09-22	2021-09-17	400,000	3.50%
20 GF 06	Non-public corporate bonds	114841		2020-10-26	2021-10-27	500,000	3.50%
20 GF 07	Non-public corporate bonds	114847		2020-11-09	2021-11-09	470,000	3.60%
20 GF 08	Non-public corporate bonds	114848		2020-11-09	2022-11-09	140,000	3.83%
20 GF 09	Non-public corporate bonds	114862		2020-11-24	2021-11-24	300,000	3.80%
20 GF 11	Non-public corporate bonds	114870		2020-12-01	2022-12-01	130,000	4.00%
20 GF 12	Non-public corporate bonds	114875		2020-12-08	2021-12-15	400,000	3.80%
20 GF 13	Non-public corporate bonds	114880		2020-12-18	2022-01-07	300,000	3.70%
20 GF 14	Non-public corporate bonds	114890		2020-12-28	2022-01-27	320,000	3.65%
21 GF 01	Non-public corporate bonds	114899		2021-01-14	2022-02-11	370,000	3.43%
21 GF 02	Non-public corporate bonds	114911		2021-01-27	2022-02-23	300,000	3.50%
18 GF C1	Subordinated bonds	118987		2018-11-09	2021-11-09	460,000	4.40%
19 GF C1	Subordinated bonds	118993		2019-01-21	2022-01-21	400,000	4.15%
20 GF C1	Subordinated bonds	115105		2020-03-03	2023-03-03	200,000	3.35%
20 GF C2	Subordinated bonds	115106		2020-03-03	2025-03-03	250,000	3.80%
21 GF Securities CP002BC	Short-term financing bills	072100104		2021-06-24	2021-09-17	400,000	2.50%
21 GF Securities CP003BC	Short-term financing bills	072100115		2021-07-09	2021-09-30	450,000	2.20%
19 GF Securities Financial Bonds 01	Financial bonds	091900012		2019-07-23	2022-07-23	500,000	3.63%

### VI. LOSSES DURING THE REPORTING PERIOD REPRESENTING MORE THAN 10% OF NET ASSETS AS AT THE END OF LAST YEAR ON A CONSOLIDATED BASIS

During the Reporting Period, the Company had no loss representing more than 10% of net assets as at the end of last year on a consolidated basis.

## Section 10 Financial Statements

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### **I. REVIEW REPORT**

The 2021 interim financial report of the Group prepared in accordance with the International Accounting Standards has not been audited but has been reviewed by Ernst & Young and the review report is enclosed hereinafter.

### **II. FINANCIAL STATEMENTS AND NOTES (ENCLOSED HEREINAFTER)**

# Report on Review of Interim Financial Information

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27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

## To the Board of Directors of GF Securities Co., Ltd.

(Established in the People's Republic of China with limited liability)

### INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 91 to 183, which comprises the condensed consolidated statement of financial position of GF Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Report on Review of Interim Financial Information

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### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

27 August 2021

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

		Six months ended 30 June	
	Notes	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Revenue			
Commission and fee income	4	9,016,437	6,426,107
Interest income	5	6,651,609	5,438,136
Net investment gains	6	4,305,291	5,392,343
Total revenue		19,973,337	17,256,586
Other income and gains or losses	7	1,754,079	421,486
Total revenue and other income		21,727,416	17,678,072
Depreciation and amortisation	8	(369,258)	(356,291)
Staff costs	9	(5,670,828)	(4,216,362)
Commission and fee expenses	10	(169,991)	(148,215)
Interest expenses	11	(4,238,701)	(3,531,544)
Other operating expenses	12	(3,389,185)	(1,427,796)
Impairment losses		(1,371)	(1,002)
Credit loss expense	13	(363,580)	(358,306)
Total expenses		(14,202,914)	(10,039,516)
Share of results of associates and joint ventures		694,017	215,878
Profit before income tax		8,218,519	7,854,434
Income tax expense	14	(1,741,626)	(1,735,526)
Profit for the period		6,476,893	6,118,908
Attributable to:			
Owners of the Company		5,888,485	5,751,536
Non-controlling interests		588,408	367,372
		6,476,893	6,118,908
Earnings per share (Expressed in RMB Yuan per share)			
– Basic/Diluted	15	0.77	0.75

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Profit for the period	6,476,893	6,118,908
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Revaluation losses on equity instruments at fair value through other comprehensive income	(544,993)	(348,321)
Income tax related to the above	136,468	86,788
Total items that will not be reclassified to profit or loss in subsequent periods	(408,525)	(261,533)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	(60,891)	97,439
Debt instruments at fair value through other comprehensive income:		
– Net fair value changes during the period	156,239	11,468
– Reclassification to profit or loss on disposal	(92,062)	(348,444)
– Reclassification to profit or loss on impairment	(12,595)	74,382
– Income tax related to the above	(10,315)	61,831
Net gains/(losses) on debt instruments at fair value through other comprehensive income	41,267	(200,763)
Share of other comprehensive income of associates and joint ventures:		
– Share of fair value gains/(losses) on financial assets of associates and joint ventures	4,429	(5,801)
– Share of exchange differences arising on translation of associates	(902)	3,643
Net gains/(losses) on other comprehensive income of associates and joint ventures	3,527	(2,158)
Total items that may be reclassified to profit or loss in subsequent periods	(16,097)	(105,482)

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Other comprehensive income for the period, net of tax	(424,622)	(367,015)
Total comprehensive income for the period	<u>6,052,271</u>	<u>5,751,893</u>
Attributable to:		
Owners of the Company	5,465,457	5,383,908
Non-controlling interests	<u>586,814</u>	<u>367,985</u>
	<u>6,052,271</u>	<u>5,751,893</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
<b>Non-current assets</b>			
Property and equipment	16	3,048,712	3,164,197
Right-of-use assets	17	1,954,340	1,835,617
Investment properties		40,848	42,399
Goodwill		2,159	2,184
Other intangible assets		232,308	262,806
Investments in associates	18	5,444,958	4,930,337
Investments in joint ventures	19	2,349,253	2,311,812
Debt instruments at amortised cost	20	116,838	116,610
Equity instruments at fair value through other comprehensive income	21	769,785	11,625,078
Other accounts receivable, other receivables and prepayments	25	268,548	326,587
Financial leasing receivables	26	323,815	558,599
Financial assets held under resale agreements	27	1,505,720	1,858,547
Financial assets at fair value through profit or loss	28	7,536,341	6,617,326
Deferred tax assets	34	1,823,148	1,323,840
<b>Total non-current assets</b>		<b>25,416,773</b>	<b>34,975,939</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current assets</b>			
Debt instruments at amortised cost	20	94,715	345,705
Debt instruments at fair value through other comprehensive income	22	114,634,579	120,182,381
Advances to customers	23	93,678,988	86,152,816
Accounts receivable	24	7,237,476	3,304,284
Other accounts receivable, other receivables and prepayments	25	777,818	824,098
Financial leasing receivables	26	799,700	977,034
Amounts due from joint ventures		18,563	99,281
Amounts due from associates		222,351	56,257
Financial assets held under resale agreements	27	16,314,760	14,935,302
Financial assets at fair value through profit or loss	28	94,690,610	61,080,068
Derivative financial assets	29	335,031	203,366
Deposits with exchanges and non-bank financial institutions	30	11,801,832	11,045,546
Clearing settlement funds	31	18,468,167	20,515,405
Bank balances	32	121,160,205	102,766,204
Total current assets		480,234,795	422,487,747
Total assets		505,651,568	457,463,686

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current liabilities</b>			
Borrowings	35	5,321,379	2,552,786
Short-term financing payables	36	35,305,853	35,008,179
Financial liabilities at fair value through profit or loss	37	6,038,355	3,456,254
Due to banks and other financial institutions		10,555,582	6,121,286
Accounts payable to brokerage clients	38	118,512,209	102,941,105
Accrued staff costs	39	5,172,398	4,990,056
Other accounts payable, other payables and accruals	40	13,122,213	5,655,933
Contract liabilities		60,272	47,087
Amounts due to joint ventures		—	59,377
Amounts due to associates		16,804	3,638
Provisions	41	414,333	415,058
Current tax liabilities		801,441	809,470
Other liabilities	42	1,560,612	1,174,030
Derivative financial liabilities	29	828,729	214,987
Financial assets sold under repurchase agreements	43	99,107,736	94,611,621
Bonds payable	44	56,003,589	22,009,246
Long-term loans	45	1,040,003	1,817,940
Lease liabilities	17	259,244	217,522
<b>Total current liabilities</b>		<b>354,120,752</b>	<b>282,105,575</b>
<b>Net current assets</b>		<b>126,114,043</b>	<b>140,382,172</b>
<b>Total assets less current liabilities</b>		<b>151,530,816</b>	<b>175,358,111</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	37	44,052	123,161
Accrued staff costs	39	3,140,161	3,140,364
Other accounts payable, other payables and accruals	40	32,864	49,510
Deferred tax liabilities	34	723,317	418,323
Bonds payable	44	41,858,063	67,740,617
Long-term loans	45	154,086	365,129
Lease liabilities	17	534,823	435,539
Other liabilities	42	755,548	811,882
Total non-current liabilities		47,242,914	73,084,525
Net assets		104,287,902	102,273,586
<b>Capital and reserves</b>			
Share capital		7,621,088	7,621,088
Capital reserve		31,244,033	31,199,360
Investment revaluation reserve		685,496	1,048,326
Translation reserve		(2,326)	57,872
General reserves		24,522,447	24,282,969
Retained profits		36,172,100	33,952,582
Equity attributable to owners of the Company		100,242,838	98,162,197
Non-controlling interests		4,045,064	4,111,389
Total equity		104,287,902	102,273,586

Approved and authorised for issue by the Board of Directors on 27 August 2021.

**Lin Chuanhui**

*Chairman, Executive Director and President*

**Sun Xiaoyan**

*Executive Director*

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Investment revaluation reserve	Translation reserve	General reserves	Retained profits		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 1 January 2021	7,621,088	31,199,360	1,048,326	57,872	24,282,969	33,952,582	98,162,197	102,273,586
Profit for the period	-	-	-	-	-	5,888,485	588,408	6,476,893
Other comprehensive income for the period	-	-	(362,830)	(60,198)	-	-	(1,594)	(424,622)
Total comprehensive income for the period	-	-	(362,830)	(60,198)	-	5,888,485	586,814	6,052,271
Appropriation to general reserves	-	-	-	-	239,478	(239,478)	-	-
Dividends recognised as distribution (note 46)	-	-	-	-	-	(3,429,489)	(618,383)	(4,047,872)
Others	-	44,673	-	-	-	-	(34,756)	9,917
At 30 June 2021 (unaudited)	<u>7,621,088</u>	<u>31,244,033</u>	<u>685,496</u>	<u>(2,326)</u>	<u>24,522,447</u>	<u>36,172,100</u>	<u>4,045,064</u>	<u>104,287,902</u>

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve	Investment revaluation reserve	Translation reserve	General reserves	Retained profits		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 1 January 2020	7,621,088	31,205,149	1,139,901	403,050	21,209,246	29,655,551	91,233,985	94,136,596
Profit for the period	-	-	-	-	-	5,751,536	367,372	6,118,908
Other comprehensive income for the period	-	-	(467,235)	99,607	-	-	613	(367,015)
Total comprehensive income for the period	-	-	(467,235)	99,607	-	5,751,536	367,985	5,751,893
Appropriation to general reserves	-	-	-	-	303,417	(303,417)	-	-
Dividends recognised as distribution (note 46)	-	-	-	-	-	(2,667,381)	(362,624)	(3,030,005)
At 30 June 2020 (unaudited)	<u>7,621,088</u>	<u>31,205,149</u>	<u>672,666</u>	<u>502,657</u>	<u>21,512,663</u>	<u>32,436,289</u>	<u>2,907,972</u>	<u>96,858,484</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	8,218,519	7,854,434
Adjustments for:		
Interest expenses	4,238,701	3,531,544
Share of results of associates and joint ventures	(694,017)	(215,878)
Depreciation and amortisation	369,258	356,291
Impairment losses	1,371	1,002
Credit loss expense	363,580	358,306
Gain on disposal of property and equipment and other intangible assets	(826)	(711)
(Gains)/Losses on disposal of subsidiaries, associates and joint ventures	(13,472)	230
Foreign exchange gains, net	(8,113)	(19,419)
Net realised gains from disposal of financial instruments		
at fair value through other comprehensive income	(92,062)	(348,444)
Dividend income and interest income from financial instruments at fair		
value through other comprehensive income	(2,384,626)	(1,571,708)
Interest income from debt instruments at amortised cost	(11,890)	(44,690)
Unrealised fair value changes in financial assets		
at fair value through profit or loss	(945,495)	(2,237,208)
Unrealised fair value changes in financial liabilities		
at fair value through profit or loss	(399,698)	(174,834)
Unrealised fair value changes in derivatives	444,780	3,258

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	9,086,010	7,492,173
Increase in advances to customers	(7,626,784)	(7,113,029)
(Increase)/Decrease in financial assets held under resale agreements	(1,305,375)	4,395,210
Increase in financial assets at fair value through profit or loss	(29,685,123)	(7,032,703)
Increase in deposits with exchanges and non-bank financial institutions	(756,728)	(1,182,838)
Increase in restricted bank deposits	(456,505)	(205,598)
Increase in other assets	(3,578,721)	(1,355,696)
Decrease in clearing settlement funds – clients	3,184,198	1,021,190
Increase in cash held on behalf of customers	(16,962,374)	(21,179,244)
Increase in financial liabilities at fair value through profit or loss	2,923,445	957,942
Increase in accounts payable to brokerage clients	15,620,264	22,321,151
Increase/(Decrease) in accrued staff costs	184,615	(219,160)
Increase in other accounts payable, other payables and accruals and other liabilities	4,323,193	1,095,899
Increase/(Decrease) in financial assets sold under repurchase agreements	4,621,397	(22,436,690)
Increase in amounts due to banks and other financial institutions	4,429,583	2,296,958
Increase/(Decrease) in provision	3,567	(3,793)
Cash used in operations	(15,995,338)	(21,148,228)
Income taxes paid	(1,792,248)	(1,029,093)
Interest paid	(1,729,472)	(1,337,005)
<b>Net cash used in operating activities</b>	<b>(19,517,058)</b>	<b>(23,514,326)</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>INVESTING ACTIVITIES</b>		
Dividends and interest received from investments	3,166,693	2,276,706
Purchases of property and equipment and other intangible assets	(275,959)	(1,296,247)
Proceeds from disposal of property and equipment and other intangible assets	3,294	2,853
Capital injection to associates and joint ventures	(454,600)	—
Proceeds from disposals of interests in associates and joint ventures	139,355	217,180
Proceeds from disposal of a subsidiary	523,899	—
Purchase or proceeds from disposal of financial instruments at fair value through other comprehensive income, net	11,417,264	3,659,243
Purchase or proceeds from disposal of debt instruments at amortised cost, net	241,232	596,122
<b>Net cash from investing activities</b>	<b>14,761,178</b>	<b>5,455,857</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders and non-controlling interests	(729,564)	(12,624)
Repayment of interest of borrowings	(50,236)	(62,097)
Repayment of short-term financing payables and bonds interest	(2,555,005)	(2,315,482)
Repayment of interest of long-term loans	(41,019)	(82,853)
Capital reduction by non-controlling shareholders	(4,000)	—
Proceeds from short-term financing payables and bonds issued	34,722,938	47,610,943
Repayment of short-term financing payables and bonds	(26,270,001)	(32,635,477)
Proceeds from borrowings	3,508,199	3,314,229
Repayment of borrowings	(709,444)	(346,504)
Proceeds from long-term loans	—	206,537
Repayment of long-term loans	(974,894)	(727,614)
Payment of principal and interest on lease liabilities	(139,786)	(137,517)
Proceeds from other financing activities	150,802	—
Repayment of other financing activities	(5,307)	(37,962)
<b>Net cash from financing activities</b>	<b>6,902,683</b>	<b>14,773,579</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,146,803</b>	<b>(3,284,890)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19,907,205</b>	<b>21,302,612</b>
Effect of foreign exchange rate changes, net	(18,177)	26,164
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>22,035,831</b>	<b>18,043,886</b>

The accompanying notes form an integral part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 1. GENERAL

With the approval of the People's Bank of China, Guangdong Development Bank (廣東發展銀行) (now known as China Guangfa Bank) established a securities department on 9 April 1991. With the approval of the Guangdong Administration for Industry and Commerce, GF Securities Co., Ltd. (the "Company") was duly established as the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部) on 21 May 1993. On 25 January 1994, the Company was converted into Guangdong Guangfa Securities Company (廣東廣發證券公司), whose capital was contributed by Guangdong Development Bank with its own funds. On 26 December 1996, the Company was converted into a limited liability company and changed its name to Guangfa Securities Limited Liability Company (廣發證券有限責任公司). On 26 August 1999, the Company was spun off from Guangdong Development Bank as required by the sectoral regulation of the financial industries under PRC laws. On 25 July 2001, the Company was converted into a joint stock company and changed its name to GF Securities Co., Ltd. (廣發證券股份有限公司). On 12 February 2010, the Company was listed on the Shenzhen Stock Exchange by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) ("Yan Bian Road"), with the stock code 000776. On 10 April 2015, the Company issued H shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The registered office of the Company is located at Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong, People's Republic of China ("PRC").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in securities brokerage, securities investment consultation, the financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, the proxy sale of securities investment funds, the provision of futures intermediary services for futures companies, margin financing and securities lending, the proxy sale of financial products, securities investment fund custodian, market-making of stock options, asset management, project and investment management, commodity futures brokerage, financial futures brokerage and futures investment advisory.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The unaudited condensed consolidated financial statements were approved by the Board of Directors (the "Board") on 27 August 2021.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 2. BASIS OF PREPARATION AND CHANGES ON ACCOUNTING POLICIES

#### Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

Except as described below, the principal accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2020.

#### Changes on accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised standards for the first time for the current period’s financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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The adoption of the revised IFRSs does not have a significant impact on the Group’s consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 3. SEGMENT REPORTING

The operating and reportable segment information provided to the chief operating decision maker for the six months ended 30 June 2021 and 2020 is as follows:

	Investment banking RMB' 000	Wealth management RMB' 000	Trading and institution RMB' 000	Investment management RMB' 000	Others RMB' 000	Segment total RMB' 000	Elimination RMB' 000	Consolidated total RMB' 000
<b>Unaudited</b>								
<b>For the six months ended</b>								
<b>30 June 2021</b>								
<b>Segment revenue and results</b>								
Segment revenue	263,054	7,227,110	6,157,302	6,294,658	31,213	19,973,337	–	19,973,337
Segment other income and gains or losses	1,148	1,449,258	(1,602)	(254,221)	559,496	1,754,079	–	1,754,079
Segment revenue and other income	264,202	8,676,368	6,155,700	6,040,437	590,709	21,727,416	–	21,727,416
Segment expenses	(181,516)	(5,587,369)	(3,061,617)	(3,076,352)	(2,296,060)	(14,202,914)	–	(14,202,914)
Segment results	82,686	3,088,999	3,094,083	2,964,085	(1,705,351)	7,524,502	–	7,524,502
Share of results of associates and joint ventures	–	48	4,060	625,502	64,407	694,017	–	694,017
Profit/(loss) before income tax	82,686	3,089,047	3,098,143	3,589,587	(1,640,944)	8,218,519	–	8,218,519
<b>Unaudited</b>								
<b>As at 30 June 2021</b>								
<b>Segment assets and liabilities</b>								
Segment assets	150,259	124,185,852	196,212,070	34,028,953	150,716,286	505,293,420	(1,465,000)	503,828,420
Deferred tax assets								1,823,148
Group's total assets								505,651,568
Segment liabilities	98,004	108,041,160	106,882,151	11,221,560	174,397,474	400,640,349	–	400,640,349
Deferred tax liabilities								723,317
Group's total liabilities								401,363,666

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. SEGMENT REPORTING – continued

	Investment banking RMB' 000	Wealth management RMB' 000	Trading and institution RMB' 000	Investment management RMB' 000	Others RMB' 000	Segment total RMB' 000	Elimination RMB' 000	Consolidated total RMB' 000
<b>Unaudited</b>								
<b>For the six months ended</b>								
<b>30 June 2020</b>								
<b>Segment revenue and results</b>								
Segment revenue	437,919	5,905,726	5,632,589	5,288,024	(7,672)	17,256,586	–	17,256,586
Segment other income and gains or losses	(162)	241,265	6,477	(550,391)	724,297	421,486	–	421,486
Segment revenue and other income	437,757	6,146,991	5,639,066	4,737,633	716,625	17,678,072	–	17,678,072
Segment expenses	(226,543)	(3,448,018)	(2,972,223)	(1,758,192)	(1,634,540)	(10,039,516)	–	(10,039,516)
Segment results	211,214	2,698,973	2,666,843	2,979,441	(917,915)	7,638,556	–	7,638,556
Share of results of associates and joint ventures	–	14	(18,237)	300,562	(66,461)	215,878	–	215,878
Profit/(loss) before income tax	211,214	2,698,987	2,648,606	3,280,003	(984,376)	7,854,434	–	7,854,434
<b>Audited</b>								
<b>As at 31 December 2020</b>								
<b>Segment assets and liabilities</b>								
Segment assets	269,549	115,340,134	163,809,010	32,162,714	146,023,439	457,604,846	(1,465,000)	456,139,846
Deferred tax assets								1,323,840
Group's total assets								457,463,686
Segment liabilities	111,457	98,133,843	91,847,434	9,144,335	155,534,708	354,771,777	–	354,771,777
Deferred tax liabilities								418,323
Group's total liabilities								355,190,100

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 4. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Securities brokerage business commission and fee income	3,439,227	2,811,095
Asset management and fund management fee income	4,829,302	2,856,670
Underwriting and sponsorship fee income	245,751	381,007
Consultancy and financial advisory fee income	133,895	138,988
Futures brokerage business commission and fee income	261,896	174,672
Others	106,366	63,675
	<u>9,016,437</u>	<u>6,426,107</u>

### 5. INTEREST INCOME

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Margin financing and securities lending	3,029,833	2,059,798
Debt instruments at fair value through other comprehensive income	1,746,552	1,571,708
Deposits with exchanges and financial institutions	1,407,328	1,192,131
Financial assets held under resale agreements	406,014	433,891
Debt instruments at amortised cost	11,890	44,690
Leasing business	49,190	120,567
Others	802	15,351
	<u>6,651,609</u>	<u>5,438,136</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 6. NET INVESTMENT GAINS

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	92,062	348,444
Net realised gains from disposal of financial instruments at fair value through profit or loss	1,581,325	1,400,004
Dividend income and interest income from financial instruments at fair value through profit or loss	1,000,352	1,251,500
Dividend income from financial instruments at fair value through other comprehensive income	638,074	—
Net realised gains/(losses) from derivatives	56,185	(6,839)
Unrealised fair value changes of		
financial instruments at fair value through profit or loss		
– Financial assets at fair value through profit or loss	945,495	2,237,208
– Financial liabilities at fair value through profit or loss	399,698	174,834
– Derivatives	(407,900)	(12,808)
	<u>4,305,291</u>	<u>5,392,343</u>

### 7. OTHER INCOME AND GAINS OR LOSSES

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Commodity trading income	1,376,834	166,925
Third-party interests in consolidated structured entities	(343,049)	(551,448)
Government grants	633,230	743,661
Commission from tax withholding and remitting	48,462	29,645
Gains/(Losses) on disposal of subsidiaries, associates and joint ventures	13,472	(230)
Others	25,130	32,933
	<u>1,754,079</u>	<u>421,486</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 8. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Depreciation of property and equipment	162,412	152,868
Depreciation of investment properties	1,550	1,550
Depreciation of right-of-use assets	154,910	149,214
Amortisation of other intangible assets	50,386	52,659
	<u>369,258</u>	<u>356,291</u>

### 9. STAFF COSTS

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Salaries, bonuses and allowances and other long-term benefits	5,015,023	3,771,976
Short-term social welfares	174,910	139,669
Defined contribution plans	279,230	135,528
Others	201,665	169,189
	<u>5,670,828</u>	<u>4,216,362</u>

### 10. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Securities and futures brokerage business expenses	162,875	132,384
Underwriting and sponsorship fee expenses	579	10,246
Other service expenses	6,537	5,585
	<u>169,991</u>	<u>148,215</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 11. INTEREST EXPENSES

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Bonds payable	1,831,753	1,892,970
Financial assets sold under repurchase agreements	1,100,433	815,145
Short-term financing payables	686,216	259,720
Due to banks and other financial institutions	239,238	133,486
Accounts payable to brokerage clients	221,660	147,462
Borrowings	48,563	59,201
Long-term loans	36,202	78,829
Lease liabilities	16,410	17,014
Others	58,226	127,717
	<u>4,238,701</u>	<u>3,531,544</u>

### 12. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Commodity trading costs	1,374,824	165,678
General and administrative expenses	338,988	249,974
Taxes and surcharges	113,184	64,634
Rents and utilities	68,981	80,951
Distribution expenses for fund and asset management business	1,064,181	546,361
Post and telecommunications expenses	105,757	105,197
Securities and futures investor protection funds	59,148	54,704
Advertisement and business development expenses	80,349	27,588
Sundry expenses	183,773	132,709
	<u>3,389,185</u>	<u>1,427,796</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 13. CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Debt instruments at amortised cost	2,033	91,488
Debt instruments at fair value through other comprehensive income	(12,595)	74,382
Advances to customers	69,404	2,011
Accounts receivable	5,503	4,787
Lease receivables	12,884	94,713
Financial assets held under resale agreements	268,002	47,699
Others	18,349	43,226
	<u>363,580</u>	<u>358,306</u>

### 14. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	1,721,227	1,360,523
Hong Kong Profits Tax and other jurisdictions	62,939	13,307
Subtotal	<u>1,784,166</u>	<u>1,373,830</u>
Deferred income tax (Note 34)	<u>(42,540)</u>	<u>361,696</u>
	<u>1,741,626</u>	<u>1,735,526</u>

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the Company and its main subsidiaries in the PRC is 25% (2020: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for both periods. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 15. EARNINGS PER SHARE

The calculation of earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company (in thousand)	<u>5,888,485</u>	<u>5,751,536</u>
Number of shares:		
Weighted average number of ordinary shares in issue (in thousand) (Note)	<u>7,621,088</u>	<u>7,621,088</u>
Earnings per share:		
Earnings per share (RMB)		
– Basic	<u>0.77</u>	0.75
– Diluted	<u>0.77</u>	<u>0.75</u>

There were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2021 and 30 June 2020, and thus, the diluted earnings per share were the same as the basic earnings per share.

Note: The time-weighting factor of the weighted average number of shares in issue is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 16. PROPERTY AND EQUIPMENT

Unaudited

#### Cost

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Total RMB' 000
As at 1 January 2021	2,860,832	960,058	119,862	246,525	926,668	5,113,945
Additions	–	40,415	9,245	4,546	9,397	63,603
Disposals/write-off	(14,554)	(30,063)	(7,621)	(5,755)	(26,091)	(84,084)
Effect of foreign currency exchange differences	–	(436)	(10)	(23)	(189)	(658)
As at 30 June 2021	2,846,278	969,974	121,476	245,293	909,785	5,092,806

#### Accumulated depreciation and impairment

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Total RMB' 000
As at 1 January 2021	487,688	688,158	85,682	149,658	538,562	1,949,748
Charge for the period	40,367	56,949	6,855	16,476	43,646	164,293
Disposals/write-off	–	(29,980)	(7,621)	(5,691)	(26,088)	(69,380)
Effect of foreign currency exchange differences	–	(347)	(8)	(18)	(194)	(567)
As at 30 June 2021	528,055	714,780	84,908	160,425	555,926	2,044,094

#### Net carrying amount

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Total RMB' 000
As at 30 June 2021	2,318,223	255,194	36,568	84,868	353,859	3,048,712

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 16. PROPERTY AND EQUIPMENT – continued

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Total RMB' 000
<b>Audited</b>						
<b>Cost</b>						
As at 1 January 2020	1,543,949	932,797	122,618	248,976	957,363	3,805,703
Additions	708,090	87,719	7,501	17,264	49,939	870,513
Transfers during the year	629,853	–	–	–	–	629,853
Disposals/write-off	(21,060)	(57,777)	(10,067)	(19,450)	(78,877)	(187,231)
Effect of foreign currency exchange differences	–	(2,681)	(190)	(265)	(1,757)	(4,893)
As at 31 December 2020	2,860,832	960,058	119,862	246,525	926,668	5,113,945
<b>Accumulated depreciation and impairment</b>						
As at 1 January 2020	399,826	623,743	81,954	136,722	518,930	1,761,175
Charge for the year	107,612	123,943	13,935	32,369	84,865	362,724
Disposals/write-off	(19,750)	(57,394)	(10,046)	(19,214)	(63,704)	(170,108)
Effect of foreign currency exchange differences	–	(2,134)	(161)	(219)	(1,529)	(4,043)
As at 31 December 2020	487,688	688,158	85,682	149,658	538,562	1,949,748
<b>Net carrying amount</b>						
As at 31 December 2020	2,373,144	271,900	34,180	96,867	388,106	3,164,197

As at 30 June 2021, the Group's properties and buildings amounting to RMB362.95 million (31 December 2020: RMB376.52 million) included the leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, and therefore the entire lease is accounted for as properties and buildings.

The Group is still in the process of applying for the title certificates for its properties and buildings with a carrying amount of RMB28.88 million as at 30 June 2021 (31 December 2020: RMB39.28 million) and GF Securities Tower with a carrying amount of RMB1,955.27 million. The Group expects that the aforesaid matter would not affect its rights over the assets or have no significant impact on its operation.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 17. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of properties and buildings used in its operations. The Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (1) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	Properties and buildings RMB' 000	Land use rights RMB' 000	Total RMB' 000
<u>Unaudited</u>			
<b>Cost</b>			
As at 1 January 2021	1,052,793	1,325,949	2,378,742
Additions	275,062	3,000	278,062
Disposals/write-off	(98,049)	—	(98,049)
Effect of foreign currency exchange differences	(920)	—	(920)
As at 30 June 2021	1,228,886	1,328,949	2,557,835
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2021	408,224	134,901	543,125
Charge for the period	139,870	15,040	154,910
Disposals/write-off	(93,745)	—	(93,745)
Effect of foreign currency exchange differences	(795)	—	(795)
As at 30 June 2021	453,554	149,941	603,495
<b>Net carrying amount</b>			
As at 30 June 2021	775,332	1,179,008	1,954,340

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 17. LEASES – continued

### The Group as a lessee – continued

#### (1) Right-of-use assets – continued

	Properties and buildings RMB' 000	Land use rights RMB' 000	Total RMB' 000
<u>Audited</u>			
<b>Cost</b>			
As at 1 January 2020	936,860	231,065	1,167,925
Additions	255,854	940,841	1,196,695
Transfers during the year	–	154,043	154,043
Disposals/write-off	(133,420)	–	(133,420)
Effect of foreign currency exchange differences	(6,501)	–	(6,501)
As at 31 December 2020	<u>1,052,793</u>	<u>1,325,949</u>	<u>2,378,742</u>
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2020	223,945	93,339	317,284
Charge for the year	280,337	41,562	321,899
Disposals/write-off	(91,476)	–	(91,476)
Effect of foreign currency exchange differences	(4,582)	–	(4,582)
As at 31 December 2020	<u>408,224</u>	<u>134,901</u>	<u>543,125</u>
<b>Net carrying amount</b>			
As at 31 December 2020	<u>644,569</u>	<u>1,191,048</u>	<u>1,835,617</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 17. LEASES – continued

#### The Group as a lessee – continued

##### (2) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Properties and buildings</b>		
Current	259,244	217,522
Non-current	534,823	435,539

### 18. INVESTMENTS IN ASSOCIATES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Cost of unlisted investments in associates	2,531,284	2,119,005
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,903,564	2,766,066
	5,434,848	4,885,071
Unlisted investment in an associate at fair value through profit or loss (Note)	10,110	45,266
	5,444,958	4,930,337

Note: The Group elects to measure its investment in GEJIA Corporation of RMB10.11 million (31 December 2020: RMB45.27 million) held through GF Xinde Capital Management Limited, a venture capital organisation and an indirect wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this associate on a fair value basis as at 30 June 2021. The valuation determination, including valuation techniques, key inputs and fair value information for the associate measured at fair value through profit or loss are set out in note 50.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 18. INVESTMENTS IN ASSOCIATES – continued

Details of the Group's significant associate at the end of the period are as follows:

Name of associate	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at 30 June 2021	As at 31 December 2020	
易方達基金管理有限公司 E Fund Management Co., Limited ("E Fund")	PRC 17 April 2001	22.65%	22.65%	Publicly offered securities investment fund management, fund sale, asset management for specific customers

### 19. INVESTMENTS IN JOINT VENTURES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Cost of unlisted investments in joint ventures	2,338,540	2,341,664
Share of post-acquisition profits and other comprehensive income, net of dividends received	10,713	(29,852)
	<u>2,349,253</u>	<u>2,311,812</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 20. DEBT INSTRUMENTS AT AMORTISED COST

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Secured loan receivables	319,525	319,241
Less: Allowance for ECLs	202,687	202,631
	<b>116,838</b>	<b>116,610</b>
<b>Analysed as:</b>		
Unlisted	116,838	116,610
	<b>116,838</b>	<b>116,610</b>
<b>Current</b>		
Debt securities	—	163,075
Entrusted loans	23,937	23,937
Secured loan receivables	154,777	168,919
Asset management schemes launched by securities companies	232,088	304,370
Less: Allowance for ECLs	316,087	314,596
	<b>94,715</b>	<b>345,705</b>
<b>Analysed as:</b>		
Listed outside Hong Kong <sup>(i)</sup>	—	153,038
Unlisted	94,715	192,667
	<b>94,715</b>	<b>345,705</b>
<b>Total</b>	<b>211,553</b>	<b>462,315</b>

- (i) Securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 20. DEBT INSTRUMENTS AT AMORTISED COST – *continued*

Movements of allowance for ECLs during the period/year are as follows:

	<b>As at 30 June 2021 RMB' 000 (unaudited)</b>	<b>As at 31 December 2020 RMB' 000 (audited)</b>
At beginning of period/year	517,227	371,188
Charge for the period/year <sup>(ii)</sup>	22,261	169,568
Reversal	(20,228)	(20,699)
Effect of foreign currency exchange differences	(486)	(2,830)
	<u>518,774</u>	<u>517,227</u>
At 30 June 2021/31 December 2020		

(ii) Charge for the period/year comprises the impairment losses from new and remaining debt instruments at amortised cost, model/risk parameters adjustment, etc.

During the period, the debt instruments at amortised cost were not transferred among stages.

As at 30 June 2021, the allowances for ECLs of Stage 1, Stage 2 and Stage 3 were nil, nil and RMB518.77 million, respectively (31 December 2020: RMB0.05 million, nil and RMB517.18 million).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 21. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
China Securities Finance Co., Ltd.	—	10,813,726
Jilin Aodong Pharmaceutical Group Co., Ltd.	670,911	713,357
E-Capital Transfer Co., Ltd.	80,000	80,000
Others	18,874	17,995
	<u>769,785</u>	<u>11,625,078</u>
<b>Analysed as:</b>		
Listed outside Hong Kong <sup>(i)</sup>	670,911	713,357
Unlisted	98,874	10,911,721
	<u>769,785</u>	<u>11,625,078</u>

- (i) Securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

The above equity instruments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

As at 30 June 2021, the Group entered into securities lending arrangements with clients that resulted in the transfer of equity instruments at fair value through other comprehensive income ("FVTOCI") with a total fair value of RMB0.04 million (31 December 2020: RMB0.08 million) to clients. These securities continued to be recognised as financial assets of the Group.

Fair values of the Group's equity instruments at FVTOCI are determined in the manner described in note 50.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 22. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current</b>		
Debt securities	<u>114,634,579</u>	<u>120,182,381</u>
<b>Analysed as:</b>		
Listed outside Hong Kong <sup>(i)</sup>	<u>46,073,175</u>	45,094,799
Unlisted	<u>68,561,404</u>	<u>75,087,582</u>
	<u>114,634,579</u>	<u>120,182,381</u>

- (i) Securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	608,233	453,749
Charge for the period/year <sup>(ii)</sup>	133,519	266,374
Reversal	(146,114)	(107,796)
Effect of foreign currency exchange differences	<u>(721)</u>	<u>(4,094)</u>
At 30 June 2021/31 December 2020	<u>594,917</u>	<u>608,233</u>

- (ii) Charge for the period/year comprises the impairment losses from new and remaining debt instruments at fair value through other comprehensive income, model/risk parameters adjustment, etc.

During the period, the debt instruments at fair value through other comprehensive income were not transferred among stages.

As at 30 June 2021, the allowances for ECLs of Stage 1, Stage 2 and Stage 3 were RMB191.18 million, RMB7.96 million and RMB395.78 million, respectively (31 December 2020: RMB218.98 million, RMB8.12 million and RMB381.13 million).

Fair values of the Group's debt instruments at FVTOCI are determined in the manner described in note 50.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 23. ADVANCES TO CUSTOMERS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current</b>		
Loans to margin clients	94,051,622	86,466,776
Restricted equity incentive financing	25,571	26,828
Less: Allowance for ECLs	398,205	340,788
	<u>93,678,988</u>	<u>86,152,816</u>

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	340,788	276,170
Charge for the period/year <sup>(i)</sup>	90,665	108,282
Reversal	(21,261)	(26,830)
Amounts written off as uncollectible	(8,917)	—
Effect of foreign currency exchange differences	(3,070)	(16,834)
At 30 June 2021/31 December 2020	<u>398,205</u>	<u>340,788</u>

- (i) Charge for the period/year comprises the impairment losses from new and remaining advances to customers, model/risk parameters adjustment, etc.

During the period, the advances to customers with a gross carrying amount of RMB573.93 million were transferred from Stage 1 to Stage 2, and the corresponding impairment allowance was RMB0.08 million. Other transfers among stages were not significant.

As at 30 June 2021, the allowances for ECLs of Stage 1, Stage 2 and Stage 3 were RMB92.91 million, RMB2.11 million and RMB303.19 million, respectively (31 December 2020: RMB54.09 million, nil and RMB286.70 million).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 24. ACCOUNTS RECEIVABLE

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Accounts receivable from/related to:		
<b>Current</b>		
Clients for subscription of new shares in IPO	2,726,022	130,435
Commission and fee	1,892,391	1,696,726
Brokers	617,149	189,516
Cash clients	581,435	477,336
Clearing house	17,659	204,405
Others	1,608,654	806,439
Less: Allowance for ECLs	205,834	200,573
	<u>7,237,476</u>	<u>3,304,284</u>

The following is an ageing analysis of accounts receivable net of allowance for ECLs:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current</b>		
Within 1 year	6,842,762	3,039,563
Between 1 and 2 years	270,381	151,550
Between 2 and 3 years	69,762	57,390
More than 3 years	54,571	55,781
	<u>7,237,476</u>	<u>3,304,284</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 24. ACCOUNTS RECEIVABLE – continued

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	200,573	168,152
Charge for the period/year <sup>(i)</sup>	6,775	46,618
Reversal	(1,272)	(10,748)
Amounts written off as uncollectible	(19)	(2,319)
Effect of foreign currency exchange differences	(223)	(1,130)
At 30 June 2021/31 December 2020	<u>205,834</u>	<u>200,573</u>

- (i) Charge for the period/year comprises the impairment losses from new and remaining accounts receivable, model/risk parameters adjustment, etc.

### 25. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Investment prepayments	99,000	103,500
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	9,458	47,942
Other receivables	246,430	248,685
Less: Allowance for impairment	86,340	73,540
	<u>268,548</u>	<u>326,587</u>
<b>Current</b>		
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	140,044	221,157
Other receivables	535,980	509,985
Others	150,776	141,399
Less: Allowance for impairment	48,982	48,443
	<u>777,818</u>	<u>824,098</u>
<b>Total</b>	<u>1,046,366</u>	<u>1,150,685</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 25. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – continued

Movements of allowance for ECLs/allowance for impairment during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	121,983	41,195
Charge for the period/year <sup>(i)</sup>	15,541	100,120
Reversal	(1,461)	(17,673)
Amounts written off as uncollectible	(723)	(1,530)
Effect of foreign currency exchange differences	(18)	(129)
At 30 June 2021/31 December 2020	<u>135,322</u>	<u>121,983</u>

- (i) Charge for the period/year comprises the impairment losses from new and remaining other accounts receivable, other receivables and prepayments, model/risk parameters adjustment, etc.
- (ii) Minimum lease payments to be received and the corresponding present value are as follows:

	As at 30 June 2021		As at 31 December 2020	
	Minimum lease payments RMB' 000	Present value RMB' 000	Minimum lease payments RMB' 000	Present value RMB' 000
Within 1 year (including 1 year)	145,519	140,045	231,507	221,157
Between 1 and 2 years (including 2 years)	8,870	7,876	47,027	44,425
Between 2 and 3 years (including 3 years)	2,100	1,581	2,363	1,645
Between 3 and 4 years (including 4 years)	–	–	2,100	1,872
Total	<u>156,489</u>	<u>149,502</u>	<u>282,997</u>	<u>269,099</u>
Less: Unrealised finance income	<u>6,987</u>	<u>N/A</u>	<u>13,898</u>	<u>N/A</u>
Balance of receivables arising from sale and leaseback arrangements	<u>149,502</u>	<u>149,502</u>	<u>269,099</u>	<u>269,099</u>
Less: Allowance for ECLs	<u>41,334</u>	<u>41,334</u>	<u>42,593</u>	<u>42,593</u>
Receivables arising from sale and leaseback arrangements, net	<u>108,168</u>	<u>108,168</u>	<u>226,506</u>	<u>226,506</u>

As at 30 June 2021, the effective interest rates ranged from 3% to 13% (31 December 2020: 3% to 13%) per annum.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 25. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – continued

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	42,593	16,199
Charge for the period/year <sup>(iii)</sup>	–	33,907
Reversal	(1,259)	(7,513)
	<u>41,334</u>	<u>42,593</u>
At 30 June 2021/31 December 2020		

- (iii) Charge for the period/year comprises the impairment losses from new and remaining receivables arising from sale and leaseback arrangements, model/risk parameters adjustment, etc.

### 26. FINANCIAL LEASING RECEIVABLES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Analysed as:		
Current assets	799,700	977,034
Non-current assets	323,815	558,599
	<u>1,123,515</u>	<u>1,535,633</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 26. FINANCIAL LEASING RECEIVABLES – continued

Minimum lease payments to be received and the corresponding present value are as follows:

	As at 30 June 2021		As at 31 December 2020	
	Minimum lease payments RMB' 000 (unaudited)	Present value RMB' 000 (unaudited)	Minimum lease payments RMB' 000 (audited)	Present value RMB' 000 (audited)
Within 1 year (including 1 year)	1,332,767	1,272,742	1,515,591	1,447,918
Between 1 and 2 years (including 2 years)	331,796	331,275	515,698	483,674
Between 2 and 3 years (including 3 years)	17,805	17,593	92,691	87,993
Total	1,682,368	1,621,610	2,123,980	2,019,585
Less: Unrealised finance income	60,758	N/A	104,395	N/A
Balance of financial leasing receivables	1,621,610	1,621,610	2,019,585	2,019,585
Less: Allowance for ECLs	498,095	498,095	483,952	483,952
Financial leasing receivables, net	1,123,515	1,123,515	1,535,633	1,535,633

As at 30 June 2021, the effective interest rate ranged from 5% to 19% (31 December 2020: 5% to 19%) per annum.

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	483,952	203,489
Charge for the period/year <sup>(i)</sup>	14,143	291,498
Reversal	–	(11,035)
At 30 June 2021/31 December 2020	498,095	483,952

- (i) Charge for the period/year comprises the impairment losses from new and remaining financial leasing receivables, model/risk parameters adjustment, etc.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 26. FINANCIAL LEASING RECEIVABLES – continued

During the period, the transfers of financial leasing receivables among stages were not significant.

As at 30 June 2021, the allowances for ECLs of Stage 1, Stage 2 and Stage 3 were RMB5.64 million, RMB17.38 million and RMB475.08 million, respectively (31 December 2020: RMB12.35 million, RMB12.98 million and RMB458.62 million).

### 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	1,535,050	1,873,550
Less: Allowance for ECLs	29,330	15,003
	<u>1,505,720</u>	<u>1,858,547</u>
Analysed by market:		
Stock exchanges	<u>1,505,720</u>	<u>1,858,547</u>
<b>Current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	10,726,516	10,645,240
Bonds <sup>(ii)</sup>	6,052,826	4,500,970
Less: Allowance for ECLs	464,582	210,908
	<u>16,314,760</u>	<u>14,935,302</u>
Analysed by market:		
Stock exchanges	10,384,270	10,454,334
Interbank bond market	5,759,512	4,414,896
Over the counter	170,978	66,072
	<u>16,314,760</u>	<u>14,935,302</u>
<b>Total</b>	<u>17,820,480</u>	<u>16,793,849</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS – *continued*

- (i) The financial assets (pledged by stocks) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price. The fair value of the stock collateral amounted to RMB47,017.38 million as at 30 June 2021 (31 December 2020: RMB46,211.98 million).
- (ii) The financial assets (pledged by bonds) held under resale agreements are mainly for inter-bank pledged resale agreements and inter-bank outright resale agreements, and the fair value of collateral collected and underlying assets transferred to Group amounted to RMB6,819.10 million as at 30 June 2021 (31 December 2020: RMB5,216.33 million).

Movements of allowance for ECLs during the period/year are as follows:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
At beginning of period/year	225,911	161,502
Charge for the period/year <sup>(iii)</sup>	325,748	142,563
Reversal	(57,746)	(78,154)
Effect of foreign currency exchange differences	(1)	–
At 30 June 2021/31 December 2020	<u>493,912</u>	<u>225,911</u>

- (iii) Charge for the period/year comprises the impairment losses from new and remaining financial assets held under resale agreements, model/risk parameters adjustment, etc.

During the period, the financial assets held under resale agreements with a gross carrying amount of RMB376.22 million were transferred from Stage 1 to Stage 3, and the corresponding impairment allowance was RMB1.57 million. No other transfers among stages.

As at 30 June 2021, the allowances for ECLs of Stage 1, Stage 2 and Stage 3 were RMB78.39 million, RMB0.12 million and RMB415.40 million, respectively (31 December 2020: RMB63.58 million, nil and RMB162.33 million).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Listed equity securities	66,480	116,424
Unlisted equity instruments	7,022,170	6,264,212
Funds	104,857	96,482
Convertible debt instruments	23,731	37,793
Convertible preference shares	71,056	45,672
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	62,690	56,743
Other investments <sup>(iii)</sup>	185,357	—
	<b>7,536,341</b>	<b>6,617,326</b>
 Analysed as:		
Listed outside Hong Kong <sup>(iv)</sup>	66,480	116,424
Unlisted <sup>(v)</sup>	7,469,861	6,500,902
	<b>7,536,341</b>	<b>6,617,326</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – continued

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Debt securities	22,524,838	23,631,968
Listed equity securities	14,682,344	9,221,504
Unlisted equity instruments	–	555,745
Funds	45,978,491	20,920,752
Convertible debt instruments	–	4,159
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	2,283,622	3,196,361
Collective trusts	203,575	9,423
Wealth management products launched by banks <sup>(iii)</sup>	2,392,312	2,460,273
Convertible preference shares	–	226,892
Other investments <sup>(iii)</sup>	6,625,428	852,991
	<b>94,690,610</b>	<b>61,080,068</b>
<b>Analysed as:</b>		
Listed in Hong Kong	1,664,996	1,234,376
Listed outside Hong Kong <sup>(iv)</sup>	29,942,094	19,015,736
Unlisted <sup>(v)</sup>	63,083,520	40,829,956
	<b>94,690,610</b>	<b>61,080,068</b>
<b>Total</b>	<b>102,226,951</b>	<b>67,697,394</b>

- (i) During the period, the Group classified the following financial assets at fair value through profit or loss: debt instruments that do not qualify for measurement at either amortised cost or FVTOCI; equity instruments that are held for trading, and equity instruments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.
- (ii) The Group has committed to hold some of its investments in asset management schemes managed by the Group for specified periods due to contractual or regulatory requirements, the amount of which was RMB699.54 million as at 30 June 2021 (31 December 2020: RMB658.29 million).
- (iii) The investments in asset management schemes and other wealth management products, categorized as other investments, represent products launched and managed by the Group and other financial institutions. The Group's interests in these asset management schemes managed by the Group are not individually significant.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – *continued*

- (iv) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the “Listed outside Hong Kong” category.
- (v) Unlisted securities mainly comprise unlisted funds, debt securities traded on the Interbank Bond Market, unlisted equity instruments, convertible debt instruments, exchangeable debt instruments, convertible preference shares and asset management schemes and other wealth management products launched by financial institutions.

As at 30 June 2021, the listed equity securities of the Group included restricted shares of approximately RMB2,103.04 million (31 December 2020: RMB2,979.83 million). The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group from disposing of them within the specified period.

As at 30 June 2021, the Group entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss (“FVTPL”) (including equity securities and exchange traded funds) with a total fair value of RMB663.98 million (31 December 2020: RMB377.16 million) to clients. These securities continued to be recognised as financial assets of the Group.

Fair value of the Group's financial assets at fair value through profit or loss is determined in the manner described in note 50.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 29. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2021			As at 31 December 2020		
	Notional principal amount RMB' 000	Assets RMB' 000 (unaudited)	Liabilities RMB' 000 (unaudited)	Notional principal amount RMB' 000	Assets RMB' 000 (audited)	Liabilities RMB' 000 (audited)
<b>Interest rate derivatives</b>						
– Interest rate swaps	349,475,000	727	423	169,480,000	693	275
– Standard bond forward	309,885	–	–	85,637	–	–
– Interest rate options	800,000	235	235	1,000,000	110	110
<b>Currency derivatives</b>						
– Currency forward	955,116	228	5,285	–	–	–
<b>Equity derivatives</b>						
– Stock index futures <sup>(i)</sup>	16,605,231	5,873	141	9,794,503	11,129	1,884
– Over-the-counter options	4,716,094	147,193	164,634	4,472,423	22,894	74,856
– Structured notes <sup>(ii)</sup>	–	7,110	13,340	–	3,252	5,483
– Exchange-traded options	6,304,208	54,957	70,326	8,065,030	110,403	89,823
– Equity swaps	2,992,908	86,015	146,929	1,300,219	9,629	5,657
<b>Credit derivatives</b>						
– Credit default swaps	60,000	51	9	40,000	174	–
– Credit risk mitigation warrants	34,000	242	–	34,000	466	–
<b>Others</b>						
– Treasury bond futures <sup>(iii)</sup>	17,663,146	1,156	31	2,964,029	–	511
– Commodity futures <sup>(iii)</sup>	4,170,083	–	–	2,758,992	–	–
– Others	7,594,676	31,244	427,376	4,953,019	44,616	36,388
	<u>411,680,347</u>	<u>335,031</u>	<u>828,729</u>	<u>204,947,852</u>	<u>203,366</u>	<u>214,987</u>

- (i) Stock index futures: under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC stock index futures (including the "PRC SIF", "PRC SIH" and "PRC SIC") were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 30 June 2021 and 31 December 2020. Accordingly, the net position of the PRC SIF, PRC SIH and PRC SIC contracts was nil at the period/year-end date. Balances as at 30 June 2021 were the unrealised profits and losses from stock index futures in Hong Kong or other overseas areas.
- (ii) The amount represents the fair value of embedded derivatives of structured notes, details of which are set out in notes 36 and 44.
- (iii) Treasury bond futures and commodity futures: under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 30 June 2021 and 31 December 2020. Accordingly, the net position of the treasury bond future contracts and commodity future contracts was nil at the period/year-end date. Balances as at 30 June 2021 were the unrealised profits and losses from treasury bond futures in Hong Kong or other overseas areas.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 30. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Deposits with stock exchanges:		
Shanghai Stock Exchange	644,325	596,037
Shenzhen Stock Exchange	291,551	310,027
Hong Kong Stock Exchange	33,574	43,532
Deposits with futures and commodity exchanges:		
Hong Kong Futures Exchange Limited	164,422	150,068
Shanghai Futures Exchange	1,509,942	1,242,978
Zhengzhou Commodity Exchange	703,191	482,718
Dalian Commodity Exchange	1,328,070	1,113,296
China Financial Futures Exchange	4,460,023	4,300,843
Intercontinental Exchange, Inc.	190,910	194,953
China Securities Finance Corporation Limited	624,291	1,173,945
Shanghai Clearing House	155,421	150,924
Guarantee fund paid to China Financial Futures Exchange	69,700	37,647
LME Clear Limited	568,502	328,084
Brokers	948,718	821,772
Shanghai International Energy Exchange Co., Ltd.	106,860	85,658
Others	2,332	13,064
Total	<u>11,801,832</u>	<u>11,045,546</u>

### 31. CLEARING SETTLEMENT FUNDS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Clearing settlement funds held with clearing houses for:		
House accounts	4,947,320	3,810,360
Clients	<u>13,520,847</u>	<u>16,705,045</u>
	<u>18,468,167</u>	<u>20,515,405</u>

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 32. BANK BALANCES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Bank balances:		
House accounts	23,728,130	22,296,487
Cash held on behalf of customers <sup>(i)</sup>	97,432,075	80,469,717
	<u>121,160,205</u>	<u>102,766,204</u>

Bank balances comprise term and demand deposits at banks which bear interest at the prevailing market rates.

As at 30 June 2021, the Group's bank balances of RMB3,786.43 million were restricted.

- (i) The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The Group has recognised the corresponding amount in accounts payable to brokerage clients (Note 38).

### 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Bank balances – house accounts	17,091,688	16,099,816
Clearing settlement funds – house accounts	4,944,143	3,807,389
	<u>22,035,831</u>	<u>19,907,205</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 34. DEFERRED TAXATION

For presentation purposes, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	<b>As at 30 June 2021 RMB' 000 (unaudited)</b>	<b>As at 31 December 2020 RMB' 000 (audited)</b>
Deferred tax assets	<b>1,823,148</b>	1,323,840
Deferred tax liabilities	<b>(723,317)</b>	(418,323)
	<b><u>1,099,831</u></b>	<u>905,517</u>

The following is the major deferred tax assets/(liabilities) recognised and movements thereon during the current period and prior year:

	Financial instruments at fair value through profit or loss/ derivatives RMB' 000	Financial instruments at fair value through other comprehensive income RMB' 000	Accrued staff cost RMB' 000	Allowance for impairment losses RMB' 000	Property and equipment RMB' 000	Others RMB' 000	Total RMB' 000
At 1 January 2020 (audited)	(57,592)	(237,932)	790,019	208,994	(17,166)	90,937	777,260
Charge/(credit) to profit or loss	(227,745)	26,964	223,535	166,406	984	(80,826)	109,318
Charge/(credit) to other comprehensive income	1,947	(6,583)	-	57	-	23,518	18,939
At 31 December 2020 (audited)	<u>(283,390)</u>	<u>(217,551)</u>	<u>1,013,554</u>	<u>375,457</u>	<u>(16,182)</u>	<u>33,629</u>	<u>905,517</u>
Charge/(credit) to profit or loss (Note 14)	(160,033)	(162)	172,383	86,959	492	(57,099)	42,540
Charge/(credit) to other comprehensive income	258	126,153	-	(1)	-	(172)	126,238
Transferred out	25,536	-	-	-	-	-	25,536
At 30 June 2021 (unaudited)	<u>(417,629)</u>	<u>(91,560)</u>	<u>1,185,937</u>	<u>462,415</u>	<u>(15,690)</u>	<u>(23,642)</u>	<u>1,099,831</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 35. BORROWINGS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Secured short-term bank loans <sup>(i)</sup>	1,049,364	160,439
Unsecured short-term bank loans <sup>(ii)</sup>	4,272,015	2,392,347
	<u>5,321,379</u>	<u>2,552,786</u>

- (i) GF Securities (Hong Kong) Brokerage Limited pledges its margin financing clients' securities to banks in order to get credit facilities which allow it to get revolving loans from the banks. As at 30 June 2021, the total market value of securities pledged amounted to RMB2,690.99 million (31 December 2020: RMB2,986.56 million) and the credit facilities utilised amounted to RMB1,049.36 million (31 December 2020: RMB148.42 million), which bear interest rates of cost of fund rate of lending bank+1.10% or FDTRMID+1.10% or variable interest rates ranging from HIBOR+0.90% to HIBOR+0.95% (31 December 2020: cost of fund rate of lending bank +1.10%) per annum.
- (ii) As at 30 June 2021, the Group's unsecured short-term bank loans bear interest at fixed interest rates ranging from 4.26% to 5.44% (31 December 2020: 4.26% to 5.66%), or variable interest rates ranging from LIBOR+0.65% to LIBOR+1.50% (31 December 2020: LIBOR+0.65% to LIBOR+2.20% or HIBOR+1.30%), or IPO margin financing rates ranging from 1.20% to 1.30%.

### 36. SHORT-TERM FINANCING PAYABLES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Unsecured and unguaranteed:		
Short-term financing bills (Note 1)	4,001,653	3,016,008
Corporate bonds (Note 2)	11,984,811	11,774,902
Structured notes (Note 3)	19,319,389	20,217,269
	<u>35,305,853</u>	<u>35,008,179</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 36. SHORT-TERM FINANCING PAYABLES – continued

Note 1: Short-term financing bills

The details of short-term financing bills as at 30 June 2021 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
21GFCP002BC	3,999,711	24/06/2021	17/09/2021	2.50%

Note 2: Corporate bonds

The details of corporate bonds as at 30 June 2021 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
20GF05	3,999,900	22/09/2020	17/09/2021	3.50%
20GF07	4,699,883	09/11/2020	09/11/2021	3.60%
20GF09	2,999,925	24/11/2020	24/11/2021	3.80%

Note 3: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interests. The structured notes bear interest at fixed rates or variable rates linked to certain stock index. The principal and interest are repayable upon maturity within one year. The structured notes with variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of stock index. For those embedded derivatives, they are accounted for in the condensed consolidated financial statements after being bifurcated from their respective host contracts.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 37. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Designated at fair value through profit or loss:		
Structured notes	44,052	123,161
	<u>44,052</u>	<u>123,161</u>
Analysed as:		
Unlisted	<u>44,052</u>	<u>123,161</u>
<b>Current</b>		
At fair value through profit or loss:		
Equity return swaps	—	562,911
Bonds	160,855	77,440
Designated at fair value through profit or loss:		
Structured notes	5,877,500	2,815,903
	<u>6,038,355</u>	<u>3,456,254</u>
Analysed as:		
Unlisted	<u>6,038,355</u>	<u>3,456,254</u>
Total	<u>6,082,407</u>	<u>3,579,415</u>

As at 30 June 2021, the fair value of the Group's financial liabilities designated at fair value through profit or loss had no significant change related to the changes in the credit risk of the Group.

The fair values of the Group's financial liabilities at fair value through profit or loss are determined in the manner described in note 50.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 38. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group respectively, and bear interest at the prevailing market interest rate.

As at 30 June 2021, accounts payable to brokerage clients of approximately RMB9,461.48 million (31 December 2020: RMB7,849.05 million) were related to margin deposits and cash collateral received from clients for margin financing and securities lending arrangements.

### 39. ACCRUED STAFF COSTS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Other long-term benefits	<u>3,140,161</u>	<u>3,140,364</u>
<b>Current</b>		
Salaries, bonuses and allowances	5,024,695	4,816,200
Short-term social welfares	1,007	947
Defined contribution plans	81,807	108,906
Others	<u>64,889</u>	<u>64,003</u>
	<u>5,172,398</u>	<u>4,990,056</u>
<b>Total</b>	<u>8,312,559</u>	<u>8,130,420</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 40. OTHER ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Deposits for financial leasing business	<u>32,864</u>	<u>49,510</u>
<b>Current</b>		
Dividends payable	3,318,308	—
Deposits for over-the-counter options business	2,173,490	129,430
Deposits for return swaps business	2,023,545	210,165
Commission payable and related accrued expenses for the sale of funds	1,273,890	681,840
Payables for open-ended fund clearing and other clearing	936,637	1,898,746
Other taxes	758,149	536,650
Payables for property and equipment purchases and construction expenditure	297,192	450,018
Funds risk reserve	268,873	224,357
Accrued expenses	266,650	200,602
Futures risk reserve	164,072	154,115
Block trade deposits	100,000	100,000
Payables for securities investor protection fund and futures investor protection fund	57,422	48,673
Interest payable	42,692	70,784
Others <sup>(i)</sup>	<u>1,441,293</u>	<u>950,553</u>
	<u>13,122,213</u>	<u>5,655,933</u>
<b>Total</b>	<u>13,155,077</u>	<u>5,705,443</u>

- (i) Others represent primarily other accounts payable and accrued operating expenses which are non-interest-bearing and are repayable within one year.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 41. PROVISIONS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
At beginning of period/year	415,058	447,521
Addition	3,057	1,490
Reduction	3,782	33,953
	<u>414,333</u>	<u>415,058</u>
At 30 June 2021/31 December 2020 (Note)	<u>414,333</u>	<u>415,058</u>

Note: As at 30 June 2021, the Group recognised a provision of USD58.27 million (31 December 2020: USD58.27 million), approximately RMB376.43 million, in connection with a potential litigation that may arise relating to the matters of GTEC Pandion Multi-Strategy Fund SP as mentioned in the 2019 annual report.

### 42. OTHER LIABILITIES

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Third-party interests in consolidated structured entities	<u>755,548</u>	<u>811,882</u>
<b>Current</b>		
Third-party interests in consolidated structured entities	<u>1,560,612</u>	<u>1,174,030</u>
Total	<u>2,316,160</u>	<u>1,985,912</u>

Third-party interests in consolidated structured entities consist of third-party unit holders' interests in these consolidated structured entities which are reflected as liabilities since there is a contractual obligation for the Group to repurchase or redeem the unit for cash.

The realisation of third-party interests in consolidated structured entities cannot be predicted with accuracy since these interests represent the interests of third-party unit holders in consolidated structured entities held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 43. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Current</b>		
Analysed by collateral type:		
Bonds <sup>(i)</sup>	85,737,254	85,278,320
Gold <sup>(ii)</sup>	7,672,407	8,773,992
Others	5,698,075	559,309
	<u>99,107,736</u>	<u>94,611,621</u>
Analysed by market:		
Stock exchanges	39,403,498	34,182,641
Interbank bond market	45,486,572	49,696,511
Shanghai Gold Exchange	7,718,151	8,773,992
Others	6,499,515	1,958,477
	<u>99,107,736</u>	<u>94,611,621</u>
<b>Total</b>	<u>99,107,736</u>	<u>94,611,621</u>

- (i) As at 30 June 2021, included in the balance was an amount of RMB16,538.56 million (31 December 2020: RMB8,467.60 million), which was secured by bonds borrowed from the interbank bond market and stock exchanges, which are not recognised in the condensed consolidated financial statements as it is the banks rather than the Group that are subject to all the risks and returns of the bonds, and the fair value of such bonds was RMB17,283.43 million (31 December 2020: RMB9,589.23 million).
- (ii) As at 30 June 2021, the fair value of gold transferred, which is from leasing and is not recognised in the condensed consolidated financial statements was RMB7,361.76 million (31 December 2020: RMB9,018.36 million).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 44. BONDS PAYABLE

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Unsecured and unguaranteed:		
<b>Non-current</b>		
Corporate bonds (Note 1)	31,691,283	53,671,530
Subordinated bonds (Note 1)	4,500,000	8,500,000
Financial bond (Note 1)	4,998,230	4,997,404
Structured notes (Note 2)	668,550	571,683
	<u>41,858,063</u>	<u>67,740,617</u>
<b>Current</b>		
Corporate bonds (Note 1)	46,184,683	16,917,977
Subordinated bonds (Note 1)	8,856,240	4,921,220
Financial bond (Note 1)	170,560	80,556
Structured notes (Note 2)	792,106	89,493
	<u>56,003,589</u>	<u>22,009,246</u>
Total	<u>97,861,652</u>	<u>89,749,863</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 44. BONDS PAYABLE – continued

Note 1: Details of bonds as of 30 June 2021 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
Corporate bonds				
13GF03	8,983,700	17/06/2013	17/06/2023	5.10%
18GF02	1,899,270	24/08/2018	24/08/2021	4.30%
19GF01	3,000,000	01/02/2019	01/02/2022	3.90%
19GF02	4,000,000	21/02/2019	21/02/2022	4.00%
19GF03	7,737,600	01/03/2019	01/03/2022	3.70%
19GF05	3,200,000	15/03/2019	15/03/2022	4.00%
19GF06	3,300,000	24/05/2019	24/05/2022	4.10%
20GF01	5,000,000	20/01/2020	20/01/2023	3.65%
20GF02	5,800,000	16/03/2020	16/03/2023	3.20%
20GF04	3,699,908	07/09/2020	07/09/2023	4.00%
20GF06	4,999,875	26/10/2020	27/10/2021	3.50%
20GF08	1,399,965	09/11/2020	09/11/2022	3.83%
20GF11	1,299,968	01/12/2020	01/12/2022	4.00%
20GF12	3,999,900	08/12/2020	15/12/2021	3.80%
20GF13	2,999,925	18/12/2020	07/01/2022	3.70%
20GF14	3,199,920	28/12/2020	27/01/2022	3.65%
21GF01	3,699,908	14/01/2021	11/02/2022	3.43%
21GF02	2,999,925	27/01/2021	23/02/2022	3.50%
21GF03	4,495,500	08/06/2021	08/06/2024	3.40%
21GF04	999,000	08/06/2021	08/06/2026	3.68%
Subordinated bonds				
18GFC1	4,600,000	09/11/2018	09/11/2021	4.40%
19GFC1	4,000,000	21/01/2019	21/01/2022	4.15%
20GFC1	2,000,000	03/03/2020	03/03/2023	3.35%
20GFC2	2,500,000	03/03/2020	03/03/2025	3.80%
Financial bond				
19GFF01	4,995,000	23/07/2019	23/07/2022	3.63%

Note 2: Structured notes

The amounts represent principal received from investors for subscription of structured notes issued by the Company and accrued interest. As at 30 June 2021, the undue structured notes bear interest at fixed rates ranging from 2.70% to 3.95% per annum (31 December 2020: 2.70% to 4.00%). Structured notes maturing within one year as at 30 June 2021 amounting to RMB792.11 million (31 December 2020: RMB89.49 million) are classified as current liabilities.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 45. LONG-TERM LOANS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Non-current</b>		
Unsecured long-term loans <sup>(i)</sup>	33,735	55,419
Secured long-term loans <sup>(ii)</sup>	120,351	309,710
	<u>154,086</u>	<u>365,129</u>
<b>Current</b>		
Unsecured long-term loans <sup>(i)</sup>	625,687	1,178,342
Secured long-term loans <sup>(ii)</sup>	414,316	639,598
	<u>1,040,003</u>	<u>1,817,940</u>
<b>Total</b>	<u>1,194,089</u>	<u>2,183,069</u>

- (i) As at 30 June 2021, the syndicated loan amounting to RMB551.79 million (31 December 2020: RMB1,014.05 million) carried interest at variable interest rate of LIBOR+1.48% (31 December 2020: LIBOR+1.48%) per annum, and the interest is repayable monthly and the principal is repayable within one year. The remaining unsecured loans amounted to RMB107.63 million (31 December 2020: RMB219.71 million). The loans bear interest at fixed interest rates from 4.65% to 7.25% (31 December 2020: 4.85% to 7.25%) per annum, with principal amounting to RMB72.01 million (31 December 2020: RMB161.90 million) due within one year, principal amounting to RMB22.10 million (31 December 2020: RMB32.54 million) due within two years, and the remaining due within three years.
- (ii) As at 30 June 2021, the long-term loans amounting to RMB534.67 million (31 December 2020: RMB949.31 million) are secured by rights and interests in financial leasing receivables. The loans bear interest at fixed interest rates ranging from 4.75% to 7.36% (31 December 2020: 4.75% to 7.36%) per annum, with principal amounting to RMB408.26 million (31 December 2020: RMB630.75 million) due within one year, and principal amounting to RMB100.89 million (31 December 2020: RMB268.76 million) due within two years, and the remaining due within three years.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 46. DIVIDENDS

	<b>As at 30 June 2021 RMB'000 (unaudited)</b>	<b>As at 31 December 2020 RMB'000 (audited)</b>
Dividends recognised as distribution	<b><u>3,429,489</u></b>	<b><u>2,667,381</u></b>

Pursuant to the resolution the shareholders' meeting held on 13 May 2021, the Company distributed cash dividends of RMB4.5 for every 10 shares (tax included) based on 7.62 billion shares held amounting to RMB3.43 billion in total for the year ended 31 December 2020.

Pursuant to the resolution the shareholders' meeting held on 9 June 2020, the Company distributed cash dividends of RMB3.5 for every 10 shares (tax included) based on 7.62 billion shares held amounting to RMB2.67 billion in total for the year ended 31 December 2019.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 47. RELATED PARTY TRANSACTIONS

#### (1) Shareholders holding more than 5% of the Company's shares and their subsidiaries

*Holding interest in shareholders and their subsidiaries*

	As at 30 June 2021		As at 31 December 2020	
	Number of shares/ bonds '000 (unaudited)	Carrying amount RMB'000 (unaudited)	Number of shares/ bonds '000 (audited)	Carrying amount RMB'000 (audited)
<b>Financial assets at FVTPL – stocks</b>				
吉林敖東藥業集團股份有限公司 – Jilin Aodong Pharmaceutical Group Co., Ltd.*	113	1,745	168	2,762
遼寧成大股份有限公司 – Liaoning Cheng Da Co., Ltd.*	4	73	81	1,958
遼寧成大生物股份有限公司 – Liaoning Chengda Biotechnology Co., Ltd.* (Note)	3,996	259,031	3,996	205,529
中山公用事業集團股份有限公司 – Zhongshan Public Utilities Group Co., Ltd.*	2	16	57	473
<b>Financial assets at FVTPL – bonds</b>				
吉林敖東藥業集團股份有限公司 – Jilin Aodong Pharmaceutical Group Co., Ltd.*	899	91,361	899	93,818
<b>Financial assets at FVTOCI – stocks</b>				
吉林敖東藥業集團股份有限公司 – Jilin Aodong Pharmaceutical Group Co., Ltd.*	43,312	670,911	43,312	713,357

\* The English names are translated for identification purposes only.

Note: Liaoning Chengda Biotechnology Co., Ltd. is a subsidiary of Liaoning Cheng Da Co., Ltd.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 47. RELATED PARTY TRANSACTIONS – continued

#### (1) Shareholders holding more than 5% of the Company's shares and their subsidiaries – continued

*Cash dividends arising from equity interests in shareholders and their subsidiaries*

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
遼寧成大生物股份有限公司		
– Liaoning Chengda Biotechnology Co., Ltd. *	–	2,397

*Transactions with shareholders and their subsidiaries*

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Commission and fee income	596	244
Other operating expenses	1,442	–

*Balance with shareholders and their subsidiaries*

	As at	As at
	30 June	31 December
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(audited)
Contract liabilities		
中山公用事業集團股份有限公司		
– Zhongshan Public Utilities Group Co., Ltd.*	–	306

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties

#### Transactions with associates/joint ventures

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income</b>		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	69,234	39,673
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection		
Industrial Investment Fund Partnership L.P.*	24,149	10,288
廣州廣發信德一期互聯網改造傳統產業投資企業(有限合夥)		
– Guangzhou GF Xinde Internet Reforming		
Traditional Industry Investment Partnership L.P. No.1*	–	270
廣發信德匯金(龍岩)股權投資合夥企業(有限合夥)		
– GF Xinde Huijin (Longyan) Equity Investment Partnership		
L.P.*	8,187	8,232
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership		
L.P.*	4,608	4,633
廣發信德(蘇州)健康產業創業投資合夥企業(有限合夥)		
– Guangfa Xinde (Suzhou) Health Industry		
Venture Capital Partnership L.P.*	3,761	3,782
廣州信德創業營股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Venture Camp Equity		
Investment Partnership L.P. *	3,743	3,763
廣州廣發信德二期創業投資合夥企業(有限合夥)		
– Guangzhou GF Xinde Phase II Venture Capital		
Partnership L.P.*	2,807	2,590
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing		
Industry Investment Fund L.P.*	4,678	2,357
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service		
Industry Equity Investment Enterprise L.P. *	1,813	1,823

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

*Transactions with associates/joint ventures – continued*

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
<b>Commission and fee income – continued</b>		
珠海廣發信德智能創新升級股權投資基金（有限合夥）		
– Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	1,579	1,588
珠海廣發信德盈遠二期投資基金（有限合夥）		
– Zhuhai GF Xinde Yingyuan Phase II Investment Fund L.P.*	–	1,411
廣州南鑫珠海港股權投資合夥企業（有限合夥）		
– Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	1,380	1,388
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業（有限合夥）		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	775	780
廣州廣發信德一期健康產業投資企業（有限合夥）		
– Guangzhou GF Xinde Healthcare Industrial Investment Partnership L.P. No.1*	–	562
珠海廣發朗姿互聯網時尚產業基金投資管理有限公司		
– Zhuhai GF Langzi Modern Internet Industrial Fund Investment Management Co., Ltd.*	–	5
珠海廣發信德科技文化產業股權投資基金（有限合夥）		
– Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	5,048	8,940
宿遷智能製造產業投資基金（有限合夥）		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	569	–
廣州廣發信德健康創業投資基金合夥企業（有限合夥）		
– Guangzhou GF Xinde Health Venture Capital Fund Partnership L.P.*	4,135	–
珠海廣發信德中鼎創業投資基金（有限合夥）		
– Zhuhai GF Xinde Zhongding Venture Capital Fund L.P.*	416	–

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

*Transactions with associates/joint ventures – continued*

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income – continued</b>		
珠海廣發信德新州一號創業投資基金（有限合夥）		
– Zhuhai GF Xinde Xinzhou No.1 Venture Capital Fund L.P.*	441	–
珠海廣發信德厚合股權投資合夥企業（有限合夥）		
– Zhuhai GF Xinde Houhe Equity Shares Investment Partnership Enterprise L.P.*	165	–
珠海廣發信德厚疆創業投資基金（有限合夥）		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	8,613	–
高投信德（廣東）創新創業投資基金合夥企業（有限合夥）		
– Gaotou Xinde (Guangdong) Innovation Venture Capital Fund Partnership L.P.*	2,264	–
珠海廣發信德瑞騰創業投資基金合夥企業（有限合夥）		
– Zhuhai GF Xinde Ruiteng Venture Capital Fund Partnership L.P.*	667	–
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	189	–
中山中匯廣發信德股權投資基金（有限合夥）		
– Zhongshan Zhonghui GF Xinde Equity Investment Fund L.P.*	1,709	–
中山廣發信德致遠科技創業投資合夥企業（有限合夥）		
– Zhongshan GF Xinde Zhiyuan Technology Venture Capital Partnership L.P.*	4,210	–
中證信用增進股份有限公司		
– China Securities Credit Investment Co., Ltd.	32	–

\* The English names are translated for identification purposes only.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 47. RELATED PARTY TRANSACTIONS – continued

#### (2) Other related parties – continued

*Transactions with associates/joint ventures – continued*

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
<b>Interest income</b>		
– GHS Investment Management (Cayman) Company Limited	65	70
<b>Other income and gains or losses</b>		
– Horizon Partners Fund, L.P.	408	444
<b>Interest expenses</b>		
– Global Health Science Fund II, L.P.	2,417	2,386
<b>Other operating expenses</b>		
廣發鈞策海外投資基金管理(上海)有限公司		
– GF-Persistent Overseas Investment Fund Management (Shanghai) Co., Ltd. *	55	1,536
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	6,551	6,917

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Commission receivable for exchange trading units and distributing financial products</b>		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	<u>29,551</u>	<u>25,386</u>
<b>Receivables for custodian fee</b>		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	<u>438</u>	<u>431</u>
<b>Receivables for fund management fee income</b>		
廣州廣發信德一期互聯網改造傳統產業投資企業(有限合夥)		
– Guangzhou GF Xinde Internet Reforming Traditional Industry Investment Partnership L.P. No.1*	4,636	4,636
廣州信德創業營股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Venture Camp Equity Investment Partnership L.P.*	11,967	8,000
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Enterprise L.P. *	5,797	3,875
珠海廣發信德科技文化產業股權投資基金(有限合夥)		
– Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	10,967	5,615
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	4,885	–
廣州廣發信德一期健康產業投資企業(有限合夥)		
– Guangzhou GF Xinde Healthcare Industrial Investment Partnership L.P. No.1*	5,126	5,126

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Receivables for fund management fee income – continued</b>		
廣發信德匯金(龍岩)股權投資合夥企業(有限合夥)		
– GF Xinde Huijin (Longyan) Equity Investment Partnership L.P.*	8,678	–
珠海廣發信德智能創新升級股權投資基金(有限合夥)		
– Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	6,674	–
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	4,959	–
中山中匯廣發信德股權投資基金(有限合夥)		
– Zhongshan Zhonghui GF Xinde Equity Investment Fund L.P.*	1,256	–
中山廣發信德致遠科技創業投資合夥企業(有限合夥)		
– Zhongshan GF Xinde Zhiyuan Technology Venture Capital Partnership L.P.*	2,244	–
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	603	–
廣州廣發信德健康創業投資基金合夥企業(有限合夥)		
– Guangzhou GF Xinde Health Venture Capital Fund Partnership L.P.*	4,384	–
珠海廣發信德中鼎創業投資基金(有限合夥)		
– Zhuhai GF Xinde Zhongding Venture Capital Fund L.P.*	441	–
珠海廣發信德新州一號創業投資基金(有限合夥)		
– Zhuhai GF Xinde Xinzhou No.1 Venture Capital Fund L.P.*	467	–
珠海廣發信德厚合股權投資合夥企業(有限合夥)		
– Zhuhai GF Xinde Houhe Equity Shares Investment Partnership Enterprise L.P.*	175	–

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Receivables for fund management fee income – continued</b>		
珠海廣發信德厚疆創業投資基金(有限合夥)		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	9,130	–
高投信德(廣東)創新創業投資基金合夥企業(有限合夥)		
– Gaotou Xinde (Guangdong) Innovation Venture Capital Fund Partnership L.P.*	2,400	–
珠海廣發信德瑞騰創業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Ruiteng Venture Capital Fund Partnership L.P.*	707	–
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industrial Investment Fund Partnership L.P.*	22,989	–
<b>Amount due from associates – costs and dividends receivables</b>		
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industrial Investment Fund Partnership L.P.*	60,111	–
珠海廣發信德厚維投資企業(有限合夥)		
– Zhuhai GF Xinde Houwei Investment Partnership L.P.*	–	3,188
廣發信德匯金(龍岩)股權投資合夥企業(有限合夥)		
– GF Xinde Huijin (Longyan) Equity Investment Partnership L.P.*	5,600	–
廣發信德(蘇州)健康產業創業投資合夥企業(有限合夥)		
– Guangfa Xinde (Suzhou) Health Industry Venture Capital Partnership L.P.*	9,802	–
廣州廣發信德二期創業投資合夥企業(有限合夥)		
– Guangzhou GF Xinde Phase II Venture Capital Partnership L.P.*	2,738	–

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Amount due from associates – costs and dividends receivables – continued</b>		
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	5,822	–
<b>Amount due from a joint venture – costs and dividends receivables</b>		
珠海廣發信德厚源投資企業(有限合夥)		
– Zhuhai GF Xinde Houyuan Investment Partnership L.P.*	828	82,782
<b>Amounts due from an associate – other receivables</b>		
– Horizon Partners Fund, L.P.	408	–
<b>Amounts due from joint ventures – other receivables</b>		
– GHS Investment Management (Cayman) Company Limited	9,073	9,099
– Global Health Science Fund II, L.P.	7,617	7,400
– Global Health Science Fund I, L.P.	442	–
<b>Amounts due to a joint venture – notes payable and other payables</b>		
– Global Health Science Fund II, L.P.	–	59,377

\* The English names are translated for identification purposes only.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 47. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
<b>Amounts due to associates – advance from customers and other payables</b>		
珠海盈米基金销售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	3,603	3,392
廣州廣發信德二期創業投資合夥企業(有限合夥)		
– Guangzhou GF Xinde Phase II Venture Capital Partnership L.P. *	3,025	246
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industrial Investment Fund Partnership L.P.*	3,800	–
廣州南鑫珠海港股權投資合夥企業(有限合夥)		
– Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	1,487	–
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業(有限合夥)		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	836	–
廣發信德(蘇州)健康產業創業投資合夥企業(有限合夥)		
– Guangfa Xinde (Suzhou) Health Industry Venture Capital Partnership L.P.*	4,053	–

\* The English names are translated for identification purposes only.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 47. RELATED PARTY TRANSACTIONS – continued

#### (3) Key management personnel

The remuneration of the key management personnel of the Group was as follows:

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
Short-term benefits		
– Salaries, allowances and bonuses	11,595	13,497
Post-employment benefits		
– Employer's contribution to pension schemes/annuity schemes	670	499
Total	12,265	13,996

### 48. CAPITAL COMMITMENTS

	As at 30 June 2021 RMB' 000 (unaudited)	As at 31 December 2020 RMB' 000 (audited)
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided for	78,065	62,892

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT

#### 49.1 Risk management policies and organisation structure

##### *(1) Risk management policies*

The objective of risk management of the Group is to strike for an appropriate balance between risks and revenue and to minimise the negative effect of the risks on the Group's operating results to the lowest level, so as to ensure that the risks borne by the Company match well with the regulatory standards, development strategies, capital capability and its risk tolerance and to maximise yields for shareholders and other equity investors. In pursuit of such objective of risk management, the basic strategies of the Group are to identify and analyse the risks with which the Group is facing, to implement risk management within the range of risk tolerance and risk limit setting and to measure, monitor, report and address the risks comprehensively and accurately on a timely basis. The Group has adhered to the Three Ideas about Risk Management which are "to manage risks cautiously"; "the three departments cooperate with each other and each focuses on specific aspects"; and "be people-oriented", and follow the Five Basic Principles which are "comprehensive management; objectiveness and fairness; checks and balance; separate and well-defined duties and power; openness and transparency".

The risks the Group's is exposed to in daily operating activities mainly include market risk, credit risk and liquidity risk. The Group has established policies and procedures accordingly to identify and analyse the risks. The Group has set up appropriate risk indicators, risk limits, risk policies and internal control process. The Group also manages risks with an information system on a continuous monitoring basis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.1 Risk management policies and organisation structure – *continued*

##### (2) *Structure of the risk-management organisation*

The Group adopts a four-level risk management organisation structure system, namely “board of directors and its subordinated risk management committee, management executives and relevant professional committees, various control and supporting departments, and business departments”. First-line risk management organisations or staff have been set up in all major business departments of the Company. Organisations and staff of all levels perform their authorised risk management duties with clear segregation of duties and emphasis on mutual collaboration. The business department, risk management department, compliance and legal affairs department and internal auditing department are the Group’s main risk management departments. These departments cooperate with each other and each focuses on specific aspects, and they perform risk assessment before the projects are implemented, on-going control, investigation and evaluation after completion. They also continuously monitor and manage various risks faced by the Group at various levels and in a comprehensive manner, and contribute to the sustainable development of the business of the Company.

The risk management department is primarily responsible for conducting independent evaluation and monitoring of market risk, credit risk and liquidity risk of the Group and establishing the operational risk management system and coordinating with other departments to manage operational risk, money laundering risk, model risk and reputation risk; assessing, monitoring, reporting on and advising on the management of the Company’s venture capital; handling daily routine of the Risk Control Committee of the Company as a standing body of the Risk Management Committee. The compliance and legal department is the Group’s function department for compliance and legal risk management, primarily responsible for formulating the Group’s management policies in respect of compliance and legal risk, conducting independent evaluation and monitoring of compliance and legal risks, organising and carrying out money laundering risk management, prevention and control in accordance with the Company’s anti-money laundering management policy, coordinating with other departments to manage operational risk and performing compliance inspection and management on operational administration activities and code of conduct of the employees of the Group. The auditing department is the third defensive line of risk control. It is responsible for the checking, supervision, evaluation, and relative internal auditing consultation of internal control, risk management, governance procedures, and operating management performance.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.2 Credit risk

Credit risk is the probability that the market value of debts may change due to the fact that the issuer or counterparty fails to perform the obligations specified in the contract or due to the change in credit rating and performance capability, thereby causing loss to the Group. The credit risk the Group is exposed to mainly relates to the following assets: (i) fixed income financial assets; (ii) financing businesses such as advances to customers, financial leasing receivables and financial assets held under resale agreements (mainly referring to securities transactions with repurchase agreements and stock-pledged repos); (iii) over-the-counter derivative financial assets.

Fixed income financial assets include bank balances, clearing settlement funds, deposits with exchanges and non-bank financial institutions, accounts receivable and bonds. Credit risk mainly includes the risk caused by its counterparties and securities issuer's default risk. The maximum credit risk exposure equals to the carrying amounts of these instruments.

In terms of the financing business, the credit risk exposure of margin financing and securities lending, securities transactions with repurchase agreements, stock-pledged repos and financial leasing is derived from the default risk of counterparties due to their failure to repay the principal and interest of debts when due. As at 30 June 2021, the average ratios of guarantee maintained by the Group for all the clients who have liabilities in margin financing and securities lending of the Group was 282.25% (31 December 2020: 281.67%). As at 30 June 2021, the average coverage ratios of contract performance securities for clients of the stock-pledged repos was 360.60% (31 December 2020: 337.78%). The guarantees provided are sufficient and the credit risk of the financing business is managed at an acceptable level.

The credit risk of over-the-counter derivative transactions is mainly the counterparty default risk in conducting over-the-counter derivative transactions such as forward, swaps and options. Currently, counterparties of over-the-counter derivative transactions are mainly banks, securities companies and other financial institutions, with low overall default risks.

The credit risk of the bond investments is mainly mitigated by means of credit rating management, transaction limits, position limits, exposure limits on issuers, etc.

The credit risk of the financing business of the Group is mainly managed through the following measures: 1) the establishment of a strict business due diligence requirements, credit facility management, the development of business admission criteria, the review on the creditworthiness and business qualification of counterparties prior to the conduction of business, and the preliminary identification and assessment of business credit risks; 2) the research and development of business review process, guarantees and other elements of transactions, and the adoption of tailored risk mitigating measures; 3) the continuous post-transaction tracking and management on counterparties, guarantees and the actual performance of transaction agreements, the collection of transaction-related information on a regular basis and assessment of risks, as well as timely actions adopted upon the occurrence of risk events.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.2 Credit risk – *continued*

In terms of managing counterparty credit risks of over-the-counter derivative transactions, the Group applies the following measures: 1) strengthening due diligence of counterparties, improving the mechanism for regular return visits and specifying the admission criteria for various types of business counterparties through internal credit rating management; 2) controlling the counterparty credit risk exposure through credit limit, single transaction size, total business scale and identical client management; 3) mitigating counterparty risk through collateral, guarantees, netting agreements, etc., for over-the-counter derivative transactions not using Central Counterparty (CCP) settlement; and 4) timely monitoring changes in counterparty credit exposure based on market changes and stress testing results and preventing the excess or further deterioration of counterparty credit risk exposure through mark-to-market monitoring, margin calls, margin closeout and loss recovery measures.

During the period, the Group's impairment assessment was based on an expected credit loss model. The Group applies the simplified approach to measure ECLs on accounts receivable and contract assets that do not contain a significant financing component according to accounting policies and the general approach to measure ECLs on other financial assets such as bank balances, clearing settlement funds, advances to customers, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, debt instruments at fair value through other comprehensive income, debt instruments at amortised cost and financial leasing receivables, etc. Under the simplified approach, the Group measures the loss allowance at an amount equal to the lifetime ECL. Under the general approach, the Group measures the allowance of financial assets in the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-month ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

The Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and expert credit risk assessment, including forward-looking information when determining whether the risk of default has increased significantly since initial recognition.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.2 Credit risk – *continued*

##### *Criteria for judging significant increases in credit risk*

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of the reporting period. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of the reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly includes the case where debtor's defaulting days have been over certain days by the end of the reporting period; and the case where mark-to-market ratios are unable to meet certain criteria.
- Qualitative criteria mainly includes significant adverse change in debtor's operation or financial status, or debtor being listed on the watch-list, or significant adverse change in collateral.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.2 Credit risk – *continued*

##### *Definition of credit-impaired financial asset*

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether a credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.2 Credit risk – *continued*

##### *Parameters of ECL measurement*

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral, and repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating Model of Guangfa Securities Co., Ltd., taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment.
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. LGD is the percentage of the loss of EAD when default occurs, calculated based on the next 12 months or throughout the entire remaining lifetime.
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

##### *Forward-looking information*

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group applied experts' judgement in this process, according to the result of experts' judgement, the Group predicts these economic indicators and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.3 Market risk

Market risks faced by the Group refer to the risk that causes loss of the Company's each business as a result of unfavourable changes in market prices, including equity securities price risk, interest rate risk, exchange rate risk and commodity price risk.

In order to manage market risks effectively, the Group determines the policy for the maximum market exposure the Group is willing to assume, based on the risk preference, capital position and risk tolerance. Taking its business development plan, business scale and other factors into account, the Group disaggregates risk limits into different investment units through risk limit authorisation management system and each investment unit operates business within the range of risk limit authorisation. When concretely operating the business, the Group comprehensively manages market risks faced by various types of business by means of admission management, size control, concentration, Value at Risk (VaR), sensitivity analysis, stress testing, risk assessment and monitoring of profit and loss. The front desk serves as the first line management directly responsible for market risks, which dynamically manages the market risks resulting from the portion of positions held and actively takes actions to reduce risk exposure or performs risk hedging when the risk exposure is high. The Risk Management Department is independent of business departments when performing market risk management duty and it sustainably optimises the Group's market risk framework, comprehensively evaluates and dynamically monitors the market risk exposure and changes of the Group and business departments and continuously communicates risk information directly with teams of business departments to discuss risk status and extreme loss scenarios. Meanwhile, market risk conditions and their changes of the Company as a whole and each business department are reported in a timely manner to the Company's management through regular risk reporting.

The Risk Management Department uses a series of quantitative methods to estimate possible losses resulting from market risks, including VaR, sensitivity analysis, stress testing and Expected Shortfall (ES). The Group's VaR is measured using the historical simulation method with a confidence interval of 95%. Meanwhile, the Group disaggregates combined VaR based on types of market risk factors in order to have a command of the contribution made by various risk factors to combined market risk. The Group is clearly aware that VaR involves certain limitations because it is a risk indicator. Possible losses in extreme cases, such as significant adverse changes on market price and severe risk events, are estimated by means of stress testing or ES, etc.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 49.3 Market risk – continued

#### Interest rate risk

Interest rate risk is the risk of fluctuation in the Group's financial position and cash flows arising from movements in interest rates. The Group's interest-bearing assets mainly include bank balances, clearing settlement funds, deposits with exchanges and non-bank financial institutions and fixed-income investments. Interest-bearing financial liabilities mainly include borrowings, short-term financing payables, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients and bonds payable. Fixed-income investments of the Group mainly include government bonds, financial bonds, interbank negotiable certificates of deposit, medium-term notes, high-quality short-term papers, corporate bonds, asset-backed securities, treasury bond futures, interest rate swaps and standard bond forward. In order to manage interest rate risks, the Group uses VaR, stress testing and sensitivity indicators (duration, convexity and DV01, etc.) to measure and monitor the interest rate risk on a daily basis.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing assets and liabilities. Assuming interest-bearing assets and liabilities outstanding at the end of the respective reporting period were outstanding for the whole period and other variables held constant, the analysis is to show the impact on profit before income tax and other comprehensive income before income tax due to a 100 basis points increase or decrease in the relevant interest rates. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax and a negative number indicates a decrease.

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Profit before income tax for the period</b>		
Increase by 100bps	(542,934)	(375,778)
Decrease by 100bps	571,579	389,769

	Six months ended 30 June	
	2021	2020
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Other comprehensive income before income tax</b>		
Increase by 100bps	(1,477,312)	(1,106,640)
Decrease by 100bps	1,524,004	1,139,883

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

#### 49.3 Market risk – *continued*

##### *Currency risk*

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries.

Currently, the Group's assets and liabilities denominated in foreign currencies were mainly held by its overseas subsidiary, GF Holdings (Hong Kong) Corporation Limited. Hence, the Group's overseas operating assets and liabilities were subject to currency risk due to exchange rate fluctuations. As the overseas net operating assets only account for a small proportion of the Group's net assets, the currency risk of the Group is relatively manageable.

##### *Price risk*

Price risk is primarily about the unfavourable changes of share prices of equity investments, financial derivative instrument prices, and commodity prices that cause financial loss during the Group's on-balance and off-balance business. The Group is exposed to price risk which arises from price fluctuation of the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, mainly including equity investments, shares (with a share index included), funds and commodities and related financial derivative instruments such as swaps, futures and options. Other than daily monitoring the investment position, trading and earnings indicators, the Group mainly uses VaR, sensitivity indicators, stress testing indicators in the daily risk monitoring of price risk.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

#### 49.3 Market risk – continued

##### *Sensitivity analysis*

The analysis below is to show the impact on profit before income tax and other comprehensive income before income tax due to change in the prices of equity securities, funds, convertible bonds, derivatives and collective asset management schemes by 10% with all other variables held constant. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax and a negative number indicates a decrease.

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
<b>Profit before income tax for the period</b>		
Increase by 10%	1,660,946	1,277,705
Decrease by 10%	(1,392,348)	(1,283,144)

	Six months ended 30 June	
	2021 RMB' 000 (unaudited)	2020 RMB' 000 (unaudited)
<b>Other comprehensive income before income tax</b>		
Increase by 10%	68,978	1,095,773
Decrease by 10%	(68,978)	(1,095,773)

#### 49.4 Liquidity risk

Liquidity risk of a securities company refers to the risk of failure to obtain sufficient funds at a reasonable cost and in a timely manner to pay the debts as they fall due, perform other payment obligations and satisfy the capital requirements to carry out businesses in the ordinary course. During the Group's ordinary course of business, the triggers of liquidity risk include poor operations, lack of asset liquidity, significant mismatch of asset and liability terms, limitation on financing channels, unreasonableness of financing liability term structure, insufficiency of market liquidity, adverse impacts on the Group's reputation and effects of other risk types to liquidity risk. Liquidity risk events have strong diffusion and wide spread. Once liquidity risk events occur, the Group must respond in a short time to make emergency decisions and disposal.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 49. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

#### 49.4 Liquidity risk – continued

As at 30 June 2021 and 31 December 2020, cash and bank deposits and clearing settlement funds held by the Group amounted to RMB114.44 billion and RMB117.00 billion, respectively; and financial assets such as monetary funds, government bonds and short-term financing bills amounted to RMB48.81 billion and RMB26.61 billion, respectively, providing a strong capability of quick liquidation to meet the foreseeable demands on financing liabilities and businesses. Therefore, the Group considers the exposure to liquidity risk to be insignificant.

The Group implements stable liquidity risk preference management strategy to guarantee that the Company will have adequate liquidity reserve and fundraising capability under the normal situation and pressure state through scientific asset-liability management and fund management, multi-level liquidity reserve, effective liquidity emergency disposal and monitoring and pre-warning about the liquidity risk index to prevent liquidity risk. Measures for liquidity risk management include the following: the Group established a frame for liquidity risk management with the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) as the core indicator strictly according to the requirements of *Guidelines for the Liquidity Risk Management of Listed Companies* 《證券公司流動性風險管理指引》, and based on the control and projection of LCR and NSFR, each of the operational activities is assured to be complied with the requirements of liquidity risk management as stated in the regulatory requirements; asset allocation and arrangement of structure of assets and liabilities based on flexible adjustments to protect the Company from risk of maturity mismatch; established a multiple system of quality assets with on-going control and maintained an adequate liquidity reserve; constructed a system for risk limits, which includes capital leverage, maturity structure and concentration of financial liabilities and liquidity reserve, and performed routine monitoring and report on indicators; regularly or irregularly evaluated liquidity risk stress testing and carried out liquidity risk drill, optimised and perfected liquidity risk emergency disposal processes and mechanism of the Company.

Currently, the Group has set up two departments for liquidity risk management, namely treasury department and risk management department. The treasury department is mainly responsible for coordinating sources of funds, addressing capital needs, formulating and optimising financial strategies, implementing liquidity management during daytime and taking initiative to prevent liquidity risks. The risk management department is responsible for performing independent identification, evaluation, measuring and monitoring of liquidity risks of the Group together with management of market risks and credit risks, and paying attention on an on-going basis to the conversion of other types of risk to liquidity risk. The Group uses concentration control, trading limit control and monitoring of the market liquidity of financial instruments held by Group to address the liquidity risk of financial instruments. In order to meet the regulatory requirements, the Group has set up a multi-level, omni-directional and information-based management system to monitor and control the overall liquidity risk.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### (1) Fair value hierarchy

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3: Inputs are unobservable inputs for the asset or liability.

There were no significant transfers between Level 1 and 2 as at 30 June 2021 and 31 December 2020.

#### As at 30 June 2021

(unaudited)

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	46,019,066	68,328,892	286,621	114,634,579
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	670,911	–	92,253	763,164
– Other investments	–	6,621	–	6,621
Financial assets at fair value through profit or loss				
– Equity instruments	11,798,369	2,532,987	7,510,694	21,842,050
– Debt instruments	8,668,490	13,247,338	632,741	22,548,569
– Funds	44,643,011	370,732	1,069,605	46,083,348
– Other investments	–	10,613,004	1,139,980	11,752,984
Other investment				
– Unlisted investment in an associate	–	–	10,110	10,110
Derivative financial assets	61,986	118,714	154,331	335,031
<b>Total</b>	<b>111,861,833</b>	<b>95,218,288</b>	<b>10,896,335</b>	<b>217,976,456</b>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss	–	(160,855)	–	(160,855)
Financial liabilities designated at fair value through profit or loss	–	(5,531,065)	(390,487)	(5,921,552)
Derivative financial liabilities	(75,580)	(569,574)	(183,575)	(828,729)
Other liabilities	(71,341)	(573,015)	(1,671,804)	(2,316,160)
<b>Total</b>	<b>(146,921)</b>	<b>(6,834,509)</b>	<b>(2,245,866)</b>	<b>(9,227,296)</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

#### (1) Fair value hierarchy – continued

As at 31 December 2020

(audited)	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	45,003,995	74,894,661	283,725	120,182,381
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	713,357	–	92,228	805,585
– Other investments	–	10,819,493	–	10,819,493
Financial assets at fair value through profit or loss:				
– Equity instruments	5,277,102	2,129,215	9,024,132	16,430,449
– Debt instruments	7,878,955	15,494,169	300,796	23,673,920
– Funds	20,680,423	202,755	134,056	21,017,234
– Other investments	–	6,473,407	102,384	6,575,791
Other investment				
– Unlisted investment in an associate	–	–	45,266	45,266
Derivative financial assets	121,532	33,003	48,831	203,366
Total	<u>79,675,364</u>	<u>110,046,703</u>	<u>10,031,418</u>	<u>199,753,485</u>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss	–	(77,440)	(562,911)	(640,351)
Financial liabilities designated at fair value through profit or loss	–	(2,659,149)	(279,915)	(2,939,064)
Derivative financial liabilities	(92,219)	(31,253)	(91,515)	(214,987)
Other liabilities	(48,396)	(246,290)	(1,691,226)	(1,985,912)
Total	<u>(140,615)</u>	<u>(3,014,132)</u>	<u>(2,625,567)</u>	<u>(5,780,314)</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

#### (2) Fair values of the financial assets and financial liabilities that are not measured on a recurring basis

The fair values of financial assets and financial liabilities not measured at fair value on a recurring basis are estimated using the discounted cash flow method.

Except for the financial liabilities disclosed below, the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximated to their fair values as at 30 June 2021 and 31 December 2020.

	As at 30 June 2021 (unaudited)			Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	Difference RMB' 000	
Bonds payable – corporate bonds	77,875,966	78,255,904	379,938	Level 1
Bonds payable – subordinated bonds	13,356,240	13,344,736	11,504	Level 1
Bonds payable – financial bond	5,168,790	5,204,415	35,625	Level 2

  

	As at 31 December 2020 (audited)			Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	Difference RMB' 000	
Bonds payable – corporate bonds	70,589,507	70,550,239	39,268	Level 1
Bonds payable – subordinated bonds	13,421,220	13,295,371	125,849	Level 1
Bonds payable – financial bond	5,077,960	5,099,780	21,820	Level 1

#### (3) Basis for recurring fair value measurement categorised within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – *continued*

#### **(4) Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorised within Level 2**

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is available on the bond pricing system on the valuation date, the fair value is measured using the latest valuation results published by the bond pricing system.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is not available in active markets, equity instruments at fair value through profit or loss, asset management schemes, the fair value is determined by recent transaction prices, bid prices and valuation techniques. The inputs of those valuation techniques include the risk-free interest rate, quoted prices of underlying investment portfolio, liquidity discount by China Securities Index Company Limited, etc., which are all observable.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. For currency swaps and currency options, the fair value is determined by using the bid prices made by market dealers.

During the period ended 30 June 2021, there were no significant changes of valuation techniques for Level 2.

#### **(5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3**

For instruments, such as restricted shares, unlisted equity investments, other investments, financial liabilities and derivatives, the Group adopts the valuation techniques and quotation from counterparties quotations or valuation techniques to determine the fair value. Valuation techniques include discounted cash flow analysis, discounted bid prices, market multiples, the risk pricing model and Black Scholes model, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, probability of default, loss given default, volatility and the liquidity discount. The fair values of the financial instruments in Level 3 were not significantly sensitive to a reasonable change in these unobservable inputs.

During the period ended 30 June 2021, there were no significant changes of valuation techniques for Level 3.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

#### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – continued

The quantitative information of fair value measurement for Level 3 is as follows:

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2021 RMB' 000 (unaudited)	31 December 2020 RMB' 000 (audited)			
<b>1) Financial assets</b>					
Debt instruments	23,731	41,952	Discounted cash flows with future cash flows that are estimated based on the host contractual terms discounted at a rate that reflects the credit risk of counterparty, and the value of the option	Credit risk spread; The value of the option	The higher the credit risk spread, the lower the fair value; The higher the value of the option, the higher the fair value
Debt instruments	895,631	542,569	Discounted cash flows calculated based on the probability of default (the probability of the underlying asset does not achieve an agreed result), loss given default and expected loss	Probability of default	The higher the probability of default, the lower the fair value
Equity instruments	2,103,043	3,119,340	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	3,168,730	5,997,020	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	2,293,083	–	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Equity instruments	38,091	–	Recent transaction price	Discount for lack of marketability	The higher the discount, the lower the fair value
Funds	1,069,605	134,056	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – continued

The quantitative information of fair value measurement for Level 3 is as follows: – continued

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2021 RMB' 000 (unaudited)	31 December 2020 RMB' 000 (audited)			
<b>1) Financial assets – continued</b>					
Other investments	1,139,980	102,384	Discounted cash flows calculated based on the loss given default	Loss given default	The higher the loss given default, the lower the fair value
Commodity options	28	22,685	Black Scholes Model. Exercise price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Equity options/Equity return swaps	147,193	22,894	Black Scholes Model. Exercise price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	7,110	3,252	Risk Pricing Model. Volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Unlisted investment in an associate	10,110	45,266	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
	<u>10,896,335</u>	<u>10,031,418</u>			

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

#### (5) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorised within Level 3 – continued

The quantitative information of fair value measurement for Level 3 is as follows: – continued

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2021 RMB' 000 (unaudited)	31 December 2020 RMB' 000 (audited)			
<b>2) Financial liabilities</b>					
Equity return swaps	–	562,911	Calculated based on the fair value of the underlying equity instruments	The fair value of the underlying equity instruments	The higher the fair value of the underlying equity instruments, the higher the fair value
Equity options/Equity return swaps	164,634	74,856	Black Scholes Model. Exercise price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	243,495	128,644	Risk Pricing Model. Volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	160,332	156,754	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Commodity options	5,601	11,176	Black Scholes Model. Exercise price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Third-party interests	1,671,804	1,691,226	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
	<u>2,245,866</u>	<u>2,625,567</u>			

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

### (6) Reconciliation of Level 3 fair value measurements

For the six months ended 30 June 2021

	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Financial liabilities at fair value through profit or loss RMB' 000	Derivative financial assets RMB' 000	Derivative financial liabilities RMB' 000	Other liabilities RMB' 000
At 1 January 2021	9,561,368	375,953	(842,826)	48,831	(91,515)	(1,691,226)
Total gains/losses	1,207,379	2,921	97,672	108,954	(98,063)	(304,802)
– Profit or loss	1,207,379	–	97,672	108,954	(98,063)	(304,802)
– Other comprehensive income	–	2,921	–	–	–	–
Additions	2,618,746	–	(106,100)	5,740	(5,014)	–
Settlements/disposals	(995,179)	–	460,767	(9,194)	11,017	324,224
Transfers into Level 3	595,452	–	–	–	–	–
Transfers out of Level 3	(2,634,746)	–	–	–	–	–
As at 30 June 2021	<u>10,353,020</u>	<u>378,874</u>	<u>(390,487)</u>	<u>154,331</u>	<u>(183,575)</u>	<u>(1,671,804)</u>
Total unrealised gains/losses for the period for assets/liabilities held as at 30 June 2021						
– Included in profit or loss	<u>1,173,923</u>	<u>–</u>	<u>97,672</u>	<u>108,955</u>	<u>(98,063)</u>	<u>(304,802)</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

#### (6) Reconciliation of Level 3 fair value measurements – continued

For the year ended 31 December 2020

	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Financial liabilities at fair value through profit or loss RMB' 000	Derivative financial assets RMB' 000	Derivative financial liabilities RMB' 000	Other liabilities RMB' 000
At 1 January 2020	8,316,622	443,300	(597,676)	16,095	(130,005)	(1,179,567)
Total gains/losses	1,116,391	(67,347)	191,254	36,601	(17,453)	(1,376,431)
– Profit or loss	1,116,391	–	191,254	36,601	(17,453)	(1,376,431)
– Other comprehensive income	–	(67,347)	–	–	–	–
Additions	455,959	–	(275,805)	12,230	(74,062)	–
Settlements/disposals	(974,877)	–	(160,599)	(16,095)	130,005	864,024
Transfers into Level 3	2,253,347	–	–	–	–	748
Transfers out of Level 3	(1,606,074)	–	–	–	–	–
As at 31 December 2020	<u>9,561,368</u>	<u>375,953</u>	<u>(842,826)</u>	<u>48,831</u>	<u>(91,515)</u>	<u>(1,691,226)</u>
Total unrealised gains/losses for the year for assets/liabilities held as at 31 December 2020						
– Included in profit or loss	<u>920,461</u>	<u>–</u>	<u>191,254</u>	<u>36,601</u>	<u>(17,453)</u>	<u>(1,376,431)</u>

Note: The equity securities traded on stock exchanges with lock-up periods and targeted asset management plans holding listed shares with lock-up periods were transferred from Level 3 to Level 1 when the lock-up periods lapsed and they became unrestricted.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity instruments which are categorised into Level 3 of the fair value hierarchy.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 51. CHANGE OF SCOPE OF CONSOLIDATION

#### 51.1 Consolidated structured entities

As at 30 June 2021, the Group consolidated 20 structured entities (31 December 2020: 18). For those structured entities where the Group is involved as manager or as investor, the Group has significant variable interests in them and the Group is able to exercise control over their operations. The Group assesses whether or not it controls a structured entity when facts and circumstances indicate that there are changes to the elements of control, and if it concludes that it has lost control over the structured entities, the Group will therefore not consolidate these structured entities at the end of the reporting period.

#### 51.2 New subsidiaries

GF Financial Holdings BVI Ltd., a new company incorporated during the period, which was controlled by GF Holdings (Hong Kong) Corporation Limited, was consolidated in the condensed consolidated financial statements since its incorporation.

#### 51.3 Deconsolidated subsidiaries

During the reporting period, the Group has liquidated GF Bright Investment Limited and GF China Advantage Fund L.P., which were subsidiaries of GF Holdings (Hong Kong) Corporation Limited and Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd. and GF Xinde Healthcare Capital Management Co., Ltd., which were subsidiaries of GF Xinde Investment Management Co., Ltd..

During the reporting period, the Group has disposed of Shenzhen Dahe Xinde Corporate Management Co.,Ltd., which was a subsidiary of GF Xinde Investment Management Co.,Ltd.. The disposal price is equivalent to the then net asset of the subsidiary.

### 52. OUTSTANDING LITIGATIONS

As at 30 June 2021, the Group was involved as a defendant in certain lawsuits and arbitration with claim amounts of approximately RMB119.36 million and certain listed company shares for distribution in-kind (31 December 2020: RMB74.92 million). Based on the court rulings, advice from legal representatives and management judgement, no provision had been made to the aforesaid claims. The Group is of the opinion the above lawsuits and arbitration will not have a significant impact on the Group's financial position and operations.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

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

- (1) On 9 July 2021, the Company completed the issuance of a 83-day short-term financing bill 21GFCP003BC (Security Code: 072100115), amounting to RMB4.50 billion, with an annual interest rate of 2.20%.
- (2) On 23 July 2021, the Company completed the issuance of public corporate bonds (Tranche 2), and Type 1 is a 3-year bond 21GF05 (Security Code:149562), amounting to RMB3.00 billion, with an annual interest rate of 3.13%; Type 2 is a 5-year bond 21GF06 (Security Code:149563), amounting to RMB4.50 billion, with an annual interest rate of 3.45%; Type 3 is a 10-year bond 21GF07 (Security Code:149564), amounting to RMB1.50 billion, with an annual interest rate of 3.77%.
- (3) On 13 August 2021, the Company completed the issuance of public corporate bonds (Tranche 3), and Type 1 is a 390-day bond 21GF08 (Security Code:149593), amounting to RMB4.60 billion, with an annual interest rate of 2.69%; Type 2 is a 2-year bond 21GF09 (Security Code:149594), amounting to RMB3.40 billion, with an annual interest rate of 2.90%.

## Section 11 Documents Available for Inspection

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- (I) Report on Review of Interim financial information (H Shares).
- (II) The original copies of all company documents and announcements publicly disclosed during the Reporting Period.
- (III) Other relevant information.