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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)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of GF Securities Co., Ltd. (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2022. This announcement, containing the full text of the 2022 annual 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 the information to accompany preliminary announcements of annual results.

The 2022 annual report of the Company and its printed version will be published and despatched to the H shareholders of the Company by the end of April 2023 and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.gf.com.cn.

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

Guangzhou, the PRC
March 30, 2023

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

Important Notice

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

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

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

The 2022 annual financial report of the Company prepared in accordance with the International Financial Reporting Standards has been audited by Ernst & Young, who has issued a standard unqualified audit report. Unless otherwise indicated, the financial data stated in this report is denominated in RMB.

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

The proposed profit distribution plan of the Company was considered and passed by the Board of Directors: based on the number of the shares as at the dividend distribution registration date after deducting 15,242,153 shares deposited in the special account for securities repurchase of the Company, a cash bonus of RMB3.5 (tax inclusive) per 10 shares will be paid to all shareholders. No bonus shares will be distributed and no capital reserves will be converted into share capital.

This annual report has been prepared by the Company in both Chinese and English languages. When there is any discrepancy in interpretation between the Chinese version and English version of this report, the Chinese version shall prevail.

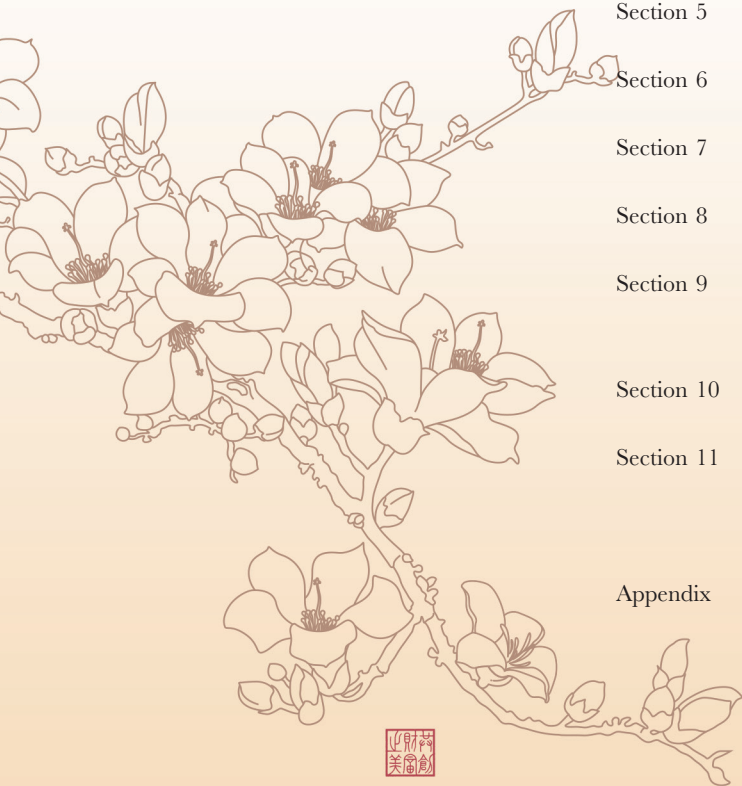
WARNING ABOUT MATERIAL RISK FACTORS

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, disoperation by staff members, system failure and external events; information technology risk that may cause adverse impact to the Company due to the defective design and unstable operation of the information system; and reputational risks that may arise from the Company's operating activities or the personal actions of its staff and cause negative comments on the Company by relevant institutions, the public, the media, etc., which may affect its brand value and be detrimental to the Company's operations and social stability.

In response to the risks mentioned above, the Company has established and maintained a comprehensive internal control system, and a compliance and comprehensive risk management system to ensure that the Company operates healthily within an extent of controllable, predictable and tolerable risks. Investors are advised to read the "Management Discussion and Analysis" as set out in Section 5 of this report carefully and to pay particular attention to the above risk factors.

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DEFINITIONS

Term	Definition
Articles of Association	Articles of Association of GF Securities Co., Ltd.
Reporting Period	Year 2022 (January 1, 2022 to December 31, 2022)
The Company, Company, parent company, GF Securities	GF Securities Co., Ltd.
The Group, Group	the Company and its subsidiaries which fall within the scope of the consolidated financial statements
Jilin Aodong	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
Liaoning Cheng Da	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)
HKSCC Nominees	HKSCC Nominees Limited
GF Fund	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
GFHK	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
GF Securities (Hong Kong)	GF Securities (Hong Kong) Brokerage Limited (廣發証券(香港)經紀有限公司)
GF Asset Management (Hong Kong)	GF Asset Management (Hong Kong) Limited (廣發資產管理(香港)有限公司)
GF Investments (Hong Kong)	GF Investments (Hong Kong) Company Limited (廣發投資(香港)有限公司)
GF Capital (Hong Kong)	GF Capital (Hong Kong) Limited (廣發融資(香港)有限公司)
GF Global Capital	GF Global Capital Limited (廣發全球資本有限公司)
GF Futures	GF Futures Co., Ltd. (廣發期貨有限公司)
GF Futures (Hong Kong)	GF Futures (Hong Kong) Co., Limited (廣發期貨(香港)有限公司)
GF Financial Markets (UK)	GF Financial Markets (UK) Limited



DEFINITIONS

GF Xinde	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
GF Qianhe	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
GF Asset Management	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
GFFL	Guangfa Financial Leasing (Guangdong) Co., Ltd. (廣發融資租賃(廣東)有限公司)
Guangdong Equity Exchange	Guangdong Equity Exchange Co., Ltd. (廣東股權交易中心股份有限公司)
E Fund	E Fund Management Co., Ltd. (易方達基金管理有限公司)
GF Charity Foundation	GF Securities Social Charity Foundation in Guangdong Province
ECT	E-Capital Transfer Co., Ltd. (證通股份有限公司)
CSF	China Securities Finance Corporation Limited (中國證券金融股份有限公司)
The PRC	Mainland China
CSRC	the China Securities Regulatory Commission
CIRC	the former China Insurance Regulatory Commission
Guangdong Bureau of the CSRC	Guangdong Bureau of the China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
SZSE	the Shenzhen Stock Exchange
BSE	the Beijing Stock Exchange
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Company Law	Company Law of the PRC (中華人民共和國公司法)
Securities Law	Securities Law of the PRC (中華人民共和國證券法)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules



DEFINITIONS

CG Code	the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
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
Security Transactions with Repurchase Agreement	a transaction in which a qualified customer sells the subject securities at an agreed price to the securities company which is the custodian of such securities, and agrees to purchase the subject securities from the securities company at another agreed price on a future date, and the securities company will return the relevant yields generated by the subject securities during the period pending for repurchase to the customer pursuant to the agreement signed with the customer
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as new third board (新三板)
QDII	Qualified Domestic Institutional Investors



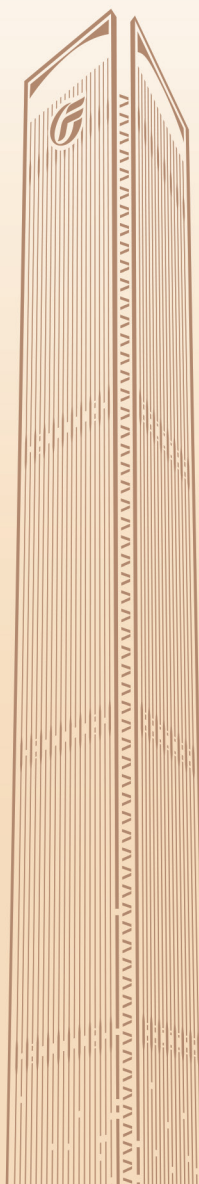
DEFINITIONS

QFII	Qualified Foreign Institutional Investors
RQFII	RMB Qualified Foreign Institutional Investors
ETF	Exchange Traded Funds, an open index fund available for trading, commonly known as Exchange Traded Fund, which is an open fund listed for trading on a stock exchange with variable portions of the fund components
FICC	Fixed Income, Currencies & Commodities
ISDA Agreements	the standard agreement text and ancillary documents for international OTC derivatives transactions provided by International Swaps and Derivatives Association
GMRA Agreements	Global Master Repurchase Agreement
VaR	Value at Risk
A Share(s)	domestic shares of the Company with a nominal value of RMB1.00 each, which are listed on the 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
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 2022 annual report, some total figures may be slightly deviated in the last digit from the sum of direct aggregation of all amounts. Such discrepancy is due to the rounding up calculation of decimal places.



SECTION 1 COMPANY PROFILE





COMPANY PROFILE

I. COMPANY INFORMATION

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		
General Manager of the Company	Lin Chuanhui		
Registered Address	Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong		
Postal Code of the Registered Address	510555		
Historical Changes of the Company's Registered Address	On February 9, 2010, "Yan Bian Road" was renamed as "GF Securities" and its registered address was changed to 43rd Floor (Room 4301-4316), Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou. On May 15, 2017, the registered address of the Company was changed to Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong.		
Principal Business Address	GF Securities Tower, 26 Machang Road, Tianhe District, Guangzhou, Guangdong		
Postal Code of the Business Address	510627		
Company Website	www.gf.com.cn		
Company E-mail	gfzq@gf.com.cn		
Tel	020-66338888		
Customer Service Hotline	95575		
Registered Capital of the Company	RMB7,621,087,664		
Net Capital of the Company	RMB79,847,245,139.87		

II. CONTACT PERSONS AND CONTACT INFORMATION

Secretary of the Board/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



COMPANY PROFILE

III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

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

IV. CHANGES IN REGISTRATION INFORMATION

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

V. QUALIFICATIONS OF INDIVIDUAL BUSINESSES

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



COMPANY PROFILE

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



COMPANY PROFILE

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



COMPANY PROFILE

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



COMPANY PROFILE

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



COMPANY PROFILE

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

The qualifications of individual business that the Company has obtained in 2022 include:

1	Qualification for market maker of the Fund Access Platform of the Shenzhen Stock Exchange	SZSE	February 2022
2	Qualification for pilot work of corporate counsel	Guangdong Department of Justice	May 2022
3	Qualification for primary market maker of CSI 500ETF Options business	SSE	September 2022
4	Qualification for market maker of ChiNext ETF Options business	SZSE	September 2022
5	Qualification for market maker of CSI 500ETF Options business	SZSE	September 2022
6	Qualification for pilot account management function optimization business	CSRC	November 2022



COMPANY PROFILE

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

No.	Type of License	Approval Authority	Issue Date
Membership and business qualifications obtained by GF Fund and its subsidiaries			
1	Permit for Operations of Securities and Futures Business	CSRC	July 2003
2	Client-specific asset management	CSRC	February 2008
3	Qualified Domestic Institutional Investor (QDII)	CSRC	January 2009
4	Entrusted Domestic Investment Manager of National Social Security Fund	National Council for Social Security	December 2010
5	Type 4: advising on securities	SFC	September 2011
6	Type 9: asset management	SFC	September 2011
7	RMB Qualified Foreign Institutional Investor (RQFII) (1)	CSRC	August 2012
8	Entrusted investment managers of insurance funds	CIRC	October 2012
9	Permit for Operations of Securities and Futures Business (Client-specific asset management)	CSRC	June 2013
10	Entrusted asset management investment managers of Insurance Security Fund	China Insurance Security Fund Co., Ltd.	August 2013
11	Qualified Foreign Institutional Investors (QFII)	CSRC	September 2013
12	Financial Services Commission of South Korea — investment consulting business license (Foreign Investment Adviser)	Financial Services Commission of South Korea	November 2013
13	Type 1: dealing in securities	SFC	March 2014
14	Investment advisory (US Investment Adviser)	U.S. Securities and Exchange Commission (SEC)	May 2014
15	Basic pension insurance fund securities investment management agency	National Council for Social Security	December 2016
16	Hong Kong Shares Investment Advisory Institution	Asset Management Association of China	October 2018
17	Fund investment advisory business	CSRC	June 2021
18	Qualified domestic limited partnership qualification for pilot business of overseas investment enterprises	Financial Development Bureau of Guangdong-Macao In-Depth Cooperation Zone in Hengqin	December 2021
19	Qualified domestic limited partnership (QDLP) qualification for pilot overseas investment fund management enterprises	Joint Meeting Office on Pilot Overseas Investment of Qualified Domestic Limited Partnership of Guangdong-Macao In-Depth Cooperation Zone in Hengqin	January 2023



COMPANY PROFILE

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



COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
26	Associate membership	Insurance Asset Management Association of China	December 2015
27	Qualification for RMB Qualified Foreign Institutional Investor (RQFII)	CSRC	April 2016
28	Asset management license	Financial Conduct Authority (FCA) of the UK	October 2016
29	Membership	National Association of Financial Market Institutional Investors	November 2016
30	Membership	Shanghai International Energy Exchange	May 2017
31	Pilot business filed for record: market-making business	China Futures Association	October 2017
32	Membership	Guangzhou Headquarters Economy Association	February 2018
33	Membership	Asset Management Association of China	July 2018
34	Membership	Shanghai Futures Association	August 2018
35	Participant of stock option trading on the Shanghai Stock Exchange	Shanghai Stock Exchange	December 2018
36	Qualification for options clearing business	China Securities Depository and Clearing Corporation Limited	December 2018
37	Membership	China Rubber Industry Association	May 2019
38	Trading participant of the Shenzhen Stock Exchange	Shenzhen Stock Exchange	January 2020
39	Hazardous chemical products business permit	Emergency Management Bureau of Pudong New Area, Shanghai	August 2020
40	Non-drug precursor chemicals business record certificate	Emergency Management Bureau of Pudong New Area, Shanghai	September 2020
41	Membership	Guangzhou Futures Exchange	June 2022
42	Administrative license for directory registration of importers	Shanghai Branch of the State Administration of Foreign Exchange	June 2022



COMPANY PROFILE

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



COMPANY PROFILE

No.	Type of License	Approval Authority	Issue Date
Membership and business qualifications obtained by GF Asset Management			
1	Qualified Domestic Institutional Investor (QDII) qualification for overseas securities investment management business	CSRC	December 2013
2	Permit for Operations of Securities Business (securities asset management)	CSRC	March 2014
3	Member of National Association of Financial Market Institutional Investors	National Association of Financial Market Institutional Investors	July 2015
4	Investment Manager Qualification for Management of Entrusted Investment of Insurance Funds	CIRC	March 2016

Membership and business qualifications obtained by GF Qianhe

1	Membership	Securities Association of China	May 2017
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Membership and business qualifications obtained by GFFL

1	Membership	Guangdong Financial Leasing Association	April 2016
2	Membership	Guangzhou Financial Leasing Industry Alliance	April 2016
3	Membership	Guangzhou Nansha Financial Industry Association	November 2018
4	Membership	Global Leasing Union and United Leasing Research and Development Center	December 2018

Membership and business qualifications obtained by GF Xinde

1	Membership	Securities Association of China	April 2017
2	Membership	Asset Management Association of China	March 2018



COMPANY PROFILE

VI. COMPANY HISTORY AND DEVELOPMENT

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

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

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

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

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

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

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



COMPANY PROFILE

MAJOR INCREASES IN SHARE CAPITAL

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

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

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

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

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

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

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

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

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

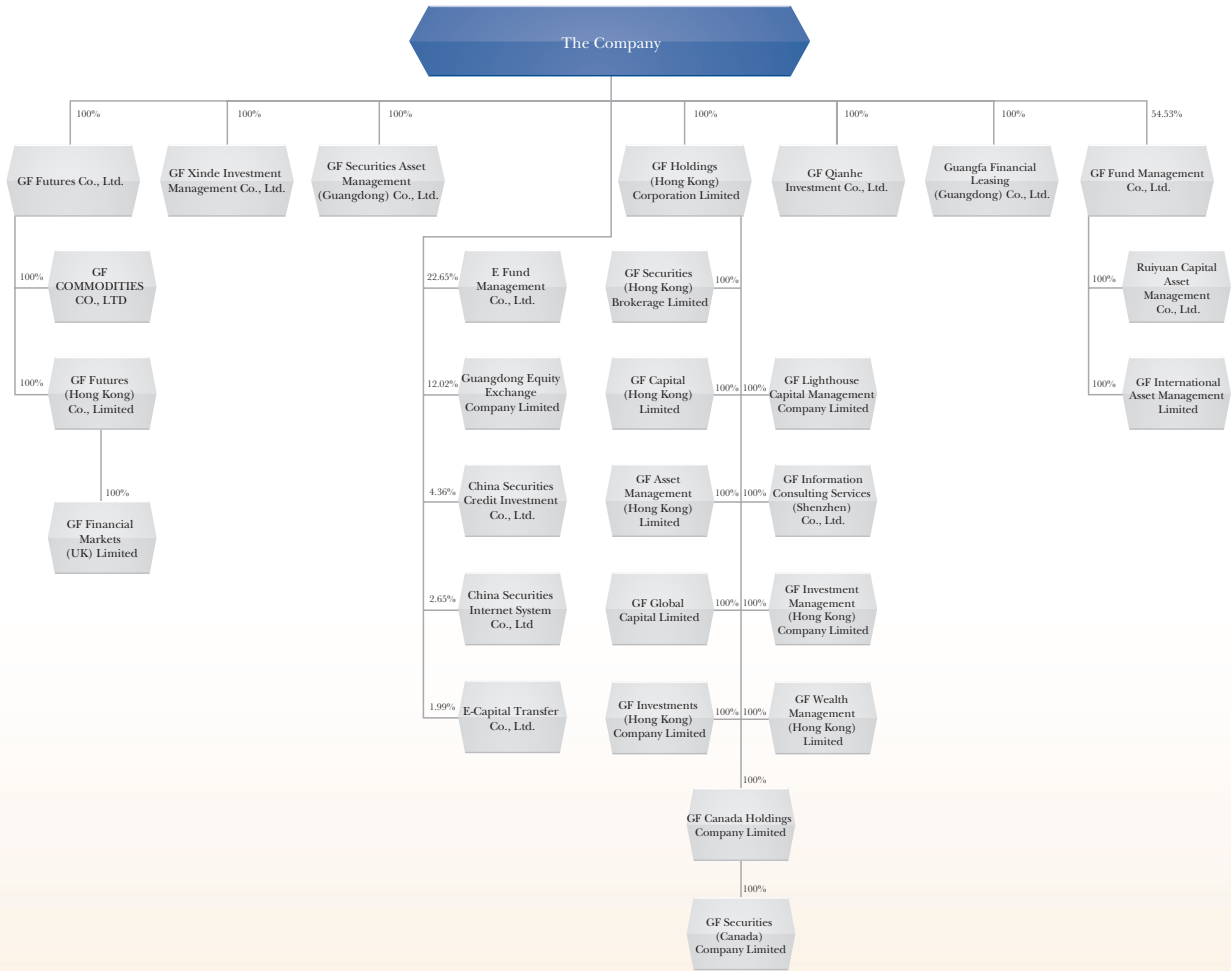
On April 10, 2015, the Company was listed for trading on the Main Board of the Hong Kong Stock Exchange. Upon full exercise of the over-allotment options, the Company issued a total of 1,701,796,200 H Shares and increased its share capital to RMB7,621,087,664.



COMPANY PROFILE

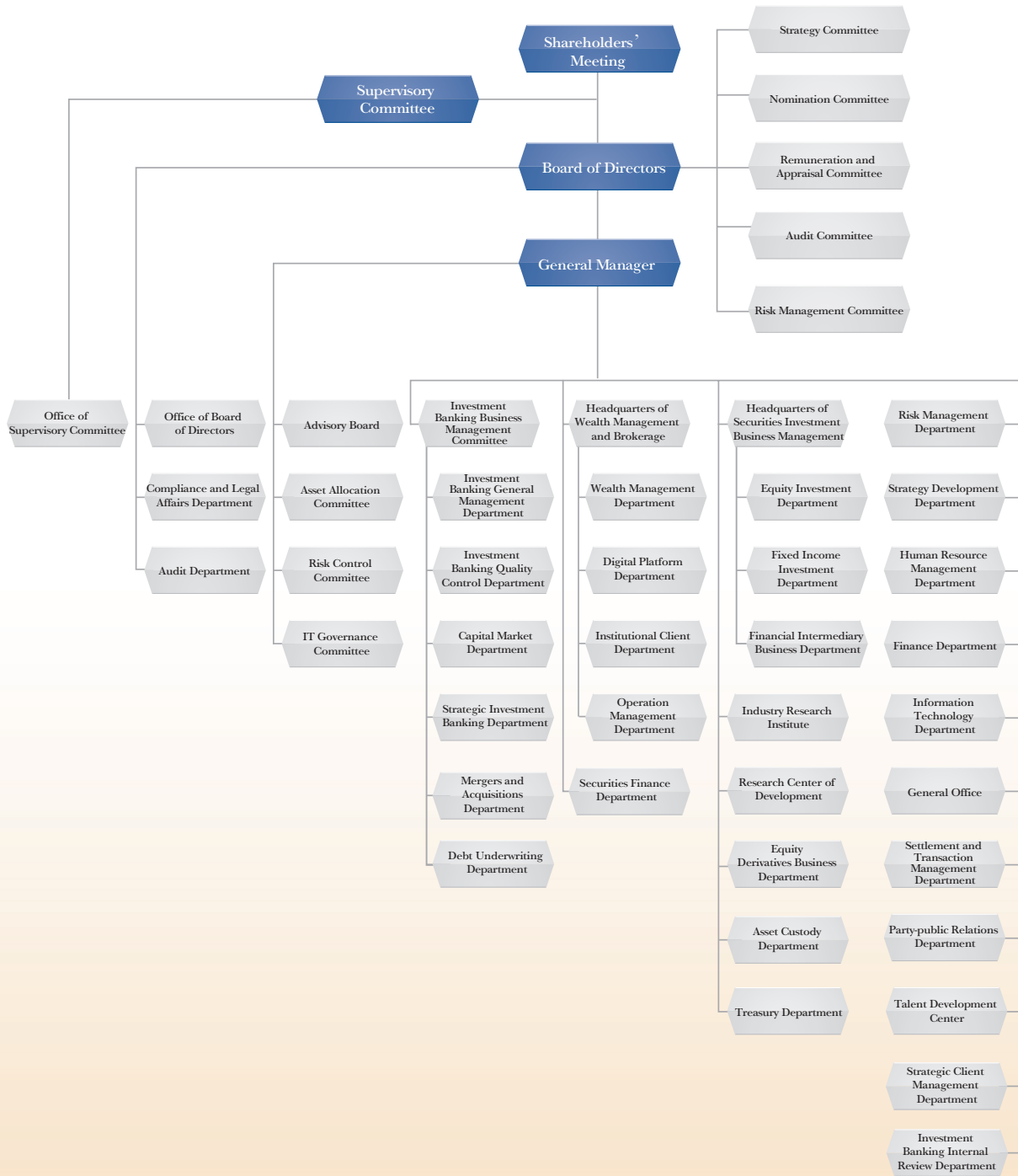
VII. STRUCTURE OF THE COMPANY

1. Organization Structure of the Company



COMPANY PROFILE

2. Organization Structure of the Company (As of the date of this report)





COMPANY PROFILE

3. Domestic and Overseas Principal Branch Companies

Names of Branch Companies	Registered Address	Date of Establishment	Responsible Person	Contact No.
GF Securities Co., Ltd. Guangxi Branch	Offices 1, 2 and 5, the east side of the 2nd floor, Xinda Building, 19 Fengxiang Road, Qingxiu District, Nanning	December 2000	Xiang Yingying	0771-5313688
GF Securities Co., Ltd. Shanxi Branch	Rooms 1205-1208, 12th Floor, Block A, Building 3, Shanxi International Finance Center, 426 South Zhonghuan Street, Taiyuan Xuefu Park, Shanxi Comprehensive Reform Demonstration Zone	October 2001	Li Jiaying	0351-4940300
GF Securities Co., Ltd. Anhui Branch	15th Floor, Renhe Building, Changjiang Middle Road, Hefei, Anhui Province	February 2007	Ran Xiang	0551-62636568
GF Securities Co., Ltd. Hunan Branch	Room 301, Hexie Xiaoxiang Building, 158 Wuyi Avenue, Furong District, Changsha, Hunan Province	July 2008	Qiao Ying	0731-85287218
GF Securities Co., Ltd. Jiangxi Branch	1st and 2nd Floors, 132 Beijing West Road, Xihu District, Nanchang, Jiangxi Province	September 2008	Li Lin	0791-86303229
GF Securities Co., Ltd. Shenzhen Branch	Units 2001 and 2002, Shum Yip Center Building, 5045 Shennan East Road, Xinwei Community, Guiyuan Street, Luohu District, Shenzhen	July 2009	Wu Yudong	0755-82083898
GF Securities Co., Ltd. Shanghai Branch	Units 05 and 06, 35th Floor (nominal floor, actually 32/F), 429 Nanquan North Road, China (Shanghai) Pilot Free Trade Zone	July 2009	Wang Xindong	021-68818808
GF Securities Co., Ltd. Hebei Branch	Rooms 610, 611, 612, 613 and 615, 6th Floor, Block A, Yuyuan Plaza, 9 Yuhua West Road, Qiaoxi District, Shijiazhuang	July 2009	Zhu Shuaiqi	0311-85278887
GF Securities Co., Ltd. Shandong Branch	West Wing of the 10th Floor and rooms 905 and 908 of the 9th Floor, Comprehensive Building, 3 Luoyuan Street, Lixia District, Jinan	July 2009	Zhuang Wei	0531-86993666
GF Securities Co., Ltd. Hubei Branch	No. 4, 5, 6 and 7, 27th Floor, Office Building Unit, Block A, Tian Yue Xing Chen, 8 Sanyang Road, Jiangnan District, Wuhan	July 2009	Peng Tao	027-82800767
GF Securities Co., Ltd. Guangzhou Branch	Zibian No. 201, Room 201, 101 Tianhe Road, Tianhe District, Guangzhou	July 2009	Chen Liming	020-83863518
GF Securities Co., Ltd. Jiangsu Branch	272 Jiqingmen Avenue, Gulou District, Nanjing	August 2009	Liu Zhengyi	025-86899227



COMPANY PROFILE

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



COMPANY PROFILE

4. Domestic and Overseas Controlled Subsidiaries and Invested Companies

(1) Domestic Principal Controlled Subsidiaries and Invested Companies

Company Name	Registered Address	Date of Establishment	Registered Capital (ten thousand)	Shareholding		Responsible Person	Contact No.
				Ratio (%)			
GF Fund	Room 2608, 3018 Huandao East Road, Hengqin New District, Zhuhai, Guangdong Province	2003.08	RMB14,097.80	54.53		Sun Shuming	020-83936666
GF Futures	Flat 1002, 12 Junxian Street, Huangpu District, Guangzhou, Guangdong Province	1993.03	RMB190,000	100		Luo Mansheng	020-88838016
GF Xinde	Room B607, Building 1, 275 Xintuo Road, Daxie Development Zone, Ningbo, Zhejiang Province	2008.12	RMB280,000	100		Xiao Xuesheng	020-66338790
GF Qianhe	Room 206, 3 Xingfu West Street, Beifang Town, Huairou District, Beijing	2012.05	RMB710,350	100		Ao Xiaomin	010-83948182
GF Asset Management	Room 2005, Office Building, 191 Rongzhu Road, Hengqin New District, Zhuhai	2014.01	RMB100,000	100		Qin Li	020-66338701
GFFL	Room 612, 36 Jintao West Street, Nansha District, Guangzhou	2015.06	RMB80,000	100		Zhang Wei	020-66335038
E Fund	Level 6, 188 Rongyue Road, Hengqin New District, Zhuhai, Guangdong Province	2001.04	RMB13,244.20	22.65		Liu Xiaoyan	020-38797888
Guangdong Equity Exchange	Zibian Room 898, 333 Jiufu Jianshe Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province	2018.07	RMB31,098.31	12.02		Wang Wensheng	020-82116876
China Securities Credit Investment Co., Ltd.	513 Hedge Fund Center, Fund Town, 128 Guiwan 5th Road, Nanshan Subdistrict, Qianhai SZ-HK Cooperation Zone, Shenzhen	2015.05	RMB458,598	4.36		Feng Ci	0755-84362888
China Securities Internet System Co., Ltd.	8-10/F, Building 4, Financial Street, Xicheng District, Beijing	2013.02	RMB755,024.45	2.65		An Qingsong	010-83897816
ECT	Building 1, 27 Xinqiniao Road, China (Shanghai) Pilot Free Trade Zone	2015.01	RMB251,875	1.99		Wang Guanrong	021-20538888



COMPANY PROFILE

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

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

GF Futures established GF COMMODITIES CO., LTD.

Name of Subsidiary	Registered Address	Date of Establishment	Registered Capital	Shareholding Ratio	Responsible	
			(ten thousand)	(%)	Person	Contact No.
GF COMMODITIES CO., LTD.	Room A-805, 188 Yesheng Road, Lin-Gang Special Area, China (Shanghai) Pilot Free Trade Zone	2013.04	RMB40,000	100	Luo Mansheng	020-88838016



COMPANY PROFILE

(2) Overseas Principal Wholly-owned Subsidiaries

Name of Subsidiary	Registered Address	Date of Establishment	Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GFHK	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2006.06	HK\$560,000	100	Liu Zhongyuan	(852) 37191111

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

Name of Subsidiary	Registered Address	Date of Establishment	Registered/ Paid-in Capital (ten thousand)	Shareholding Ratio (%)	Responsible Person	Contact No.
GF Securities (Hong Kong)	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2006.07	HK\$280,000	100	Wang Yue	(852) 37191111
GF Capital (Hong Kong)	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2006.07	HK\$13,000	100	Yan Ming	(852) 37191111
GF Asset Management (Hong Kong)	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2006.07	HK\$34,500	100	Sun Bo	(852) 37191111
GF Global Capital	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2015.11	HK\$160,000	100	Zeng Chao	(852) 37191111
GF Investments (Hong Kong)	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2011.09	HK\$500	100	Mai Xiaoying	(852) 37191111
GF Lighthouse Capital Management	Ritter House, Wickhams Cay II, P.O. Box 3170, Road Town VG1110, Tortola, British Virgin Islands	2014.09	US\$0.01	100	Mai Xiaoying	(852) 37191111
GF Information Consulting Service (Shenzhen) Company Limited	Room 201, Building A, 1 Qianwan 1st Road, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen	2014.04	RMB1,000	100	Wang Yue	0755-88263107
GF Investment Management (Hong Kong) Company Limited	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2011.10	HK\$0.0001	100	Sha Jianyuan	(852) 37191111
GF Wealth Management (Hong Kong) Limited	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	2014.11	HK\$2,500	100	Wang Yue	(852) 37191111
GF Canada Holdings Company Limited	Suite 2270-1055 West Georgia Street, Vancouver BC V6E 3P3 Canada	2018.02	CAD456.03	100	Wen Huiqing	(778) 2975888
GF Securities (Canada) Company Limited	Suite 2270-1055 West Georgia Street, Vancouver BC V6E 3P3 Canada	2014.03	CAD1,640	100	Liao Zhanhua	(778) 2975888

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



COMPANY PROFILE

GF Fund established GF International Investment Management Limited.

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

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

Name of Subsidiary	Registered Address	Date of Establishment	Paid-in Capital (ten thousand)	Shareholding	Responsible	
				Ratio (%)	Person	Contact No.
GF Futures (Hong Kong)	Unit 08, 28th Floor, The Center, 99 Queen's Road Central, Hong Kong	2006.05	HK\$102,100	100	Liu Boya	(852) 38937799
GF Financial Markets (UK)	1 Finsbury Square, London, EC2A 1AE, United Kingdom.	1976.02	GBP 5,596.9014	100	Luo Mansheng	020-88838016

5. Numbers and Distribution of Securities Brokerage Branches

As of December 31, 2022, the Company had established 313 securities brokerage branches. The numbers and distribution of securities brokerage branches are set out below:

Province/Municipality or Region	Number of Brokerage Branches	Province/Municipality or Region	Number of Brokerage Branches	Province/Municipality or Region	Number of Brokerage Branches
Guangdong Province (of which: Shenzhen)	128 (13)	Shaanxi Province	7	Hunan Province	2
Shanghai	22	Sichuan Province	6	Anhui Province	2
		Henan Province	5	Guangxi Zhuang Autonomous Region	3
Hubei Province	16	Chongqing	4	Guizhou Province	1
Liaoning Province	14	Hainan Province	4	Tibet Autonomous Region	1
Hebei Province	15	Jiangxi Province	3	Shanxi Province	1
Zhejiang Province	15	Yunnan Province	3	Xinjiang Uygur Autonomous Region	1
Jiangsu Province	15	Jilin Province	3	Gansu Province	1
Fujian Province	14	Tianjin	2	Qinghai Province	1
Beijing	10	Heilongjiang Province	2	Ningxia Hui Autonomous Region	1
Shandong Province	9	Inner Mongolia	2	—	—



COMPANY PROFILE

VIII. OTHER RELEVANT INFORMATION

(1) Auditors engaged by the Company

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

(2) Legal Advisors

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

(3) Share Registrars

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

COMPANY PROFILE

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

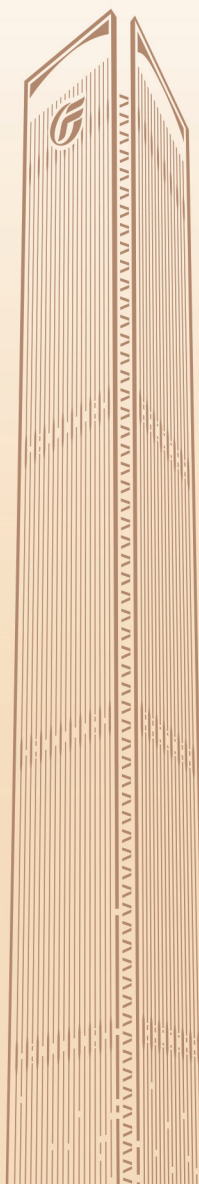
Not applicable

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

Not applicable



SECTION 2 KEY ACCOUNTING DATA AND FINANCIAL INDICATORS





KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

I. KEY ACCOUNTING DATA (CONSOLIDATED STATEMENTS)

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

Unit: RMB in millions

	2022	2021	Variance in comparison with last year	2020
Total revenue and other income	33,256	41,915	-20.66%	35,983
Profit before income tax	10,388	14,964	-30.58%	13,599
Net profit attributable to owners of the Company	7,929	10,854	-26.95%	10,038
Net cash from/(used in) operating activities	40,163	(50,836)	—	(2,085)
Basic earnings per share (RMB/share)	1.02	1.42	-28.17%	1.32
Return on weighted average net assets (%)	7.23	10.67	Decrease of 3.44 percentage points	10.60

	December 31, 2022	December 31, 2021	Variance in comparison with the end of last year	December 31, 2020
Total assets	617,256	535,855	15.19%	457,464
Total liabilities	492,463	425,054	15.86%	355,190
Equity attributable to owners of the Company	120,146	106,625	12.68%	98,162
Total share capital	7,621	7,621	0.00%	7,621
Equity per share attributable to owners of the Company (RMB/share)	15.76	13.99	12.65%	12.88
Gearing ratio (%)	73.98	72.92	Increase of 1.06 percentage points	71.15

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

2. In calculating equity per share attributable to owners of the Company as indicated in the table above, the perpetual subordinated bonds issued by the Company was included. After excluding such impact, equity per share attributable to ordinary shareholders of the Company as at the end of the Reporting Period was RMB14.30.



KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

II. ACCOUNTING DATA DIFFERENCE UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

The net profits in the years of 2022 and 2021 and the net assets as of December 31, 2022 and December 31, 2021 as stated in the consolidated financial statements of the Company disclosed in accordance with International Financial Reporting Standards (IFRS) are consistent with those in accordance with China's Accounting Standards (CAS).

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

Unit: RMB

Item	At the end of 2022	At the end of 2021	Variance in comparison with the end of last year
Core net capital	62,597,245,139.87	61,666,929,489.73	1.51%
Supplementary net capital	17,250,000,000.00	4,500,000,000.00	283.33%
Net capital	79,847,245,139.87	66,166,929,489.73	20.68%
Net assets	104,797,351,217.89	91,874,588,306.90	14.07%
Total risk capital reserves	42,795,474,589.61	33,466,481,546.48	27.88%
Total on- and off-balance sheet assets	487,887,860,986.32	389,168,701,675.84	25.37%
Risk coverage ratio	186.58%	197.71%	Decrease of 11.13 percentage points
Capital leverage ratio	13.04%	16.03%	Decrease of 2.99 percentage points
Liquidity coverage ratio	213.79%	238.90%	Decrease of 25.11 percentage points
Net stable funding ratio	147.26%	163.37%	Decrease of 16.11 percentage points
Net capital/Net assets	76.19%	72.02%	Increase of 4.17 percentage points
Net capital/Liabilities	24.29%	23.88%	Increase of 0.41 percentage point
Net assets/Liabilities	31.88%	33.16%	Decrease of 1.28 percentage points
Proprietary equity securities and securities derivatives/Net capital	47.87%	49.57%	Decrease of 1.70 percentage points
Proprietary non-equity securities and securities derivatives/Net capital	311.13%	290.54%	Increase of 20.59 percentage points

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



KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

At the end of the year, the parent company had net capital of RMB79,847 million and total risk capital reserves of RMB42,795 million. Risk coverage ratio, net capital/net assets ratio and net capital/liabilities ratio were 186.58%, 76.19% and 24.29%, above the regulatory requirements of 100%, 20% and 8%. The Company possesses high-quality assets, and each of its risk control indicators is in compliance with the relevant requirements under the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》).

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

1. Earnings (Unit: RMB' 000)

	2022	2021	2020	2019	2018
Total revenue and other income	33,255,892	41,914,753	35,983,218	30,076,891	22,816,996
Total expenses	23,807,917	28,378,705	23,247,144	20,265,060	17,435,709
Profit before income tax	10,387,788	14,963,846	13,599,297	10,276,222	6,004,338
Net profit attributable to owners of the Company	7,929,282	10,854,116	10,038,135	7,538,921	4,300,126

2. Assets (Unit: RMB' 000)

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total assets	617,256,282	535,855,324	457,463,686	394,391,064	389,105,946
Total liabilities	492,463,442	425,053,981	355,190,100	300,254,468	300,476,772
Equity attributable to owners of the Company	120,145,632	106,624,510	98,162,197	91,233,985	85,018,016
Share capital	7,621,088	7,621,088	7,621,088	7,621,088	7,621,088

3. Key financial indicators

	2022	2021	2020	2019	2018
Basic/diluted earnings per share (RMB/share)	1.02	1.42	1.32	0.99	0.56
Return on weighted average net assets (%)	7.23	10.67	10.60	8.48	5.07
Gearing ratio (%)	73.98	72.92	71.15	70.09	73.20
Equity per share attributable to owners of the Company (RMB/share)	15.76	13.99	12.88	11.97	11.16

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

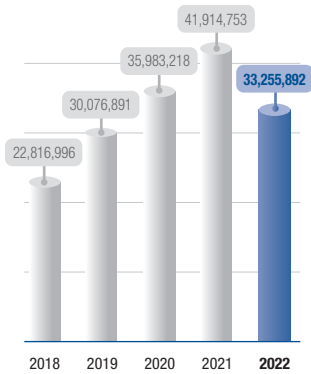
2. In calculating equity per share attributable to owners of the Company as indicated in the table above, the perpetual subordinated bonds issued by the Company were included. After excluding such impact, equity per share attributable to ordinary shareholders of the Company as at the end of the Reporting Period was RMB14.30.



KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

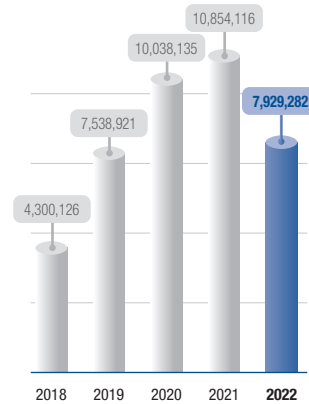
Total revenue and other income

(Unit: RMB'000)



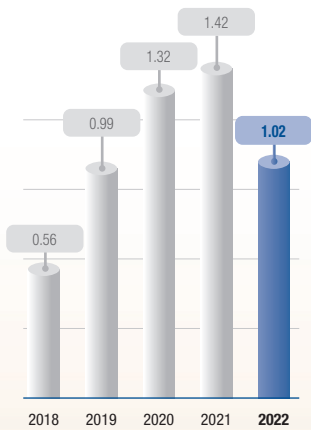
Net profit attributable to owners of the Company

(Unit: RMB'000)

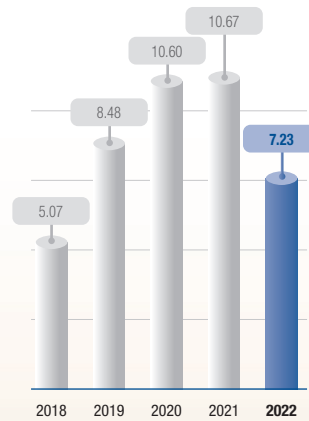


Basic earnings per share

(RMB/share)

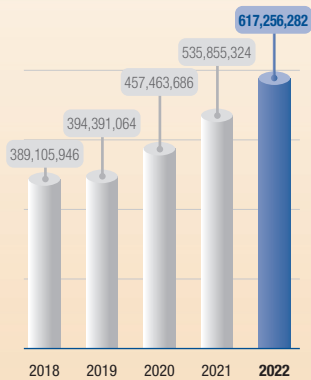


Return on weighted average net assets (%)



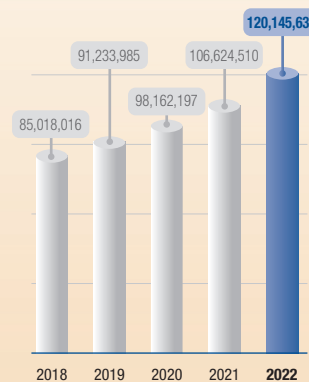
Total assets

(Unit: RMB'000)



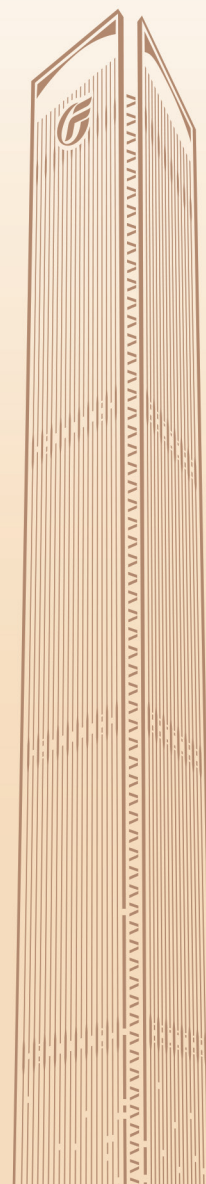
Equity attributable to owners of the Company

(Unit: RMB'000)





SECTION 3 CHAIRMAN'S STATEMENT





CHAIRMAN'S STATEMENT

Dear Shareholders,

The year of 2022 is an extremely important year in the history of the Party and the country. The Party's 20th National Congress was held successfully, drawing a grand blueprint for promoting the great rejuvenation of the Chinese nation through Chinese modernization. In the face of the complicated internal and external situation with increasing factors beyond expectation such as shrinking demands and fluctuating supplies, expectedly diminishing triple pressures, interest rate hike by the Federal Reserve and geopolitical issues, the state has intensified macroeconomic control, achieved stable economic operation, steadily improved the quality of development, and maintained the stability of the overall situation of society, achieving new hard-earned achievements.

In the past year, the regulatory authorities have implemented the decisions and arrangements of the CPC Central Committee and the State Council, and promoted the implementation of a number of systems and mechanisms for long-term and fundamental management. The quality of listed companies has been significantly enhanced, the structure of investors has been effectively improved, and hidden risks in key areas have been eliminated. The reform and opening-up of the capital market continued to deepen, served the real economy to achieve both quantitative and qualitative improvements, and achieved remarkable results in supporting scientific and technological innovation and the implementation of major national strategies.

During the year, we maintained our strength and worked hard for development. The Company continued to maintain a good momentum with its operating performance at the forefront of the industry, realizing a total revenue and other income of RMB33.256 billion and a net profit attributable to owners of the Company of RMB7.929 billion. This achievement is inseparable from the extensive support of every customer, shareholder, partner and all sectors of society, as well as the hard work of all GF staff. On behalf of the Board and the management, I would like to express my sincere gratitude to everyone!

During the year, we took the initiative to overcome difficulties and promote changes. The Company actively explored new business development models and made remarkable progress in various works. First of all, we firmly focused on our principal duties and businesses, and improved our core businesses. Wealth management business maintained its leading position and continued to deepen its transformation. The investment management business steadily ranked at the forefront of the industry, and the size of non-monetary market public offering assets under management of GF Fund and E Fund ranked third and first, respectively, in the industry. The investment banking business developed steadily and the team was effectively expanded. Derivatives and other businesses strived to achieve excellence and breakthroughs in innovation. The research business consolidated its advantages, and once again won prestige industry awards including the "Best Domestic Research Team (本土最佳研究團隊)" by New Fortune, the "Best Research Institution (最佳研究機構)" by Crystal Ball Award, the "Top 5 Golden Bull Research Institution (五大金牛研究機構)" by Golden Bull Award. Secondly, we implemented the "research + N" business model to empower high-quality development of core businesses with research. The Company continued to strengthen its research capabilities by leveraging on its profound insights into the industry and focusing on supporting scientific and technological innovation, and coordinated resources to establish an industrial fund to achieve industry researches and promote the industry development. We made efforts to improve our pricing capabilities and facilitate the steady development of the investment banking business. We targeted an industrial research institute as a think tank to provide advice and suggestions for regional economic development. Thirdly, we adhered to the principle of customer first, promoted the construction of the ecosystem, continued to expand our customer base by focusing on the main scenarios of key customers to provide comprehensive services such as "investment + investment banking" and "wealth management + asset management", upgraded our comprehensive customer service approach and thus further improved our comprehensive service capabilities. We comprehensively used a variety of financial tools to broaden the financing channels of local governments and enterprises. Fourthly, we continued to strengthen our foundation and inject new impetus into reform and development. The Company attached great importance to the construction of the cadre and talent system, optimized the talent selection and appointment mechanism, created a concise and open cultural atmosphere, and developed a reasonable structure of talent echelon. We also initiated a new round of strategic planning for the Company's medium- and long-term development. And we further improved the integration of IT construction and business development, increased investment in financial technology, and strengthened data empowerment business.



CHAIRMAN'S STATEMENT

During the year, we made great efforts to give back to society. The Company contributed to achieving the goal of “carbon peak and carbon neutrality”, underwrote and issued 8 tranches of green bonds and 3 tranches of low-carbon transformation-linked bonds with a total issuance size of RMB121 billion, invested a total of RMB11.476 billion in additional environmental protection corporate bonds and RMB5.096 billion in green bonds (including carbon neutrality bonds). The Company actively participated in rural revitalization and expand the scope of paired assistance based on the “one company for one county” strategy. We added paired assistance in Antu County and Longjing City, Jilin Province and Nankang District, Ganzhou City, Jiangxi Province, supported the paired assistance areas to carry out a number of agricultural industry projects, and cultivated new momentum for endogenous development in the paired assistance areas; deepened the stationed assistance for rural revitalization in Zhen'an Town, Yunfu City, Guangdong Province, and comprehensively promoted the “five revitalizations” of rural industries, talents, culture, ecology and organization, with three-dimensional assistance and efforts in the same direction. GF Charity Foundation focused on education promoting and poverty alleviation, and had successively implemented various public welfare programs, including the “United Nations Sustainable Development Demonstration Village (聯合國可持續發展目標示範村)”, Small-scale Start-up Support for University Students of GF Securities (廣發證券大學生微創業行動), GF Securities Rural Children's Reading Program • STARS (廣發證券滿天星鄉村兒童閱讀計劃), GF Charity Basketball Court (廣發愛心籃球場), “Free Breathing (自由呼吸)” Severe Pneumonia Children's Relief Fund, “Discovery of Mimosa (發現含羞草)” Thoracic Deformity Children Caring Fund and Specialized Nursing Classes of GF Securities (廣發證券護理專業定向班). As of the end of 2022, its cumulative public welfare expenditures amounted to approximately RMB225 million.

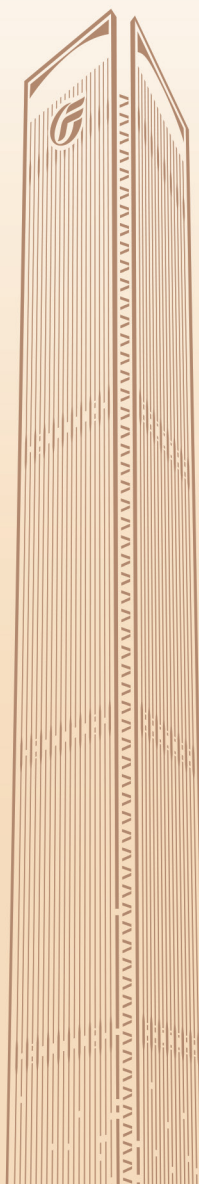
The year of 2023 is the first year to fully implement the spirit of the Party's 20th National Congress. Stable growth is the main theme of the new year's economic work. The Company will thoroughly study and implement the spirit of the Party's 20th National Congress and the Central Economic Work Conference, and actively integrate the Company's own development into the overall situation of national development. The Company will strengthen its core capabilities, build a solid customer base and optimize the construction of its platform in accordance with the working philosophy of “making positive changes and promoting the high-quality development of the Company to a new level”, so as to make contributions in serving the real economy.

In the new year, we will adhere to the combination of goal-oriented and problem-oriented, and focus on breakthroughs in key areas to drive the overall progress and solid implementation. First of all, the Company will focus on promoting the development of institution business. The institution business has a broad space for development and has gradually become an important competition factor among leading brokers. The Company will strengthen coordination, promote the capital intermediary business in an integrated manner, and promote the development of derivatives, securities lending and other businesses. We will also focus on the construction of a comprehensive service system for institutional customers, improve the effect of collaboration and synergy, and promote the implementation of the whole business chain. Secondly, the Company will vigorously promote the operation reform in key areas and regions. The institutional liberalization of the capital market continues to increase, and the domestic and overseas linkages in investment banking business and wealth management business are strengthened to promote the substantial rise of cross-border business. In line with local conditions, the Company will concentrate resources to deepen its operations in key regions such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, so as to increase the depth of business development, strengthen customer coverage, and enhance industrial investment cooperation to achieve effective breakthroughs. Thirdly, we will carry out our core businesses with higher standards. Through the adjustment of organizational structure, we will promote the in-depth transformation of our business, continuously optimize the structure of our core businesses, make up for shortcomings, strengthen our advantages, and weaken the cyclical operation of our businesses. For example, we will adjust the structure of the wealth management segment, improve customer service capabilities, refine customer base operation and accelerate the transformation of the wealth management operation model. Fourthly, we will deploy a long-term strategy to ensure stability and long-term development. The Company will complete the formulation of a new round of strategic planning, laying the foundation for the Company's medium and long-term development. We will strictly adhere to the bottom line of compliance and strengthen the construction of risk control capabilities. We will continue to strengthen the construction of talent team, select and employ talents without sticking to one pattern, and encourage employees to practice in the front line of business to effectively improve their professional capabilities.

If you follow the way, you will arrive no matter how far it is. After more than 30 years of ups and downs, we have realized more deeply than ever that the development of an enterprise are closely related to the future and destiny of the country and nation. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we will embrace the new development pattern, follow national strategies, serve the real economy, and promote common prosperity and the preservation and appreciation of residents' wealth. In the tide of serving Chinese modernization, we will embark on a new journey of high-quality development!



SECTION 4 DIRECTORS' REPORT





DIRECTORS' REPORT

The directors of the Company (the “Directors”) hereby present the annual report and the audited consolidated financial statements of the Company and the Group for the year ended December 31, 2022. Contents of relevant section in this report mentioned in the cross references in the Directors’ Report forms part of the Directors’ Report.

I. DEVELOPMENT OF THE INDUSTRY IN WHICH THE COMPANY OPERATES DURING THE REPORTING PERIOD

In the context of the deepening reform of the capital market, securities companies have been confronted with both important development opportunities and the challenges of business upgrade and capability reshaping. (1) The full implementation of the registration-based IPO system on February 17, 2023 will bring growth to brokerage, credit, investment banking and other businesses in the securities industry, laying the institutional and market foundation for the high-quality development of the securities industry. Meanwhile, the registration-based IPO system has reinforced the responsibilities of intermediaries in an all-around way, and placed higher demands on the risk management capabilities, pricing capabilities and marketing capabilities of securities companies, and securities companies with high professionalism and excellent balance sheets will develop at a faster pace. (2) With the continuous growth of China’s economy and household wealth, residents’ needs to optimize asset allocation and achieve wealth preservation and appreciation were increasing. The official implementation of China’s individual pension system in 2022 further promoted the transformation of household assets into financial assets. As a participant in the capital market and the great wealth management market, the securities industry shall grasp the good opportunities for business development, to continuously improve its professional capabilities and comprehensive service standards to help people share the benefits of China’s economic development. (3) Due to the expansion of market size and the change in the structure of investors and the increasing proportion of institutional investors, institutional business has become the key layout direction of various securities companies. The continuous development of public funds and private equity funds, the increased engagement of professional institutional investors such as insurance funds, bank wealth management funds, and offshore funds, and the growing contribution of institutional businesses have brought opportunities for diversified businesses such as custody, derivatives, and market-making transactions. (4) We steadily promoted the high-level two-way opening up of the capital market and the interconnection of international financial markets, improved the market-oriented, law-based and internationalized business environment, continued to expand the coverage of the Shanghai-Shenzhen-Hong Kong Stock Connect and ETF interconnection transactions, and expanded the Shanghai-London Stock Connect mechanism to the Shenzhen Stock Exchange and overseas markets such as Germany and Switzerland, so as to smooth cross-border investment and financing channels and help Chinese-funded enterprises to enhance their international competitiveness. We provided supporting services for Chinese-funded enterprises to carry out cross-border mergers and acquisitions and the internationalization of Renminbi, promoted the high-quality development of the construction works under the “Belt and Road” initiative, attracted foreign institutional investors and global long-term funds, and deepened the reform on the investment side of the capital market. (5) The Guangdong-Hong Kong-Macao Greater Bay Area, as a strategic focus and a new economic growth pole of China, is aiming to become an important bay-area economic belt in the world. Since the release of the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area”, new breakthroughs have been made in the financial cooperation, reform and innovation works of Guangdong, Hong Kong and Macao. Measures such as the “30 Financial Measures” for Hengqin and Qianhai have marked the further acceleration of the integrated development of the Guangdong-Hong Kong-



DIRECTORS' REPORT

Macao Greater Bay Area. In line with the general trend of financial development, the securities industry has made more strategic deployments in the Guangdong-Hong Kong-Macao Greater Bay Area and actively participated in the construction of the Greater Bay Area. (6) With the comprehensive deepening of capital market reform, the trend of building a one-stop integrated financial service platform in the securities industry has become prominent. Securities companies are, in compliance with relevant laws and regulations, exploring to build a customer-centric internal and external ecosystem through system platform construction and full industry chain operation, so as to improve risk management capabilities and market-based pricing capabilities and maximize the comprehensive value of customers. (7) With the in-depth advancement of technological revolution and industrial transformation, the application scenarios of digital technology in the securities industry continue to expand, which will bring new development opportunities for the securities industry and profound changes in the ecology, competitive landscape, business paradigm and organization model of the securities industry. On February 27, 2023, the Central Committee of the Communist Party of China and the State Council issued the "Overall Layout Plan for Building A Digital China", which clarified the goals of building a digital China. The securities industry may utilize various advanced technologies, such as artificial intelligence, big data and blockchain, to empower various financial products and services, optimize operational efficiency, improve customer experience and accelerate the transformation and upgrading of business patterns.

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

II. MAIN BUSINESSES OF THE GROUP DURING THE REPORTING PERIOD

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



DIRECTORS' REPORT

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

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

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

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

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

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

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

III. BUSINESS REVIEW

Business operations and business review of the Group for the year ended December 31, 2022 are set out in "Management Discussion and Analysis", which forms part of the Directors' Report, in Section 5 of this report.



DIRECTORS' REPORT

IV. ANALYSIS ON CORE COMPETITIVENESS

(1) Excellent corporate culture

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

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

Up to now, the operation and management team of the Company has an average of approximately 26 years of experience in securities, finance and economics-related fields and has served an average term of over 17 years in the Company with extensive experience in business and management. Since 1999 when the Company established the first post-doctoral workstation for financial enterprises in China, the Company has been training and exporting professionals for 24 years.

(2) Forward-looking strategic doctrine

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

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



DIRECTORS' REPORT

(3) Stable shareholding structure

The Company has a long term and stable shareholding structure. Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities (all of which are listed companies), substantial shareholders of the Company, have been among the top three shareholders of the Company (excluding HKSCC Nominees, whose shares are owned by H Share non-registered shareholders) for 23 years.

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

(4) Scientific business layout

The Company has a complete business system, a balanced business structure and outstanding core competitiveness.

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

The Company has implemented the business model to empower high-quality development of businesses with research, maintained the leading position of research ability in the industry for a long time and won authoritative awards of “New Fortune Domestic Best Research Teams (新財富本土最佳研究團隊)” and “Golden Bull Research Institution (金牛研究機構)” for many consecutive years. The Company has taken the lead in proposing wealth management transformation and equipped with excellent financial product research and sales capabilities, professional asset allocation capabilities and more than 4,200 securities investment consultants, ranking No. 1 in the industry (in terms of parent company caliber). The Company is committed to providing precise wealth management services for different types of customers. It has become a first-class trustworthy wealth management institution. At the end of 2022, in terms of the balance maintained by the agency sales of non-monetary public funds, the Company ranked No. 3 in the industry. In 2022, the Company ranked No. 4 in the industry in terms of the net income from the agency sales of financial products.

The Company has coordinated the superior resources of its asset management institutions, established comprehensive product supply system and provide customers with strategically excellent and diversified products to build a leading asset management brand in the industry. GF Fund and E Fund have maintained their leading investment research capabilities. At the end of 2022, GF Fund and E Fund ranked third and first in the industry in terms of the size of public funds under the management excluding monetary funds, respectively.

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



DIRECTORS' REPORT

(5) Outstanding location advantage

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

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

At the end of 2022, the Company had 338 branches and business departments nationwide, with a presence in 31 provinces, municipalities, and autonomous regions across the PRC. The number and coverage ratio of business outlets in the nine cities of the Pearl River Delta in the Guangdong-Hong Kong-Macao Greater Bay Area ranked No. 1 in the industry, providing a wide range of market reach for the Company's business and laying important support for customer accumulation and service.

(6) Philosophy of compliance and steady development

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

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



DIRECTORS' REPORT

V. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation details of the Company's cash dividends policy and the profit distribution proposal for 2022 are set out in "XI. Profit Distribution and Conversion of Capital Reserves into Share Capital of the Company" of Section 6 "Corporate Governance" in this report.

VI. SHARE CAPITAL CHANGES AND MATTERS RELATING TO BONDS

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

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

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

VII. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

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

VIII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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



DIRECTORS' REPORT

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

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

X. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS

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

XI. PERMITTED INDEMNITY PROVISION

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

XII. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

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

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

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



DIRECTORS' REPORT

XIV. MANAGEMENT CONTRACTS

For the year ended December 31, 2022, no contract has been entered into for the management and administration of the entire business or any material part of the business of the Group.

XV. MAJOR CUSTOMERS

The Company provides diversified businesses and services to satisfy the diverse needs of customers, such as enterprises, individuals and institutional investors, financial institutions and the government. Our major customers are based in the PRC. With further progress in internationalization and the development of international business, the Company will provide services to more overseas customers. In 2022, income generated from the five largest customers of the Company contributed 1.53% to the total revenue and other income of the Company.

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

XVI. CHARITABLE DONATIONS

During the Reporting Period, the Group's total expenditure on social charity was RMB49.8780 million. The GF Charity Foundation (廣發公益基金會) established by the Group actively organized activities for poverty relief and provided financial support for education. The total expenditure on social charity for the full year was RMB29.6823 million.

XVII. RESERVES AND RESERVES FOR PROFIT DISTRIBUTION

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

XVIII. EMPLOYEES

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

XIX. PRE-EMPTIVE RIGHT

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



DIRECTORS' REPORT

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

Regarding the performance of social responsibilities of the Company, please see “II. Social Responsibilities” of Section 7 “Environmental and Social Responsibilities” in this report. For environmental policy and performance, the Company cares about environmental and ecological development, promotes low carbon environmental protection, identifies climate change risks, advocates green business and green office ideas, implements garbage classification management, continues printing and copying outsourcing development, minimizes energy consumption, optimizes resources allocation, and actively contributes to the sustainable development of the society. The Company has complied with the mandatory disclosure requirement and the “comply or explain” provisions as set out in the “Environmental, Social and Governance Reporting Guide” during the year. For details, please see “GF Securities Co., Ltd. 2022 Social Responsibility Report and Environmental, Social and Governance (ESG) Report” published by the Company.

Regarding the governance of the Company, please see Section 6 “Corporate Governance” in this report. The Company has been improving the internal control management system and gradually enhancing the completeness, reasonability and effectiveness of internal control; the Company has further established and refined its rules and regulations, and each governance department of the Company has been fully performing their duties, complying with all provisions set out in the CG Code and achieving most of the requirements of recommended best practices provided in the aforesaid rules.

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

The financial statements of the Company for the year ended December 31, 2022 have been reviewed by the Audit Committee of the Board of Directors of the Company.

XXII. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

By Order of the Board

Lin Chuanhui

Chairman

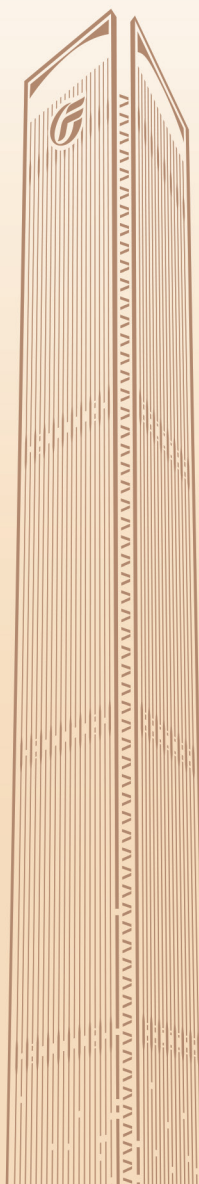
Guangzhou

March 30, 2023





SECTION 5 MANAGEMENT DISCUSSION AND ANALYSIS





MANAGEMENT DISCUSSION AND ANALYSIS

I. OVERVIEW

In 2022, in the face of the turbulent international environment and the arduous tasks for domestic reform, development and stability, the whole country thoroughly implemented the decisions and arrangements of the CPC Central Committee and the State Council, and effectively coped with internal and external challenges. As a result, the national economy withstood the pressure and continued to develop, a new level was attained in economic aggregate, new results were achieved in high-quality development, the overall economic and social situation was harmonious and stable, and the annual GDP increased by 3.0% over the previous year (Source: National Bureau of Statistics, 2023).

Since 2022, by focusing on the overall goal of “building a standardized, transparent, open, dynamic and resilient capital market”, the regulatory authorities have introduced a series of policies and measures to continuously deepen the reform and opening up of the capital market. As a result, the registration-based system for stock issuance has been fully implemented, a normalized delisting pattern has basically taken shape, the investor protection mechanism has been further improved, the function of serving the real economy has been further enhanced, and the high-quality development of the capital market has reached a new level. According to data released by Securities Association of China (derived from unaudited financial statements), as of December 31, 2022, the total assets of 140 securities companies in the industry amounted to RMB11.06 trillion, representing an increase of 4.41% from the end of 2021; their net assets amounted to RMB2.79 trillion, representing an increase of 8.52% from the end of 2021; their net capital amounted to RMB2.09 trillion, representing an increase of 4.69% from the end of 2021. In 2022, 140 securities companies in the industry recorded an aggregate operating income of RMB394.973 billion, representing a year-on-year decrease of 21.38%; net profit amounted to RMB142.301 billion, representing a year-on-year decrease of 25.54% (source: Securities Association of China, 2023).

In 2022, under the guidance of the Board of Directors, the management of the Company led all staff to make concerted efforts to achieve stable growth in the operating results of the Company in accordance with the working principle of “making positive changes and promoting the high-quality development of the Company to a new level” and the working plan of “focusing on principal businesses and enhancing core businesses”. As of December 31, 2022, total assets of the Group amounted to RMB617,256 million, representing an increase of 15.19% as compared to the end of 2021, and equity attributable to owners of the Company was RMB120,146 million, representing an increase of 12.68% as compared to the end of 2021. During the Reporting Period, total revenue and other income of the Group was RMB33,256 million, representing a year-on-year decrease of 20.66%; total expenses were RMB23,808 million, representing a year-on-year decrease of 16.11%; and net profit attributable to owners of the Company was RMB7,929 million, representing a year-on-year decrease of 26.95%.



MANAGEMENT DISCUSSION AND ANALYSIS

II. ANALYSIS OF PRINCIPAL BUSINESSES

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

1. Investment banking business segment

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

(1) Equity financing business

In 2022, the number of new A-share issuances declined and the overall pace of issuance in the market slowed down. 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 945 and RMB1,644.894 billion, respectively, representing a year-on-year decrease of 19.78% and 7.31% respectively. Specifically, the number and financing size of IPOs were 428 and RMB586.886 billion, respectively, representing a decrease of 18.32% and an increase of 8.15%, respectively; while the number and financing size of refinancing projects were 517 and RMB1,058.008 billion, respectively, representing a year-on-year decrease of 20.95% and 14.12% respectively. (Source: WIND, 2023).

During the Reporting Period, the Company leveraged the advantages of its platform, reinforced management empowerment, strengthened the quality control of its investment banking business, and made focused deployments in semiconductor, medical and healthcare, new energy vehicle and other industries and the Guangdong-Hong Kong-Macao Greater Bay Area to promote specialized and regionalized development. Besides, the Company continued to promote its internal coordination and further improve its comprehensive financial service capabilities to meet the service demands of customers in all aspects. The equity financing business of the Company developed steadily, and the project reserve of the Company increased significantly. In 2022, the Company completed 17 equity financing projects for which the Company acted as a lead underwriter, and the lead underwritten amount was RMB18.407 billion. Details are set forth in the table below:

Item	From January to December 2022		From January to December 2021	
	Lead underwritten amount (RMB100 million)	Number of offerings	Lead underwritten amount (RMB100 million)	Number of offerings
Initial public offering (IPO)	29.43	6	—	—
Refinancing offering	154.64	11	14.25	4
Total	184.07	17	14.25	4

Source: Statistics of the Company, 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

(2) Debt financing business

In 2022, due to weak fundamentals, the issuance size of major credit bonds¹ declined slightly. The policies on urban investment bonds remained in a tightened status and regional differentiation was further intensified. The issuance scale of major credit bonds was RMB15.54 trillion, representing a year-on-year decrease of 5.38% as compared to 2021. Specifically, the issuance scale of corporate bonds was RMB3,090.484 billion, representing a year-on-year decrease of 10.49%; the issuance scale of enterprise bonds was RMB368.130 billion, representing a year-on-year decrease of 16.32%; the issuance scale of debt financing instruments of non-financial enterprises were RMB8,432.114 billion, representing a year-on-year decrease of 2.42%; the issuance scale of non-policy financial bonds was RMB3,608.526 billion, down by 6.21% year-on-year (Source: WIND, 2023).

During the Reporting Period, the Company fully integrated its platform resources and put more efforts to develop customers in key regions. As a result, the project reserve of the Company maintained a steady growth and the bond business of the Company grew steadily. In 2022, the Company acted as the lead underwriter for 188 tranches of bonds, representing a year-on-year increase of 370.00%, with a lead underwritten amount of RMB142.076 billion, representing a year-on-year increase of 358.38%. The Company implemented the concept of green development, proactively served the development strategies of “carbon peaking and carbon neutrality” and the “Belt and Road Initiative” and strengthened the undertaking of responsibility, with a view to making contributions to the high-quality development of the economy and the capital market. During the year, the Company completed the issuance of 15 tranches of green bonds, low-carbon transformation-linked bonds, science and technology innovation bonds, Belt and Road bonds and innovation and entrepreneurship bonds.

Item	2022		2021	
	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)
Enterprise bonds	129.79	17	75.72	16
Corporate bonds	545.52	102	53.46	6
Debt financing instruments of non-financial enterprises	93.72	16	24.00	2
Financial bonds	642.73	52	156.77	16
Exchangeable bonds	9.00	1	—	—
Total	1,420.76	188	309.95	40

Source: Statistics of the Company, 2023.

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



MANAGEMENT DISCUSSION AND ANALYSIS

(3) Financial advisory business

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

In 2022, the M&A market was less active overall due to the impact of multiple factors such as the macro-economic situation. 159 listed companies announced their major assets restructuring with a total trading size of RMB280.354 billion, representing a year-on-year decrease of 66.96% (Source: WIND, 2023). 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.

In 2022, the BSE and the NEEQ made further improvements in structure and function and remarkable enhancement in operation quality and maintained complementary development with the Shanghai and Shenzhen Stock Exchanges. As of the end of 2022, there were a total of 6,580 companies listed on the NEEQ and 162 companies listed on the BSE. In terms of market liquidity, in 2022, the turnover of the NEEQ market was RMB79.858 billion with 18.887 billion shares being traded (Source: NEEQ website, 2023). In 2022, the turnover of the BSE was RMB198.013 billion with 15.853 billion shares being traded (Source: website of the BSE, 2023). The BSE started to exert its function gradually in serving the financing demands of high-quality small and medium-sized enterprises, especially "specialized, sophisticated, distinctive and innovative" enterprises, which brought opportunities continuously for the Company's investment banking business.

During the Reporting Period, the Company adhered to the core principle of discovering value. Leveraging on its outstanding research capabilities, the Company strengthened business synergy and provided high-quality integrated services for valued customers. As of the end of 2022, the Company sponsored a total of 31 companies listed on the NEEQ as the lead brokerage, of which 61% were "specialized, sophisticated, distinctive and innovative" enterprises (Source: NEEQ, Statistics of the Company, 2023).

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 24 projects in which it acted as lead underwriter (including IPO, refinancing and bond offering) and financial adviser.



MANAGEMENT DISCUSSION AND ANALYSIS

2. Wealth management business segment

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

(1) *Wealth management and brokerage business*

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

At the end of December 2022, the SSE Composite Index and the SZSE Component Index declined by 15.13% and 25.85% respectively, as compared to the end of last year; while the trading volume of stocks and funds in the two markets was RMB247.87 trillion, representing a year-on-year decrease of 10.29% (Source: WIND, 2023).

In 2022, the Company continued to expand and optimize its customer base and made achievements in the operation management of high-net-worth customers, professional institutions, listed companies and other customer groups. The wealth management business achieved good development in spite of the unfavorable external market environment, as the net income from agency sales of financial products and the market share in terms of the balance of public and private funds hit a new record high. The Company strengthened its outlet deployment, talent reserve and comprehensive services in developed regions to support its key regional strategies and facilitate the sustainable development of the Company and the transformation of wealth management. Meanwhile, the Company consolidated its compliance risk control and management to support its business transformation and development and further enhance its competitiveness.

As of the end of December 2022, the balance maintained by the agency sales of financial products of the Company recorded a year-on-year increase of 0.77% and the Company ranked third amongst the securities dealers in terms of the balance of public fund maintained in the agency sales of non-monetary market (Source: Asset Management Association of China (中國基金業協會), 2023). During the Reporting Period, the sales and transfer amount of financial products of the Yitaojin E-commerce platform (including Cash Return (現金增利) and Taojin Market (淘金市場)) amounted to RMB216.6 billion.

From January to December 2022, the trading volume of stocks and funds of the Company in Shanghai and Shenzhen was RMB19.90 trillion (bilateral statistics), representing a year-on-year decrease of 6.60%.



MANAGEMENT DISCUSSION AND ANALYSIS

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

Item	January to December 2022		January to December 2021	
	Trading volume as agent (RMB100 million)	Market share (%)	Trading volume as agent (RMB100 million)	Market share (%)
Stocks	169,891.48	3.78	200,294.66	3.88
Funds	29,137.37	6.29	12,806.19	3.49
Bonds	420,530.39	4.76	378,072.63	4.99
Total	619,559.24	4.49	591,173.48	4.51

Note 1: The data is from the statistics of SSE, SZSE and WIND, 2023;

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 2022 are shown in the table below:

Type	Total sales amount for the period (RMB100 million)	Total redeemed amount for the period (RMB100 million)
Fund products	1,024.24	835.95
Trust products	318.93	308.31
Other financial products	3,814.42	3,820.96
Total	5,157.59	4,965.22

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



MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the futures brokerage business, the Group 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).

In regions outside of the PRC, the Group provides brokerage services for customers primarily through its indirectly wholly-owned subsidiary, GF Securities (Hong Kong), covering financial products such as stocks and bonds listed on the Hong Kong Stock Exchange and overseas exchanges, using self-developed Yitaojin (易淘金) international version of trading system to focus on development of overseas wealth management business. In 2022, the GF Securities (Hong Kong) continued its transformation towards wealth management, with a year-on-year growth in both the net sales income and balance of its financial products in spite of the increasing fluctuations in the global market. The number of enterprise customers continued to increase, and the revenue grew gradually.

(2) *Margin financing and securities lending business*

As of the end of 2022, the balance of margin financing and securities lending in the SSE and SZSE was RMB1,540.392 billion, representing a decrease of 15.93% as compared to the end of 2021 (Source: WIND, 2023).

In 2022, 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 2022, the balance of margin financing and securities lending of the Company was RMB83.025 billion, representing a decrease of 11.68% as compared to the end of 2021, and the market share was 5.39%.

(3) *Repurchase transaction business*

In 2022, the scale of stock pledged business in the market continued to shrink as compared with the previous year. During the Reporting Period, the Company conducted a stock pledged business in a prudent manner and continued to strengthen the threshold for risk control of the stock pledged business and optimize its business structure, and the scale of the stock pledged business decreased. As of the end of 2022, the balance of the exchange traded Stock Pledged Repo Transaction business carried out by the Company through its owned funds was RMB9.629 billion, representing a decrease of 25.25% as compared to the end of 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

(4) Financial leasing

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

In 2022, the development of the financial leasing industry slowed down due to a decline in macroeconomic growth and a low growth rate in fixed asset investment. GFFL continued to strengthen the construction and optimization of its comprehensive risk management system. As of the end of 2022, the net amount of the lease receivables amounted to RMB250 million.

3. Trading and institution business segment

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

(1) Equity investment and trading business

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

In 2022, the A-share market fluctuated significantly. During the Reporting Period, in adherence to the idea of value investment and by leveraging multi-strategy investment tools such as private placement and Xueqiu (雪球), the Company's equity investment better controlled its positions based on market fluctuations with an investment yield better than the relevant market index performance. Meanwhile, the Company maintained the market liquidity, reduced the severe market volatility, improved the pricing efficiency and satisfied the investment needs of public investors by providing market maker services. As of the end of December 2022, the Company provided market making services for 57 companies listed on the NEEQ. In 2022, the Company was awarded as an outstanding market maker in terms of market-making scale for the year of 2022 by National Equities Exchange and Quotations Co., Ltd.



MANAGEMENT DISCUSSION AND ANALYSIS

(2) *Fixed income sales and trading business*

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

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

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

(3) *Equity derivatives sales and trading business*

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

As a primary dealer of OTC derivatives business, in 2022, the Company continued to vigorously strengthen the construction of team and system, and continuously improved product creation, strategy innovation and trading and sales capabilities; through conducting return swaps, OTC options and other businesses, it continued to provide institutional customers with asset allocation and risk management solutions based on OTC derivatives. As of December 31, 2022, the Company has issued 46,061 OTC products in aggregate with an aggregate amount of approximately RMB1,524.158 billion. The market value of the products as at the end of the Reporting Period was approximately RMB171.920 billion. Specifically, the Company issued 15,110 new OTC products with an aggregate amount of RMB405.526 billion in 2022.

In 2022, in line with the gradual enrichment of OTC derivative products, the liquidity in the OTC derivatives market increased gradually and the investor base continued to expand. In respect of market making and quantitative proprietary investment, the Company was in a better position to seize the trading opportunities brought about by market fluctuations and achieved better returns. In 2022, in respect of market making business, the Company was granted the “SSE 2022 - Outstanding Fund Market Maker”, the “SSE 2022 - Outstanding Option Market Maker”, the “SSE 2022 - Outstanding Public REITs Market Maker”, the “SSE 2022 - Best Commodity ETF Market Maker”, the “SZSE 2022 - Outstanding ETF Liquidity Provider”, the “SZSE 2022 - Outstanding REITs Liquidity Provider” and the “SZSE 2022 - Outstanding Stock Option Market Maker” awards.



MANAGEMENT DISCUSSION AND ANALYSIS

(4) Alternative investment business

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

In 2022, GF Qianhe focused on advanced manufacturing, healthcare, new consumption, hard technology, soft technology, special opportunity investment and other major fields. During the Reporting Period, GF Qianhe completed 45 new investment projects with a total investment of RMB2.183 billion.

(5) Investment research business

The investment research business of the Group mainly comprises investment research services provided in various areas such as macro economy, strategy, fixed income, financial engineering, industry and listed companies for institutional clients. The Company earned commission fee for sub-position transactions from institutional clients. Specifically, our investment research services cover the provision of research reports and customized investment research services for the National Social Security Fund, public funds, insurance companies, private funds, financial companies, wealth management subsidiaries of banks, securities firms and other institutional investors in Mainland China and Hong Kong. The Group's equity research covers over 840 A shares listed companies across 28 industries in the PRC, and nearly 160 companies listed in Hong Kong and overseas.

The outstanding research capacity of the Company enjoys a high reputation in the industry. The Company received numerous honors: the "New Fortune Domestic Best Research Teams (新財富本土最佳研究團隊)" and the "New Fortune Most Influential Research Institution (新財富最具影響力研究機構)" for consecutive years from 2017 to 2022, and "Top 5 Golden Bull Research Institution (五大金牛研究機構)" award by "China Securities Industry Analyst Golden Bull Award (中國證券業分析師金牛獎)" for consecutive years. Meanwhile, it ranked in the forefront in the selection of "Sell-side Analyst Crystal Ball Award (賣方分析師水晶球獎)", "Best Analyst of Shanghai Securities News" and "Golden Kirin (金麒麟) Best Analyst of Sina Finance". During the Reporting Period, the industry research institute of the Company strengthened research on the promotion and support of the Company's core businesses and further promoted the research-driven business model to empower the development of the entire business chain of the Company.

(6) Asset custody business

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



MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the private equity fund industry continued to develop in a standardized and professional manner with market resources further aggregating in medium and large high-quality private equity fund managers. The brokerage settlement model was adopted for public fund products which provided service opportunities for the asset custody business of securities companies. The custody outsourcing services in respect of wealth management products of banks were gradually opened to securities companies, which created opportunities for securities companies to provide outsourcing services.

During the Reporting Period, the Company actively expanded the market and upheld synergetic development, strengthened infrastructure construction, improved comprehensive service capabilities and enhanced risk control system to consistently improve business competitiveness and customer satisfaction. As of the end of December 2022, the total asset scale of asset custody and fund service business provided by the Company was RMB517.650 billion, of which the scale of trust products was RMB251.196 billion; and the scale of fund service products provided was RMB266.454 billion.

4. Investment management business segment

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

(1) *Asset management business*

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

In 2022, the asset management industry entered a new stage of development. The CSRC promulgated the "Measures for the Supervision and Administration of Managers of Publicly Offered Securities Investment Funds" and its supporting rules to moderately relax the restrictions on the number of public fund licenses held by the same entity, which will help the asset management segment of securities companies to apply for public fund management business qualification. Securities companies actively promoted the establishment of asset management subsidiaries or the application for public fund management business qualifications and accelerated the public fund transformation to seize the opportunity brought by the development of the asset management industry.





MANAGEMENT DISCUSSION AND ANALYSIS

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

As of the end of December 2022, the net value of collective asset management schemes, single asset management schemes and specific asset management schemes of GF Asset Management decreased by 40.25%, 58.45% and 39.51%, respectively, as compared with the end of 2021, and its total scale decreased by 45.02% as compared with the end of 2021.

The asset management scale of GF Asset Management is as follows:

	Net value of asset management (RMB100 million)	
	December 31, 2022	December 31, 2021
Collective asset management business	2,106.69	3,525.61
Single asset management business	539.30	1,297.97
Specific asset management business	65.84	108.85
Total	2,711.83	4,932.44

Source: Statistics of the Company, 2023; the sum of the sub-items may be deviated from the aggregated data, which is caused by rounding.

In the fourth quarter of 2022, the average monthly scale of private asset management of GF Asset Management ranked seventh (Source: Asset Management Association of China, 2023).

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



MANAGEMENT DISCUSSION AND ANALYSIS

(2) *Public fund management services*

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

In 2022, the public fund industry recorded a decline in scale growth but maintained its resilience in development; there was a change in the structure of the industry as fixed income products and passive equity products became the main contributors to scale growth and the number of products reached ten thousand. Meanwhile, the regulatory authorities issued the Opinions on Accelerating the Promotion of High-quality Development of the Public Fund Industry (《關於加快推進公募基金行業高質量發展的意見》) and amended relevant regulations to set the tone for the industry's high-quality development and draw a clear path, guiding fund companies to keep focusing on the interests of investors and improve their capabilities to serve the reform of the capital market, serve the wealth management needs of the public and serve the real economy and national strategies.

As of the end of 2022, the Company held 54.53% interest in GF Fund. GF Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, other institutional investors and general investors. In addition, GF Fund can invest the capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII) and the Qualified Domestic Limited Partner Program (QDLP), and invest capital raised from overseas markets in China's capital market in the form of RQFII through GF International Investment Management Limited, its wholly-owned subsidiary. As of the end of 2022, the public funds managed by GF Fund in aggregate reached RMB1,249.737 billion, representing an increase of 10.63% as compared to the end of 2021, and the total fund size excluding money market funds amounted to RMB705.290 billion, ranking third in the industry (Source: Statistics of the Company, WIND, 2023).

As of the end of 2022, the Company held 22.65% interest in E Fund, was one of the three parallel largest shareholders. E Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, enterprise annuity, other institutional investors and general investors. In addition, E Fund can invest capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII), and invest capital raised from overseas markets in China's capital market in the form of RQFII. As of the end of December 2022, the public funds managed by E Fund in aggregate reached RMB1,572.810 billion, representing a decrease of 7.83% as compared to the end of 2021, and the total public fund size excluding money market funds was RMB1,025.544 billion, ranking first in the industry (Source: Statistics of the Company, WIND, 2023).



MANAGEMENT DISCUSSION AND ANALYSIS

(3) Private fund management services

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

In 2022, GF Xinde focused on such industries as biomedicine, intelligent manufacturing and corporate services. As of the end of 2022, the total size of funds managed by GF Xinde was over RMB15 billion.

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

III. ANALYSIS ON FINANCIAL STATEMENTS

(1) Analysis on Consolidated Statement of Profit or Loss

1. Revenue composition

Unit: RMB' 000

Item	2022	2021	Amount of increase/ decrease	Percentage of increase/ decrease
Commission and fee income	16,670,137	19,141,175	-2,471,038	-12.91%
Interest income	12,855,140	13,659,072	-803,932	-5.89%
Net investment gains	603,485	6,060,183	-5,456,698	-90.04%
Other income and gains	3,127,130	3,054,323	72,807	2.38%
Total revenue and other income	33,255,892	41,914,753	-8,658,861	-20.66%

In 2022, total revenue and other income of the Group was RMB33,256 million, representing a decrease of 20.66% as compared with RMB41,915 million for 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

Commission and fee income

Unit: RMB' 000

Item	2022	2021	Amount of increase/ decrease	Percentage of increase/ decrease
Securities brokerage business commission and fee income	6,119,633	7,724,171	-1,604,538	-20.77%
Asset management and fund management fee income	8,939,142	9,945,693	-1,006,551	-10.12%
Underwriting and sponsorship fee income	556,850	381,207	175,643	46.08%
Futures brokerage business commission and fee income	541,626	580,895	-39,269	-6.76%
Consultancy and financial advisory fee income	174,734	180,437	-5,703	-3.16%
Others	338,152	328,772	9,380	2.85%
Total commission and fee income	<u>16,670,137</u>	<u>19,141,175</u>	<u>-2,471,038</u>	<u>-12.91%</u>

The change in total revenue and other income was reflected in the commission and fee income of RMB 16,670 million in 2022 which has decreased by RMB2,471 million or 12.91% as compared with 2021, mainly due to a decrease in securities brokerage business commission and fee income of RMB1,605 million in 2022 over 2021, and a decrease in asset management and fund management fee income of RMB1,007 million in 2022 over 2021.





MANAGEMENT DISCUSSION AND ANALYSIS

Interest income

Unit: RMB' 000

Item	2022	2021	Amount of increase/ decrease	Percentage of increase/ decrease
Margin financing and securities lending	5,724,477	6,351,931	-627,454	-9.88%
Debt instruments at fair value through other comprehensive income	3,036,482	3,424,860	-388,378	-11.34%
Deposits with exchanges and financial institutions	3,197,574	2,959,565	238,009	8.04%
Financial assets held under resale agreements	751,665	807,769	-56,104	-6.95%
Debt instruments at amortized cost	6,134	28,897	-22,763	-78.77%
Others	138,808	86,050	52,758	61.31%
Total interest income	12,855,140	13,659,072	-803,932	-5.89%

The change in total revenue and other income was reflected in the interest income of RMB12,855 million in 2022 which has decreased by RMB804 million or 5.89% as compared with 2021, mainly attributable to a year-on-year decrease in the interest incomes from margin financing and securities lending and debt instruments at fair value through other comprehensive income of RMB627 million and RMB388 million, respectively, partially offset by a year-on-year increase in the interest incomes from deposits with exchanges and financial institutions of RMB238 million.



MANAGEMENT DISCUSSION AND ANALYSIS

Net Investment Gains

Unit: RMB' 000

Item	2022	2021	Amount of increase/ decrease	Percentage of increase/ decrease
Net realized gains from disposal of financial instruments at fair value through other comprehensive income	554,903	289,025	265,878	91.99%
Net realized gains from disposal of financial instruments at fair value through profit or loss	-3,290,640	1,560,239	-4,850,879	-
Dividend income and interest income from financial instruments at fair value through profit or loss	3,819,220	2,370,486	1,448,734	61.12%
Dividend income from financial instruments at fair value through other comprehensive income	12,994	646,736	-633,742	-97.99%
Net realized gains from derivatives	2,355,224	468,671	1,886,553	402.53%
Unrealized fair value changes of financial instruments at fair value through profit or loss	-2,848,216	725,026	-3,573,242	-
Total net investment gains	603,485	6,060,183	-5,456,698	-90.04%

The change in total revenue and other income was reflected in the net investment gains in 2022 of RMB603 million, representing a decrease of RMB5,457 million or 90.04% as compared with 2021, mainly attributable to the decrease in net realized gain on disposal and unrealized fair value changes of financial instruments at fair value through profit or loss.



MANAGEMENT DISCUSSION AND ANALYSIS

2. Expenses composition

Unit: RMB' 000

Item	2022	2021	Amount of increase/ decrease	Percentage of increase/ decrease
Depreciation and amortization	819,394	759,598	59,796	7.87%
Staff costs	8,880,262	10,930,686	-2,050,424	-18.76%
Commission and fee expenses	306,946	356,602	-49,656	-13.92%
Interest expenses	8,754,030	8,728,151	25,879	0.30%
Other operating expenses	5,407,330	6,619,398	-1,212,068	-18.31%
Credit loss expense	-372,062	980,923	-1,352,985	-
Impairment losses	12,017	3,347	8,670	259.04%
Total expenses	23,807,917	28,378,705	-4,570,788	-16.11%

In 2022, total expenses of the Group were RMB23,808 million, representing a decrease of 16.11% as compared with RMB28,379 million in 2021. The change in total expenses was mainly reflected in (1) the year-on-year decrease in other operating expenses of RMB1,212 million, primarily attributable to the decrease in commodity trading costs; (2) the year-on-year decrease in credit loss expense of RMB1,353 million, primarily attributable to the reversal of some financial asset impairment losses; and (3) the year-on-year decrease in staff costs of RMB2,050 million, primarily attributable to the decrease in the provision on salaries, bonuses and allowances.

In 2022, the Group realized net profit attributable to owners of the Company of RMB7,929 million, representing a year-on-year decrease of 26.95%; basic earnings per share were RMB1.02, representing a year-on-year decrease of 28.17%; return on weighted average net assets was 7.23%, representing a year-on-year decrease of 3.44 percentage points.



MANAGEMENT DISCUSSION AND ANALYSIS

(2) Analysis on Consolidated Statement of Financial Position

Unit: RMB '000

	December 31, 2022	Composition	December 31, 2021	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
Non-current assets	27,893,571	4.52%	26,561,595	4.96%	1,331,976	5.01%
Of which: Financial assets at fair value						
through profit or loss	9,824,524	1.59%	8,036,844	1.50%	1,787,680	22.24%
Investments in associates	6,435,901	1.04%	5,946,763	1.11%	489,138	8.23%
Property and equipment	3,206,420	0.52%	3,080,732	0.57%	125,688	4.08%
Deferred tax assets	2,582,609	0.42%	2,118,832	0.40%	463,777	21.89%
Investment in joint ventures	2,321,689	0.38%	2,309,857	0.43%	11,832	0.51%
Right-of-use assets	1,873,785	0.30%	1,977,816	0.37%	-104,031	-5.26%
Equity instruments at fair value through other comprehensive income	727,783	0.12%	872,792	0.16%	-145,009	-16.61%
Current assets	589,362,711	95.48%	509,293,729	95.04%	80,068,982	15.72%
Of which: Financial assets at fair value						
through profit or loss	147,962,544	23.97%	116,427,568	21.73%	31,534,976	27.09%
Debt instruments at fair value through other comprehensive income	143,937,772	23.32%	110,475,096	20.62%	33,462,676	30.29%
Bank balances	129,176,483	20.93%	119,312,820	22.27%	9,863,663	8.27%
Advances to customers	82,822,991	13.42%	97,230,768	18.14%	-14,407,777	-14.82%
Clearing settlement funds	27,680,241	4.48%	27,694,381	5.17%	-14,140	-0.05%
Deposits with exchanges and non-bank financial institutions	20,342,292	3.30%	12,495,113	2.33%	7,847,179	62.80%
Financial assets held under resale agreements	18,791,008	3.04%	18,580,809	3.47%	210,199	1.13%
Total assets	617,256,282	100.00%	535,855,324	100.00%	81,400,958	15.19%



MANAGEMENT DISCUSSION AND ANALYSIS

	December 31, 2022	Composition	December 31, 2021	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
Current liabilities	405,132,620	82.27%	341,863,046	80.43%	63,269,574	18.51%
Of which: Accounts payable to brokerage clients	137,585,256	27.94%	126,731,097	29.82%	10,854,159	8.56%
Financial assets sold under repurchase agreements	125,057,826	25.39%	81,230,200	19.11%	43,827,626	53.95%
Short-term financing payables	37,308,357	7.58%	27,876,760	6.56%	9,431,597	33.83%
Bonds payable	36,976,821	7.51%	62,302,836	14.66%	-25,326,015	-40.65%
Other accounts payables, other payables and accruals	26,121,911	5.30%	12,592,000	2.96%	13,529,911	107.45%
Due to banks and other financial institutions	19,071,426	3.87%	11,617,488	2.73%	7,453,938	64.16%
Financial liabilities at fair value through profit or loss	9,713,427	1.97%	8,577,682	2.02%	1,135,745	13.24%
Net current assets	184,230,091		167,430,683		16,799,408	10.03%
Non-current liabilities	87,330,822	17.73%	83,190,935	19.57%	4,139,887	4.98%
Of which: Bonds payable	78,910,208	16.02%	76,380,096	17.97%	2,530,112	3.31%
Total liabilities	492,463,442	100.00%	425,053,981	100.00%	67,409,461	15.86%
Total equity	124,792,840		110,801,343		13,991,497	12.63%

As of December 31, 2022, total assets of the Group were RMB617,256 million, representing an increase of RMB81,401 million or 15.19% as compared with that at the end of last year; total liabilities were RMB492,463 million, representing an increase of RMB67,409 million or 15.86% as compared with that at the end of last year; non-current assets were RMB27,894 million, representing an increase of 5.01% as compared with that at the end of last year; current assets were RMB589,363 million, representing an increase of 15.72% as compared with that at the end of last year; current liabilities were RMB405,133 million, representing an increase of 18.51% as compared with that at the end of last year; and non-current liabilities were RMB87,331 million, representing an increase of 4.98% as compared with that at the end of last year.



MANAGEMENT DISCUSSION AND ANALYSIS

Among the Group's assets, each of financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, bank balances and advances to customers had a relatively high proportion, accounting for 25.56%, 23.32%, 20.93% and 13.42% of total assets of the Group, respectively, and collectively accounting for 83.23% of total assets of the Group. Financial assets at fair value through profit or loss increased by RMB33,323 million or 26.77% as compared with that at the end of last year, primarily attributable to the increase in the scale of investments in public funds and debt securities; debt instruments at fair value through other comprehensive income increased by RMB33,463 million or 30.29% as compared with that at the end of last year, primarily attributable to the increase in the scale of debt securities; bank balances increased by RMB9,864 million or 8.27% as compared with that at the end of last year, primarily attributable to the increase in customer bank balances; and advances to customers decreased by RMB14,408 million or 14.82% as compared with that at the end of last year, primarily attributable to the decrease in the scale of margin financing and securities lending business.

Among the Group's liabilities, each of accounts payable to brokerage clients, financial assets sold under repurchase agreements, bonds payables and short-term financing payables had a relatively high proportion, accounting for 27.94%, 25.39%, 23.53% and 7.58% of total liabilities of the Group, respectively, and collectively accounting for 84.44% of total liabilities of the Group. Accounts payable to brokerage clients increased by RMB10,854 million or 8.56% as compared with that at the end of last year, primarily attributable to the increase in customer deposits; financial assets sold under repurchase agreements increased by RMB43,828 million or 53.95% as compared with that at the end of last year, primarily attributable to the increase in scale of the pledged sold under repurchase business; bonds payables decreased by RMB22,796 million or 16.44% as compared with that at the end of last year, primarily attributable to the partial repayment of corporate bonds at maturity; and short-term financing payables increased by RMB9,432 million or 33.83% as compared with that at the end of last year, primarily attributable to the increase in the issue of short-term financing bills.

As of December 31, 2022, the Group's equity attributable to owners of the Company was RMB120,146 million, representing an increase of RMB13,521 million or 12.68% as compared with that as of the end of last year. Excluding the effect of accounts payable to brokerage clients, the Group's gearing ratio was 73.98%, representing an increase of 1.06 percentage points as compared with that of 72.92% as of the end of last year, while the Group's assets and liabilities structure remained relatively stable.



MANAGEMENT DISCUSSION AND ANALYSIS

Borrowings and debt financing

As of December 31, 2022, total borrowings and bonds financing of the Group amounted to RMB157,752 million. The following table sets forth details of the Group's borrowings and bonds financing:

Unit: RMB' 000

	December 31, 2022	December 31, 2021
Short-term borrowings	4,491,782	916,545
Short-term financing payables	37,308,357	27,876,760
Bonds payable	115,887,029	138,682,932
Long-term loans	64,670	338,675
Total	157,751,838	167,814,912

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

Apart from borrowings and bonds financing instruments, the Company also raised funds through interbank lending, brokers lending as well as on-market and OTC repurchase, with balance due to banks and other financial institutions and financial assets sold under repurchase agreements amounting to RMB19,071 million and RMB125,058 million, respectively, at the end of the Reporting Period.

The aforesaid debts totaled RMB301,881 million, of which, debts with financing terms less than one year (inclusive) were RMB185,929 million and debts with financing terms more than one year were RMB115,952 million, representing 61.59% and 38.41% of the aforesaid total debts, respectively.

Save as disclosed in this report, as of December 31, 2022, the Group did not have any outstanding mortgages, pledges, debentures, loan capital, bank overdrafts, borrowings or other similar debts or liabilities under acceptances or letter of credits, any guarantees or other material contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS

(3) Analysis on the Consolidated Statement of Cash Flow

As of December 31, 2022, cash and cash equivalents of the Group amounted to RMB19,072 million, representing an decrease of 10.38% as compared with RMB21,281 million as at the end of 2021. Of which, net cash from operating activities in 2022 was RMB40,163 million, as compared with net cash used in operating activities of RMB50,836 million in 2021, and the change was mainly due to the increase of net cash inflow from financial assets sold under repurchase agreements and advances to customers; net cash used in investing activities in 2022 was RMB31,401 million, as compared with net cash from investing activities of RMB21,240 million in 2021, and the change was mainly due to the increase of net cash outflow from purchase of financial instruments at fair value through other comprehensive income; and net cash used in financing activities in 2022 was RMB11,168 million, as compared with net cash from financing activities of RMB31,019 million in 2021, and the change was mainly due to the increase of net cash outflow from short-term financing payables and bonds payable.

(4) Explanation of Changes in the Consolidation Scope of Financial Statements

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

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

2. *During the year, 11 structured entities were newly included in the scope of consolidation, and 7 structured entities were excluded from the scope of consolidation.*

(5) Change in Principal Accounting Policies and Accounting Estimates

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

(6) Restricted Asset Rights as of the End of the Reporting Period

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

(1) Financing channels of the Company

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

In 2022, the Company raised funds by means of various financing instruments, including but not limited to credit lending, bond repurchase, issuance of five tranches of public corporate bonds, two tranches of public subordinated bonds, three tranches of public perpetual subordinated bonds and 14 tranches of short-term financing bonds.

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

(2) Liability structure of the Company

At the end of the Reporting Period, the ratio of net assets to liabilities of the Company was 31.88% and the ratio of net capital to liabilities of the Company was 24.29%.

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

(3) Liquidity management measures and policies

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



MANAGEMENT DISCUSSION AND ANALYSIS

(4) Analysis on financing capacity

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

(5) Contingencies and their influence

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

V. ANALYSIS ON INVESTMENT CONDITIONS

1. General

Investment in the Reporting Period (RMB)	Investment in the same period of last year (RMB)	Change
1,000,000,000.00	3,228,193,886.13	-69.02%

Note: The amount of investment in the Reporting Period is the amount of the Company’s investment in GF Qianhe.

2. Material equity investments made during the Reporting Period

N/A

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

N/A

MANAGEMENT DISCUSSION AND ANALYSIS

4. Financial asset investment

(1) Security investment

Unit: RMB' 0,000

Securities type	Securities code	Securities short name	Investment cost	Accounting measurement mode	Book value at the beginning of the period	Profit and loss from the fair value change of the period	Accumulative fair value change accounted into equity	Purchase amount of the period	Sales amount of the period	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Fund source
Fund	003281.OF	Guangfa Huoqibao B	611,134.68	Measured at fair value	670,959.43	-	-	1,782,307.79	1,863,781.43	21,512.92	611,198.71	Held for trading	Self-owned
Fund	000662.OF	Yinhua Live Money F	441,275.53	Same as above	107,531.03	-	-	510,000.00	184,224.13	8,019.87	441,326.77	Held for trading	Self-owned
Fund	270014.OF	GF Money Market Fund B	385,133.60	Same as above	330,645.91	-	-	1,164,102.50	1,122,095.42	12,305.11	385,158.10	Held for trading	Self-owned
Fund	002183.OF	GF Tianzhang B	367,048.53	Same as above	202,877.11	-	-	843,094.39	685,280.54	6,339.52	367,080.48	Held for trading	Self-owned
Others	87648W	Collective Asset Management Plan No. 2	391,079.75	Same as above	337,577.72	-8,893.11	-	-	15,700.02	-12,113.34	309,764.36	Held for trading	Self-owned
Bond	200005.IB	20 Interest-bearing Treasury Bond 05	335,745.96	Same as above	109,618.07	540.17	414.10	247,386.46	21,408.51	7,865.17	343,875.29	Held for trading/ other debt investments	Self-owned
Stock Fund	Stock A 000621.OF	Stock A E Fund Cash Return Fund B Treasury Bond A	307,601.63 273,156.64	Same as above Same as above	7,197.12 186,362.07	-14,837.19 -	- -	887,110.60 319,000.00	603,460.80 240,000.00	1,485.60 7,831.14	292,332.52 273,193.21	Held for trading Held for trading	Self-owned Self-owned
Bond	200000.IB	20 Interest-bearing Treasury Bond 11	236,561.24	Same as above	-	-	23,542	240,684.93	5,711.70	4,639.46	239,948.11	Other debt investments	Self-owned
Bond	210011.IB	21 Interest-bearing Treasury Bond 11	215,435.89	Same as above	119,812.61	-85.04	-341.92	384,161.48	288,887.72	2,474.86	217,219.31	Held for trading/ other debt investments	Self-owned
Other securities investments held at the end of the period			26,644,919.55	-	21,576,387.12	-194,983.35	15,399.74	N/A	N/A	370,612.81	27,065,320.02	-	-
Total			30,209,093.00	-	23,648,968.19	-218,258.52	15,907.34	N/A	N/A	431,173.12	30,546,266.88	-	-

Notes: 1. This table is sorted by the ratio of the book value at the end of the period to the total securities investment of the Company at the end of the period and only contains the top ten securities held by the Company at the end of the period. Other securities investments refer to investments in other securities other than the top ten securities. Any single securities investment at the end of the period was less than 5% of the Company's total assets as of December 31, 2022.

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

(2) Derivative investment conditions

N/A





MANAGEMENT DISCUSSION AND ANALYSIS

5. Use of proceeds

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

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

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

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

As of December 31, 2022, 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 invest the remaining proceeds of H Shares in international business as planned before December 31, 2023 in accordance with the relevant requirements of the H Share prospectus. These estimates are based on information currently available to the Company and are subject to adjustment based on actual developments of the Company.

VI. SALE OF MAJOR ASSETS AND EQUITY

1. Sale of major assets

No major assets were sold during the Reporting Period.

2. Sale of major equity

N/A

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VII. ANALYSIS ON PRINCIPAL SUBSIDIARIES AND PARTICIPATING STOCK COMPANIES

The status of principal subsidiaries and participating stock companies

Company name	Company type	Main business	Registered capital (RMB)	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	50,181,698,176.17	3,660,452,800.88	244,905,450.39
GF Xinde	Subsidiary	Equity investment; providing financial advisory services on equity investment to clients and other businesses approved by the CSRC.	RMB2,800,000,000	4,745,247,381.64	4,417,745,176.22	123,781,553.33
GFHK	Subsidiary	Investment holding, undertaking investment banking, sale and transactions, asset management, equity investment and other businesses approved by the SFC through professional subsidiaries	HKD5,600,000,000	27,245,555,771.55	4,709,946,319.73	-136,973,158.60
GF Qianhe	Subsidiary	Project investment; investment management	RMB7,103,500,000	11,696,262,305.91	10,939,346,940.93	40,570,880.40
GF Asset Management	Subsidiary	Securities asset management business (including overseas securities investment management business of QDII).	RMB1,000,000,000	8,367,188,923.55	6,438,975,694.41	133,292,085.87
GFEL	Subsidiary	Financial leasing business; storage equipment leasing service; agricultural machinery leasing; machinery equipment leasing; automobile leasing; construction machinery and equipment leasing; computer and communication equipment leasing; medical equipment leasing; transportation equipment leasing service; container leasing service; office equipment leasing service; storage batteries leasing; photovoltaic power generation equipment leasing.	RMB800,000,000	760,050,256.38	639,060,362.90	-12,479,517.81
GF Fund	Subsidiary	Fund raising, fund sale, asset management, other businesses approved by the CSRC.	RMB140,978,000	16,392,871,566.63	10,177,816,626.46	21,33,570,384.08
E Fund	Participating stock company	Publicly offered securities investment fund management, fund sale, asset management for specific customers.	RMB132,442,000	24,301,603,274.71	14,639,677,006.48	3,936,996,440.82

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

For details, please refer to “III. Analysis on Financial Statements – (4) Explanation of Changes in the Consolidation Scope of Financial Statements” in this section.

Explanation on the status of principal subsidiaries and participating stock companies

GF Qianhe recorded net profit of RMB41 million for the year, representing a year-on-year decrease of 96.71%, and GF Xinde recorded net profit of RMB124 million for the year, representing a year-on-year decrease of 85.67%, which was mainly due to the decrease in income arising from financial instruments held for trading mainly affected by market fluctuations.





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VIII. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

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

IX. OUTLOOK OF THE COMPANY

(I) Industry Landscape and Trend

1. Comprehensive registration system reform continues to deepen, and securities firms are required to realize higher quality development

The 20th National Congress of the CPC explicitly stated that “the country will improve the functions of the capital market and increase the proportion of direct financing”. The reform measures represented by the full implementation of the stock issuance registration system have been deepened and implemented, and the right of choice has been truly returned to the market. The inclusiveness of the capital market system has been continuously enhanced, and the competitiveness of market entities has been steadily improved. The comprehensive registration system reform is conducive to guiding the whole society's capital into the overall situation of national development, giving full play to the pivotal role of the capital market in promoting high-level development of technology, capital and the real economy, and bringing continuous business growth to the development of securities firms. As an important intermediary in the capital market, securities firms need to reshape their capabilities around their specialty and strive to build their core competitiveness by focusing on professionalism, refinement, excellence and strength. They shall make conscientious efforts to perform their role as “gatekeepers” for selection of good and potential companies, so as to achieve high-quality development of securities firms and solidly serve the high-quality development of the capital market and the real economy.



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2. *Continuously enriching residents' wealth management needs and expanding the business space of securities firms*

The growth of Chinese residents' wealth and the diversification of their needs have provided a broad room for the development of the wealth management business of securities firms. Securities firms and fund companies, as professional institutions that increase the income and meet the growing wealth management needs of the residents, will usher in good opportunities for development. Regulatory authorities continue to deepen the reform of the investment side, strengthen various medium- and long-term investment forces, support the development of public funds, introduce pilot projects for individual pension investment in public funds, and deepen the institutional opening up to encourage foreign investment in the domestic market. Securities firms need to actively seize development opportunities, continue to promote the proactive transformation of wealth management and asset management businesses, strive to provide investors with more diversified investment and wealth management products and solutions, and meet the needs of customers for diversified asset allocation. Further, they shall take the mission of building up a valuation system with Chinese characteristics and promoting better utilization of market resource allocation functions.

3. *Two-way opening of the capital market to promote the quality and efficiency of securities firms*

The institutional opening up of China's capital market is progressing steadily. Firstly, the all-round opening-up of markets, products, and institutions is making progress with coordination and taking security into consideration. Secondly, the restriction on foreign shareholding percentage in the securities, funds and futures industries have been fully lifted. Thirdly, with the further deepening of interconnection, the Shanghai-Shenzhen-Hong Kong Stock Connect systems and arrangements continue to optimize with the inclusion of Exchange Traded Fund ("ETF") into such systems, and expansion of Shanghai-London Stock Connect mechanism to the SZSE and overseas markets in Germany and Switzerland. Fourthly, A shares are included in internationally renowned indices and the proportion has been continuously increased. A-share index futures have also been launched in Hong Kong. Fifthly, foreign investment has maintained net inflows for many years, and the international attractiveness and competitiveness of China's capital market have been significantly enhanced. Under the trend of two-way opening of the capital market, the sponsorship, research and risk management capabilities of securities firms need to keep pace with the times, integrate with the system, compete with others in terms of capabilities, continuously explore overseas markets, and continue to deepen the interconnection with overseas markets.



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4. *Rapid development of financial technology promotes the reform and upgrade of the operation and management model of securities firms*

In February 2023, the Central Committee of the CPC and the State Council issued the Overall Layout Plan for the Construction of Digital China (《數字中國建設整體佈局規劃》), which clarified the goal of building a digital China. With the rapid development of big data, cloud computing, blockchain, AI and other technologies, digital technologies are profoundly changing the ecology, competitive landscape, business paradigm and organizational model of the securities industry. The securities industry, especially the leading brokerage firms, continue to increase their investment in financial technology and establish a digital transformation governance structure. It has become a general trend to deeply penetrate and fully empower the financial industry by technological means. Relying on advanced technology and data means, securities firms can accelerate the application of multi-dimensional scenarios such as products, services, operations and management, enrich product formats, improve transaction efficiency, achieve professional pricing, improve risk management, etc., improve operating efficiency and core business' competitiveness and enhance customer experience. Promoting the transformation and upgrading of business management model through technological guidance and digital empowerment and realizing the in-depth integration and co-creation of financial technology and business development will become the core driving forces for securities firms to enhance their comprehensive financial service capabilities and form a fresh impetus for innovative models.

(II) The Company's development strategy

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

(III) Annual business plan in 2023

In 2023, the main theme of China's economic work will be development, and the important task for the capital market will be serving the stability and development of the economy. In 2023, based on the working policy of "Making positive changes and promoting the high-quality development of the Company to a new stage", the Company will focus on breakthroughs in key areas, expand and strengthen core businesses, make deployment of long-term work, and open a new chapter of stability and long-term development.

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



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(IV) Fund requirement for the development of the Company

In 2022, various services of the Company were carried out in an orderly manner, of which capital intermediary services, such as margin financing and securities lending services, and over-the-counter derivative transactions required sufficient funds. The Company will continue to enhance capital management and improve efficiency of its asset allocation. Meanwhile, the Company will timely seize the market opportunities to raise equity capital or debt capital in various ways based on business development needs so as to optimize its capital structure and meet fund requirement for development by constantly exploring new financing products and methods.

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

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

(1) Policy risk

Policy risk refers to the adverse effect on the operation of securities companies due to changes in national macro-control measures, law and regulations, regulatory policies and trading rules relating to the securities industry. On the one hand, the national macro-control measures can greatly affect the securities market, and the change and adjustment in macro policies, interest rates and exchange rates are closely related to the tendency of the financial markets, which directly affects the operation performance of the securities companies; on the other hand, securities industry is a highly regulated industry and the regulatory policies issued by the regulatory authorities directly relate to the change in the operation performance of the securities companies. In case the Company fails to timely adapt to or even violates the change in the policies and regulations in its daily operations, it may be subject to penalty, suspension or cancellation of business qualification or other administrative penalties from the regulatory authorities, leading to economic loss and damage to reputation of the Company.

(2) Liquidity risk

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



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(3) *Market risk*

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

(4) *Credit risk*

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

(5) *Compliance risk*

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



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(6) *Operational risk*

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

(7) *Information technology risk*

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

(8) *Reputation risk*

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



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2. Counter-measures that the Company has adopted 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.

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



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reasonably and guarantee that the Company has sufficient daytime liquidity cash; 3) The Company implements multi-level liquidity reserve management, clarifies investment scope of liquidity asset reserves and sets corresponding risk limit and conducts daily monitoring; 4) The Company establishes liquidity risk limit system and conducts daily calculation and supervision for the relevant monitoring indexes based on regulatory requirements and needs of internal liquidity risk management; 5) The Company regularly or irregularly evaluates cash gap and liquidity risk index of the Company under circumstances of internal and external liquidity pressure and formulates corresponding liquidity management strategies; 6) The Company urges and guides the relevant subsidiaries to establish and strictly implement liquidity risk management mechanism including risk limit, monitoring and reporting, stress testing, emergency response, etc.; 7) The Company regularly or from time to time carries out liquidity risk drill and optimizes and perfects liquidity risk emergency disposal processes and mechanism of the Company based on the drill condition.

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 based on traditional risk index limit, and establishes stress test index limit to monitor and evaluate possible losses under extreme conditions, optimizes authorization hierarchy for risk limit based on business maturity so as to continue to improve the scientificity and effectiveness of the market risk limit management; 2) The Company actively studies the advanced and mature market risk measurement models, gradually explores the application of indicators such as ES and SVaR and establishes a multi-level risk quantification indicators system; 3) The Company continues to independently research and develop industry-leading risk management system to achieve centralized management of full-position market risk covering various investment businesses and investment types of the Company, thus realizing systematic 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.



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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 multi-level credit risk limit system for total business size, single customer and its identifiable related parties, single stock collateral and industry, to control credit risk exposure and concentration risk; 5) The Company reduces net exposure of risk and estimated loss undertaken by the Group through various risk mitigation measures; 6) The Company establishes a set of information system and analysis tools to balance credit risk exposure and classify and evaluate risk asset combination.

⑤ Compliance risk management

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



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⑥ Operational risk management

The Company manages its operational risks mainly through the combination of sound authorization mechanism and segregation of duties, optimized system and process, well-established IT system, strict operation discipline, strengthened control before and during the process as well as subsequent supervision and inspection etc. The Company has improved the level and effect of operational risk control mainly through the following measures: 1) The Company has improved the operational risk management system, strengthened the joint coordination between the three lines of defense of the operational risk management, and enhanced the in-depth analysis and rectification tracking of the operational risk related issues; 2) The Company has further improved the operational risk identification, evaluation, monitoring and reporting mechanism through continuous improvement and further promotion of three major tools, including risk and control self-assessment, key risk indicators and loss data collection, with new business assessment and IT system establishment and other daily business operations embedded as a normal practice, and active promotion of the construction of digital risk monitoring indicators and application of tools such as RPA (Robotic Process Automation) on that basis; 3) The Company has been gradually achieving the systematization and standardization of the operation risk management through continuous optimization of the operational risk management system; 4) The Company continues to enhance the management of operational risks of its subsidiaries through traditional tools for operational risk management and new business assessment and information system establishment; 5) Considering requirements for the construction of operational risk management system, the Company has been continuing to improve the assessment and management system for new products and new business, optimize the process for assessment, inspection and review, and continuously enhance the tracking management for new business and the final report; 6) The Company continues to carry out the promotion and training of operational risk management culture.

⑦ Information technology risk management

In 2022, leveraging on three lines of defense of “assurance of on-going business, safety assurance, quality assurance” and three bases of “information platform, hybrid cloud platform and fundamental platforms of three centers in two places”, the Company realized the close-cycle before-event, event and after-event effective management of IT risks. The Company increased its IT investment, continued to regulate operation process, strengthened compliance risk control and management, which further improved the security management level for the establishment, operation and maintenance of information system and ensured the safe, reliable and stable operation of the Company’s information system, thereby effectively supporting the regulated development of the Company’s business.



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⑧ Reputation risk management

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

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

The Company highly values investor relationship management and information disclosure, pays attention to the truthfulness, accuracy, completeness and timely and fair disclosure of information, actively protects the interest of medium and small investors, carefully listens and replies to proposals and consultative opinions of medium and small investors in the ordinary course of work. The Company maintains smooth interactive communication with institutional investors and individual investors by means of telephone, mail, website of the Company or the “Easy Interaction” platform of the SZSE, regular or ad hoc referral conference or roadshow, interview and research. In 2022, in addition to the daily telephone communication with public investors, there were a total of 27 receptions of activities such as research and performance roadshow, and the Company received about 200 investors in total. The details are as follows:

Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
From January 1, 2022 to December 31, 2022	–	Telephone communication	Individuals	Public investors	Operation and development of the Company
January 12, 2022	–	Telephone communication	Institutions	Analysts of Citibank and its invited investors	Strategic and business development of the Company
January 12, 2022	–	Telephone communication	Institutions	Tenbagger Capital	Operation and development of the Company
January 13, 2022	–	Telephone communication	Institutions	Analysts of CLSA and its invited investors	Strategic and business development of the Company



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Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
January 13, 2022	—	Telephone communication	Institutions	M&G	Operation and development of the Company
March 31, 2022	—	Results roadshow	Institutions	Analysts and investors invited to GF Securities' 2021 Annual Results Briefing	Strategic and business development of the Company
April 1, 2022	—	Results roadshow	Institutions, individuals	Investors participating in GF Securities' 2021 Annual Results Presentation	Strategic and business development of the Company
May 13, 2022	—	Telephone communication	Institutions	Analysts of DBS and its invited investors	Strategic and business development of the Company
May 13, 2022	—	Telephone communication	Institutions	M&G	Operation and development of the Company
May 17, 2022	—	Telephone communication	Institutions	Tengyue Fund, CICC	Operation and development of the Company
May 17, 2022	—	Telephone communication	Institutions	Guotai Junan	Operation and development of the Company
May 19, 2022	—	Telephone communication	Institutions	Strategy Conference of Bank of America and its invited investors	Strategic and business development of the Company
June 1, 2022	—	Telephone communication	Institutions	Shenzhen Ridou Investment Management Company Limited (深圳市日斗投资管理有限公司)	Operation and development of the Company
June 2, 2022	—	Telephone communication	Institutions	Analysts of Huatai Securities and its invited investors	Strategic and business development of the Company
June 10, 2022	—	Telephone communication	Institutions	Huatai Securities, Southern Asset Management	Operation and development of the Company
June 10, 2022	—	Telephone communication	Institutions	Investors invited to 2022 Interim Strategy Conference of CICC	Strategic and business development of the Company
June 17, 2022	—	Telephone communication	Institutions	Investors invited to 2022 Summer Strategy Conference of Shenwan Hongyuan	Strategic and business development of the Company
June 28, 2022	—	Telephone communication	Institutions	Investors invited to the 2022 Capital Market Forum sponsored by CITIC Securities	Strategic and business development of the Company
August 31, 2022	—	Results roadshow	Institutions	Investors invited to GF Securities' 2022 Interim Results Briefing	Strategic and business development of the Company
September 8, 2022	—	Telephone communication	Institutions	M&G	Operation and development of the Company
September 9, 2022	—	Telephone communication	Institutions	Asia Pacific Financial Strategy Conference of UBS Securities and its invited investors	Strategic and business development of the Company
September 27, 2022	—	Telephone communication	Institutions	Wellington Asset Management	Operation and development of the Company



MANAGEMENT DISCUSSION AND ANALYSIS

Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
November 3, 2022	–	Telephone communication	Institutions	Investors invited to China Investor Conference of Citibank	Strategic and business development of the Company
November 4, 2022	–	Telephone communication	Institutions	Investors invited to China Investment Forum Conference of Credit Suisse	Strategic and business development of the Company
November 10, 2022	–	Telephone communication	Institutions	Investors invited to China Investment Forum Conference of Bank of America Securities	Strategic and business development of the Company
December 9, 2022	–	Telephone communication	Institutions	Investors invited to Strategy Conference of Haitong Securities	Strategic and business development of the Company
December 9, 2022	–	Telephone communication	Institutions	Greenwoods Asset (Hong Kong)	Operation and development of the Company
December 20, 2022	–	Telephone communication	Institutions	M&G	Operation and development of the Company

Note: The record chart 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) and the website of CNINFO (www.cninfo.com.cn).



MANAGEMENT DISCUSSION AND ANALYSIS

XI. TAX CONCESSION

(I) Holders of A Shares

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

(II) Holders of H Shares

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

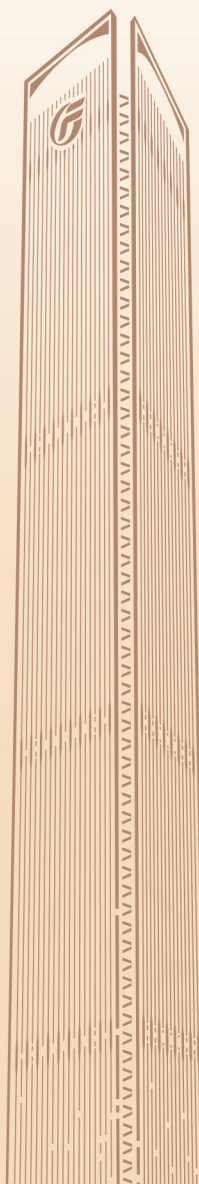
In accordance with provisions of the Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shenzhen-Hong Kong Stock Exchange Mechanism (Cai Shui [2016] No. 127) (《財政部國家稅務總局證監會關於深港股票市場交易互聯互通機制試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

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

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



SECTION 6 CORPORATE GOVERNANCE





CORPORATE GOVERNANCE

I. BASIC SITUATION OF THE CORPORATE GOVERNANCE

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

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

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



CORPORATE GOVERNANCE

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

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

1. Independence of the assets

The Company has independent and integral assets which are necessary for carrying out securities business. No shareholders (including the largest shareholder) or other related parties have taken up the Company's assets or acted detrimentally to the legitimate rights of the Company and its other shareholders or clients. The Company independently operates and manages its own assets according to laws, possessing the franchises, real estate, operation equipment and trademarks which are required for its operation. The Company has legitimate rights to own and use such assets, and no shareholders (including the largest shareholder) have occupied the Company's assets and capital which may harm the interests of the Company.

2. Independence of personnel

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



CORPORATE GOVERNANCE

3. Financial independence

In accordance with the Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises - Application Guide, the Financial Rules for Financial Enterprises and other regulations, the Company has established an independent financial department along with independent financial accounting system and financial management system of which it is staffed with independent financial accountants, none of whom serve in a part-time manner for any shareholders of the Company. The Company's financial decisions are made independently, and no shareholders or related parties have interfered with the use of funds. The Company maintains a separate banking accounts, and no shareholders (including the largest shareholder) and related parties share accounts with the Company. As an independent taxpayer, the Company has completed separate tax registration and pays tax according to laws, and no shareholder pays taxes together with the Company.

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

4. Institutional independence

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

5. Operational independence

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

III. COMPETITION WITH THE COMPANY

None



CORPORATE GOVERNANCE

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

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

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

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



CORPORATE GOVERNANCE

1. General meeting of shareholders during the Reporting Period

Session of meeting	Type of meeting	Participation ratio of investors		Convening date	Disclosure date	Resolutions of the meeting
2022 first extraordinary general meeting	Extraordinary general meeting	51.7651%		February 10, 2022	February 11, 2022	The resolution was considered and approved
2021 annual general meeting	Annual general meeting	52.9146%		May 20, 2022	May 21, 2022	All the resolutions were considered and approved

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

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

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

N/A





CORPORATE GOVERNANCE

V. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Basic information

Name	Position	Status	Sex	Age	Date of appointment	Date of cessation
Lin Chuanhui	Executive Director, chairman, general manager	Current	Male	59	December 11, 2020	To present
Ge Changwei	Executive Director, vice chairman	Current	Male	58	February 10, 2022	To present
Li Xiulin	Non-executive Director	Current	Male	70	June 9, 2020	To present
Shang Shuzhi	Non-executive Director	Current	Male	71	June 9, 2020	To present
Guo Jingyi	Non-executive Director	Current	Male	48	October 19, 2020	To present
Sun Xiaoyan	Executive Director, deputy general manager, chief financial officer	Current	Female	51	June 9, 2020	To present
Qin Li	Executive Director, chief officer of the Company	Current	Male	55	June 9, 2020	To present
Fan Lifu	Independent non-executive Director	Current	Male	50	June 9, 2020	To present
Hu Bin	Independent non-executive Director	Current	Male	52	June 9, 2020	To present
Leung Shek Ling Olivia	Independent non-executive Director	Current	Female	51	June 9, 2020	To present
Li Wenjing	Independent non-executive Director	Current	Male	44	June 9, 2020	To present
Zhou Xitai	Chairman of the supervisory committee, employee representative Supervisor	Current	Male	59	January 10, 2022	To present
Lai Jianhuang	Supervisor	Current	Male	59	June 9, 2020	To present
Xie Shisong	Supervisor	Current	Male	60	June 9, 2020	To present
Lu Xin	Supervisor	Current	Female	59	June 9, 2020	To present
Yi Xinyu	Employee representative Supervisor	Current	Female	39	August 25, 2022	To present
Wu Jifu	Deputy general manager	Current	Male	58	June 9, 2020	To present
Zhang Wei	Deputy general manager	Current	Male	47	June 9, 2020	To present
Yi Yangfang	Deputy general manager	Current	Male	53	July 22, 2021	To present
Xin Zhiyun	Deputy general manager, chief information officer	Current	Male	53	June 9, 2020	To present
Li Qian	Deputy general manager	Current	Male	38	July 22, 2021	To present
Xu Youjun	Deputy general manager, chief compliance officer, secretary to the Board, joint company secretary	Current	Male	51	June 9, 2020	To present
Ouyang Xi	Chief officer of the Company	Current	Male	55	December 31, 2020	To present
Wu Shunhu	Chief risk officer	Current	Male	53	January 10, 2022	To present
Cui Zhouhang	Chief human resources officer	Current	Male	39	January 10, 2022	To present
Cheng Huaiyuan	Employee representative Supervisor	Resigned	Male	57	June 9, 2020	August 25, 2022
Zhang Shaohua	Chairman of the supervisory committee, employee representative Supervisor	Resigned	Male	57	June 9, 2020	January 10, 2022
Kong Weicheng	Chief risk officer	Resigned	Male	49	July 22, 2021	January 7, 2022



CORPORATE GOVERNANCE

Note 1: The calculation of age in the above table was conducted on March 30, 2023 and rounded up, the same below;

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

Note 3: The date of appointment shall be the appointment time of the current term of this session of the Board, the supervisory committee and senior management;

Note 4: If there are more than one position in the same term of office, the date of appointment shall be the time of earliest appointment.

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

Name	Position	Type	Date	Reasons
Kong Weicheng	Chief risk officer	Resigned	January 7, 2022	Work adjustment
Wu Shunhu	Chief risk officer	Appointed	January 10, 2022	Appointed by the Board
Cui Zhouhang	Chief human resources officer	Appointed	January 10, 2022	Appointed by the Board
Zhang Shaohua	Employee representative Supervisor, chairman of the supervisory committee	Resigned	January 10, 2022	Work adjustment
Zhou Xitai	Employee representative Supervisor	Elected	January 10, 2022	Election at the employee representatives meeting
	Chairman of the supervisory committee	Elected	January 28, 2022	Election by the supervisory committee
Ge Changwei	Executive Director	Elected	February 10, 2022	Election at the general meeting
	Vice chairman	Elected	February 10, 2022	Election by the Board
Cheng Huaiyuan	Employee representative Supervisor	Resigned	August 25, 2022	Application for internal retirement
Yi Xinyu	Employee representative Supervisor	Elected	August 25, 2022	Election at the employee representatives meeting

- On December 27, 2021, the Company received a written resignation letter from Mr. Zhang Shaohua, the former chairman of the supervisory committee and an employee representative supervisor. Mr. Zhang Shaohua tendered the resignation from the positions as a chairman of the tenth session of the supervisory committee and the employee representative Supervisor of the Company due to work adjustment. The resignation of Mr. Zhang Shaohua will result in the proportion of the employee representative Supervisors in the supervisory committee being less than one third. Therefore, according to the Company Law and the Articles of Association, Mr. Zhang Shaohua's resignation will take effect from the date of the appointment of the employee representative Supervisor. Prior to this, Mr. Zhang Shaohua continues to perform his duties in accordance with relevant laws, administrative regulations and the Articles of Association of the Company.





CORPORATE GOVERNANCE

On January 10, 2022, a resolution was passed at the twelfth meeting of the fifth session of the employee representatives meeting of the Company, pursuant to which Mr. Zhou Xitai was elected as an employee representative Supervisor of the tenth session of the supervisory committee of the Company until the expiration of the tenth session of the supervisory committee of the Company. On January 10, 2022, the Company held the eighth meeting of the tenth session of the supervisory committee of the Company, at which all the Supervisors unanimously agree to recommend Mr. Zhou Xitai as the convener of the tenth session of the supervisory committee of the Company, to be responsible for convening and presiding over the meetings of the supervisory committee during the vacancy of the chairman of the supervisory committee. On January 28, 2022, the Company held the ninth meeting of the tenth session of the Board, at which Mr. Zhou Xitai was elected as the chairman of the tenth session of the supervisory committee of the Company.

2. On January 7, 2022, the Company received a written resignation letter from Mr. Kong Weicheng, the former chief risk officer. Mr. Kong Weicheng tendered the resignation from the position of chief risk officer of the Company due to work adjustment.
3. On January 10, 2022, the Company held the 20th meeting of the tenth session of the Board, at which Mr. Wu Shunhu was elected as chief risk officer of the Company and Mr. Cui Zhouhang was elected as chief human resources officer of the Company (senior management). Mr. Cui Zhouhang has duly performed his duty as chief human resources officer upon passing of the qualification test for senior management officers of securities company on January 27, 2022. The Company has conducted filing procedures with the regulatory authorities pursuant to the relevant requirements.
4. On February 10, 2022, the Company held the 2022 first extraordinary general meeting, at which Mr. Ge Changwei was elected as an executive Director of the tenth session of the Board of the Company. On the same day, the Company held the 21st meeting of the tenth session of the Board, at which Mr. Lin Chuanhui was elected as a member of the nomination committee of the tenth session of the Board of the Company and Mr. Ge Changwei was elected as the vice chairman of the tenth session of the Board and a member of the Strategy Committee of the Company.
5. On August 25, 2022, the Company received a written resignation letter from Mr. Cheng Huaiyuan, the former employee representative Supervisor. Mr. Cheng Huaiyuan applied to resign as an employee representative Supervisor of the tenth session of the supervisory committee due to his intention to apply for internal retirement.

On the same day, in order to ensure the normal operation of the supervisory committee, in accordance with the relevant provisions of the Company Law and the Articles of Association, the Company held the first meeting of the sixth session of the employee representative meeting, at which Ms. Yi Xinyu was elected as an employee representative Supervisor of the tenth session of the supervisory committee of the Company, whose term of office will expire upon the expiration of the term of the tenth session of the supervisory committee. Mr. Cheng Huaiyuan's resignation has duly taken effect since then.

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

Save as disclosed above, during the Reporting Period, the Company was not aware of any changes in the information of Directors or Supervisors that are required to be disclosed under Rule 13.51B (1) of the Hong Kong Listing Rules.



CORPORATE GOVERNANCE

2. PARTICULARS OF POSITIONS

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

(1) Directors

Executive Directors

Mr. Lin Chuanhui has served as general manager of the Company since December 2020, executive Director of the Company since January 2021 and chairman of the Board of the Company since July 2021. His primary working experiences include: cadre of the scientific research office and deputy division researcher of the organization bureau of the Party School of the Central Committee of CPC from July 1985 to December 1995, general manager of Beijing business unit of the investment banking department of the Company from December 1995 to January 1998, deputy general manager of the investment banking department and general manager of the Shanghai business headquarters of the Company from February 1998 to February 2001, standing deputy general manager of the investment banking department of the Company from February 2001 to October 2002, general manager of GF Fund Management Co., Ltd. (planning) from October 2002 to August 2003, general manager of GF Fund from August 2003 to December 2020, vice chairman of GF Fund from March 2008 to December 2020, and concurrently, chairman of Ruiyuan Capital Asset Management Co., Ltd. from June 2013 to November 2018, general manager of Ruiyuan Capital Asset Management Co., Ltd. from June 2014 to April 2016, chairman of the board of directors of GF International Investment Management Limited from December 2010 to December 2020, chairman of the board of directors of GF Holdings (Hong Kong) Corporation Limited from September 2021 to December 2021 and director of China Securities Interagency Quotation Systems Co., Ltd. since December 2021. Mr. Lin Chuanhui obtained a bachelor's degree in economics from Jilin University in July 1985.



CORPORATE GOVERNANCE

Mr. Ge Changwei has served as vice chairman and executive Director of the Company since February 2022. His primary working experiences include: a staff member, assistant secretary, deputy section-level secretary and chief staff member of the Financial and Economic Committee of Anhui Provincial People's Congress from July 1985 to May 1992, chief staff member of the General Office of the Finance Department of Anhui Province from May 1992 to October 1995, deputy director of the General Office of the Finance Department of Anhui Province from October 1995 to October 1996, deputy director-level and director-level secretary of the General Office of Anhui Provincial Government from October 1996 to December 1999, assistant to director of the Planning Commission of Anhui Province from December 1999 to October 2000, assistant to general manager and manager of the sales department of China Shenhua Group Transportation and Sales Company from October 2000 to November 2001, director-level secretary of the General Office of National Development and Reform Commission from November 2001 to December 2003, deputy bureau-level secretary of the General Office of the State Council from December 2003 to January 2006 (concurrently as vice secretary of Liaocheng Municipal Party Committee of Shandong Province from September 2004 to December 2005), vice chief secretary of Chongqing Municipal Party Committee from January 2006 to November 2007, vice chief secretary (department-level principal) of Chongqing Municipal Party Committee from November 2007 to December 2007, vice chief secretary of Guangdong Provincial Party Committee from December 2007 to February 2011, deputy secretary of Qingyuan Municipal Party Committee of Guangdong Province and mayor of Qingyuan from February 2011 to September 2011, secretary of Qingyuan Municipal Party Committee of Guangdong Province from September 2011 to January 2012, secretary of Qingyuan Municipal Party Committee of Guangdong Province and director of the Standing Committee of Qingyuan Municipal People's Congress from January 2012 to March 2018, Party secretary and director of the Guangdong Provincial Development and Reform Commission from March 2018 to May 2021 (concurrently as director of the Office of the Leading Group for the Promotion of Guangdong-Hong Kong-Macao Greater Bay Area Construction in Guangdong Province from October 2018 to May 2021), deputy chairman of the Expert Committee of China Southern Power Grid Company Limited from May 2021 to June 2021 and secretary of the Party Committee of GF Fund from June 2021 to December 2021. Mr. Ge Changwei has served as secretary of the Party Committee of the Company since January 2022. Mr. Ge obtained a bachelor's degree in arts from Anhui University in July 1985, and completed the postgraduate course of political economics at Anhui University in November 2000.

Ms. Sun Xiaoyan has served as executive Director of the Company since December 2014. Her primary working experience includes: staff of capital operation department, finance department and investment banking department, respectively, since joining the Company in July 1993, deputy general manager of accounting department of the Company from September 1998 to January 2000, deputy general manager of investment and proprietary trading department of the Company from January 2000 to October 2002, chief financial officer of GF Fund Management Co., Ltd. (preparatory) from October 2002 to August 2003, chief financial officer of GF Fund from August 2003 to October 2003, deputy general manager of GF Fund from October 2003 to March 2005, general manager of finance department of the Company from November 2003 to March 2014 and director of GFHK from August 2013 to May 2019. Ms. Sun Xiaoyan has served as chief financial officer of the Company since March 2006, a director of GF Fund since June 2007 and deputy general manager of the Company since April 2011. Ms. Sun Xiaoyan served as chairman of the supervisory committee of ECT from December 2014 to June 2018 and supervisor of ECT since June 2018. Ms. Sun Xiaoyan obtained a bachelor's degree in economics from Renmin University of China in July 1993 and a master's degree of business administration from China Europe International Business School in September 2007.



CORPORATE GOVERNANCE

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

Non-executive Directors

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



CORPORATE GOVERNANCE

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

Mr. Guo Jingyi has served as non-executive Director of the Company since October 2020. Mr. Guo Jingyi has served as chairman of Zhongshan Public Utilities Group Co., Ltd (a company listed on SZSE, stock code: 000685) since September 2020. His primary working experiences include: an employee of Zhongshan Environmental Protection Engineering Co., Ltd. (中山市環保工程有限公司) from July 1998 to May 2004, manager of Zhongshan Sanxiang Water Supply Co., Ltd. (中山市三鄉供水有限公司) from May 2004 to May 2008, manager of Zhongshan Water Supply Co., Ltd. Sanxiang branch from May 2008 to August 2008, deputy general manager and managing deputy general manager of Zhongshan Water Supply Co., Ltd. from August 2008 to November 2009, deputy general manager of water business department of Zhongshan Public Utilities Group Co., Ltd. and general manager of Zhongshan Water Supply Co., Ltd. from November 2009 to February 2011, deputy general manager of Zhongshan Zhonghui Investment Group Company Limited, deputy general manager of water business department of Zhongshan Public Utilities Group Co., Ltd. and general manager of Zhongshan Water Supply Co., Ltd. from February 2011 to July 2011, deputy general manager of Zhongshan Zhonghui Investment Group Company Limited from July 2011 to October 2013, general manager of Zhongshan Transportation Development Group Co., Ltd. from October 2013 to July 2019, during which he served as general manager of Zhongshan Rail Transit Co., Ltd. (中山市軌道交通有限公司) from August 2016 to April 2017, executive director of Zhongshan East Outer Ring Expressway Co., Ltd. (中山市東部外環高速公路有限公司) from November 2016 to February 2017, executive director of Zhongshan Transportation Development Investment Co., Ltd. (中山市交發投資有限公司) from April 2017 to January 2018, executive director and general manager of Zhongshan Rail Transit Co., Ltd. from April 2017 to July 2019 and director and general manager of Zhongshan Rail Transit Co., Ltd. from July 2019 to August 2020. Mr. Guo Jingyi obtained a bachelor's degree in engineering from Wuyi University in June 1998 and completed in-service postgraduate in economics (economic management) majors in the Graduate School of the Party School of the Communist Party of China in July 2013.



CORPORATE GOVERNANCE

Independent Non-executive Directors

Mr. Fan Lifu has served as independent non-executive Director of the Company since November 2018. Mr. Fan Lifu is currently a professor at the School of Finance of Dongbei University of Finance and Economics and secretary of the General Party Branch of the School of Finance of Dongbei University of Finance and Economics. His primary working experience includes: teaching assistant at the School of Finance (former Department of Finance) of Dongbei University of Finance and Economics from April 1998 to December 2000, a lecturer at the School of Finance of Dongbei University of Finance and Economics from December 2000 to July 2002, an associate professor at the School of Finance of Dongbei University of Finance and Economics from July 2002 to July 2011, a visiting scholar of University of Reading in UK from January 2003 to January 2004, a deputy director of the Research Department of Dongbei University of Finance and Economics from December 2009 to December 2016, a deputy dean of the School of Finance of Dongbei University of Finance and Economics from December 2016 to January 2019 and director of the Research Department of Dongbei University of Finance and Economics from January 2019 to August 2022. Mr. Fan Lifu has been a professor at the School of Finance of Dongbei University of Finance and Economics since July 2011. Mr. Fan Lifu has served as an independent director of Tieling Newcity Investment Holding (Group) Limited (a company listed on SZSE, stock code: 000809) since December 2017, an independent director of AVIC Fund Management Co., Ltd. since December 2020 and secretary of the General Party Branch of the School of Finance of Dongbei University of Finance and Economics since August 2022. Mr. Fan Lifu obtained a bachelor's degree, a master's degree and a doctorate degree in economics from Dongbei University of Finance and Economics in July 1995, April 1998 and December 2009, respectively.

Mr. Hu Bin has served as independent non-executive Director of the Company since June 2020. Mr. Hu Bin has served as secretary of the Party Committee and deputy director of the Institute of Finance and Banking, Chinese Academy of Social Sciences since June 2020. His primary working experience includes: senior manager of CITIC Securities Company Limited (中信证券股份有限公司) from July 2002 to November 2003, director of the Law and Finance Research Office of the Institute of Finance and Banking, Chinese Academy of Social Sciences from August 2004 to March 2011, during which he was promoted as an associate researcher in August 2004 and as a researcher in December 2009, assistant to the director of the Institute of Finance and Banking, Chinese Academy of Social Sciences and director of the Law and Finance Research Office from March 2011 to August 2011, Secretary General of the Postdoctoral Management Committee of the Chinese Academy of Social Sciences and assistant to the director of the Institute of Finance and Banking from August 2011 to November 2013, Secretary General of the Postdoctoral Management Committee of the Chinese Academy of Social Sciences from November 2013 to March 2014, deputy director of the Institute of Finance and Banking, Chinese Academy of Social Sciences from March 2014 to March 2019 and deputy secretary of the Party committee and deputy director of the Institute of Finance and Banking, Chinese Academy of Social Sciences from March 2019 to June 2020. Mr. Hu Bin obtained a master's degree and a doctorate degree from the Chinese Academy of Social Sciences in July 1999 and July 2002, respectively.



CORPORATE GOVERNANCE

Ms. Leung Shek Ling Olivia has served as independent non-executive Director of the Company since June 2020. Ms. Leung Shek Ling Olivia has been the chief lecturer of the Faculty of Business and Economics of The University of Hong Kong since July 2011 and the associate dean of the Faculty of Business and Economics of The University of Hong Kong since January 2020. Her primary working experience includes: associate professor of accounting at The City University of Hong Kong from August 2004 to June 2011, program director of the International Business and Global Management Program of The University of Hong Kong from June 2016 to October 2018 and assistant dean of the Faculty of Business and Economics of The University of Hong Kong from June 2016 to December 2019. Ms. Leung Shek Ling Olivia obtained a bachelor's degree from the University of British Columbia in Canada and a doctorate degree from The Chinese University of Hong Kong in June 1994 and June 2004, respectively.

Mr. Li Wenjing has served as independent non-executive Director of the Company since June 2020. Mr. Li Wenjing has been a professor at the Management School of Jinan University since October 2013 and the dean of the Management School of Jinan University since March 2019. His primary working experience includes: lecturer at the Management School of Jinan University from July 2006 to September 2008, associate professor of the Management School of Jinan University from October 2008 to September 2013, deputy department head of the Accounting Department of the Management School of Jinan University from July 2012 to June 2016 and department head of the Accounting Department of the Management School of Jinan University from July 2016 to July 2020. Mr. Li Wenjing served as an independent director of Midea Group Co., Ltd. (美的集團股份有限公司) (a company listed on SZSE, stock code: 000333) from March 2013 to September 2018, an independent director of Guangzhou Devotion Thermal Technology Co., Ltd. (廣州迪森熱能技術股份有限公司) (a company listed on SZSE, stock code: 300335) from December 2015 to April 2019, an independent director of Longse Technology Limited (長視科技股份有限公司) from December 2016 to August 2020, an independent director of Shenzhen Xunfang Technologies Co., Ltd. (深圳市訊方技術股份有限公司) from May 2017 to May 2020, an independent director of By-Health Co., Ltd. (湯臣倍健股份有限公司) (a company listed on SZSE, stock code: 300146) from September 2017 to September 2020, an independent director of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司) (a company listed on SZSE, stock code: 000532) from December 2017 to March 2021 and an external supervisor of China Guangfa Bank Co., Ltd. since June 2017. Mr. Li Wenjing obtained a bachelor's degree and a doctorate degree from Sun Yat-sen University in June 2001 and June 2006, respectively.



CORPORATE GOVERNANCE

2. Supervisors

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

Mr. Lai Jianhuang has served as a Supervisor of the Company since June 2020. Mr. Lai Jianhuang is currently the professor and supervisor for doctoral students at School of Computer Science of Sun Yat-sen University (中山大學). His primary working experience includes: a teaching assistant and lecturer of the mathematics department of Sun Yat-sen University from June 1989 to June 1995, an associate professor of the mathematics department of Sun Yat-sen University from July 1995 to June 2002, the chairman of the Academic Committee of the School of Data and Computer Science (currently known as School of Computer Science) of Sun Yat-sen University from August 2016 to November 2022; and a professor and a supervisor for doctoral students at School of Information and School of Data and Computer Science (currently known as School of Computer Science) of Sun Yat-sen University since July 2002. Mr. Lai Jianhuang has served as an independent director of Zhongxiaoyun Technology Co., Ltd (中消雲科技股份有限公司) from January 2020 to January 2023. Mr. Lai Jianhuang has served as an independent director of PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司) (renamed as PCI Technology Group Co., Ltd. (佳都科技集團股份有限公司) in April 2021, a company listed on SSE, stock code: 600728) since July 2019. Mr. Lai Jianhuang obtained a bachelor's degree in mathematics (science) from Sun Yat-sen University in July 1986, a master's degree in applied mathematics (science) from Sun Yat-sen University in July 1989 and a doctorate degree in basic mathematics (science) from Sun Yat-sen University in June 1999.



CORPORATE GOVERNANCE

Mr. Xie Shisong has served as a Supervisor of the Company since June 2020. Mr. Xie Shisong is currently a professor at the School of Law and chairman of the Institute of International Law of Sun Yat-sen University. His primary working experience includes: a lecturer at the School of Law of Sun Yat-sen University from September 1991 to November 1993, an associate professor at the School of Law of Sun Yat-sen University from December 1993 to November 1996, a professor at the School of Law of Sun Yat-sen University since December 1996 and chairman of the Institute of International Law of the School of Law of Sun Yat-sen University since March 1992. Mr. Xie Shisong has also served as the vice president of China Society of Private International Law since September 2003, an arbitrator of China International Economic and Trade Arbitration Commission since November 1999 and a committee member of the expert advisory committee of China International Economic and Trade Arbitration Commission since January 2008. Mr. Xie Shisong was an independent director of E Fund Management Co., Ltd. from December 2002 to April 2013, an independent director of Guangdong China Sunshine Media Co., Ltd. (廣東九州陽光傳媒股份有限公司) (renamed as Guangdong Guangzhou Daily Media Co., Ltd. (廣東廣州日報傳媒股份有限公司) in July 2012, a company listed on SZSE, stock code: 002181) from June 2007 to June 2013, an independent director of Guangzhou Improve Medical Instruments Co., Ltd. (廣州陽普醫療科技股份有限公司) (a company listed on SZSE, stock code: 300030) from October 2010 to May 2017, an independent director of Vtron Technologies Ltd. (廣東威創視訊科技股份有限公司) (renamed as Vtron Group Co., Ltd. (威創集團股份有限公司) in January 2017, a company listed on SZSE, stock code: 002308) from December 2013 to August 2020, an independent director of Guangdong Advertising Co., Ltd. (廣東省廣告股份有限公司) (renamed as Guangdong Advertising Group Co., Ltd. (廣東省廣告集團股份有限公司) in June 2015, a company listed on SZSE, stock code: 002400) from January 2014 to January 2020, an independent director of Golden Eagle Fund Management Co., Ltd. from September 2014 to January 2018, an independent director of Zhuhai Wanlida Electric Co., Ltd. (renamed as Ninestar Corporation (納思達股份有限公司) in May 2017, a company listed on SZSE, stock code: 002180) from October 2014 to September 2021, an independent director of Guangdong Homa Appliances Co., Ltd. (廣東奧馬電器股份有限公司) (a company listed on SZSE, stock code: 002668) from November 2014 to December 2015, an independent director of Guangxi Wuzhou Zhongheng Group Co., Ltd. (廣西梧州中恒集團股份有限公司) (a company listed on SSE, stock code: 600252) from December 2016 to January 2020, an independent director of Guangzhou Goaland Energy Conservation Tech. Co., Ltd. (廣州高瀾節能技術股份有限公司) (a company listed on SZSE, stock code: 300499) since May 2017, an independent director of Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司) (renamed as Guangzhou Yuexiu Capital Holdings Group Co., Ltd. (廣州越秀資本控股集團股份有限公司) in December 2022, a company listed on SZSE, stock code: 000987) since September 2020 and an independent director of APEX Microelectronics Co., Ltd. (極海微電子股份有限公司) since August 2022. Mr. Xie Shisong obtained a bachelor's degree in international law from Wuhan University in Wuhan in July 1985, a master's degree in international law from Wuhan University in July 1988 and a doctorate degree in international law from Wuhan University in July 1991.



CORPORATE GOVERNANCE

Ms. Lu Xin has served as a Supervisor of the Company since June 2020. Ms. Lu Xin is currently a professor and supervisor for postgraduate students at Accounting Department in School of Management and the deputy head of Research Center of Management Accounting of Jinan University (暨南大學). Her primary working experience includes: teaching at the School of Economics and Management in Dalian University (大連大學) from July 1989 to December 2003, during which she served as a lecturer from August 1992 to July 1998 and an associate professor from August 1998 to December 2003. She served as an associate professor of Accounting Department of School of Management of Jinan University from January 2004 to September 2013, concurrently serving as deputy director of the Audit Department of Jinan University from May 2013 to January 2016, a professor at Accounting Department of School of Management of Jinan University since October 2013, a supervisor for postgraduate students at Accounting Department of School of Management of Jinan University since October 2005 and deputy head of the Research Center of Management Accounting of Jinan University since January 2014. Ms. Lu Xin was an independent director of Gree Electric Appliances, Inc. of Zhuhai (珠海格力電器股份有限公司) (a company listed on SZSE, stock code: 000651) from June 2015 to January 2019, an independent director of TCL Technology Group Corporation (TCL 科技集團股份有限公司) (a company listed on SZSE, stock code: 000100, previously known as TCL Corporation (TCL 集團股份有限公司)) from September 2014 to November 2020, an independent director of Kingfa Sci. & Tech. Co., Ltd. (金發科技股份有限公司) (a company listed on SSE, stock code: 600143) from May 2014 to January 2021, an independent director of Guangdong Evergreen Feed Industry Co., Ltd. (廣東恒興飼料實業股份有限公司) from July 2018 to July 2021, an independent director of Medprin Regenerative Medical Technologies Co., Ltd. (廣州邁普再生醫學科技股份有限公司) (a company listed on SZSE, stock code: 301033) since November 2018, an independent director of PCI-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司) (renamed as PCI Technology Group Co., Ltd. (佳都科技集團股份有限公司) in April 2021, a company listed on SSE, stock code: 600728) since July 2019, an independent director of Guangdong Shengyi Sci. Tech Co., Ltd (廣東生益科技股份有限公司) (a company listed on SSE, stock code: 600183) since April 2021, an independent director of Guangdong Homa Appliances Co., Ltd. (廣東奧馬電器股份有限公司) (a company listed on SSE, stock code: 002668) since April 2021 and an independent director of Shenzhen Rural Commercial Bank Corporation Limited (深圳農村商業銀行股份有限公司) since August 2021. Ms. Lu Xin obtained a bachelor's degree in economics from Dongbei University of Finance and Economics in July 1986, a master's degree in economics from Dongbei University of Finance and Economics in July 1989 and a doctorate degree in business administration from Renmin University of China in July 2003.

Ms. Yi Xinyu has served as an employee representative Supervisor of the supervisory committee of the Company since August 2022. Her primary working experience includes: an employee of Jiangsu Petroleum Branch of China Petroleum & Chemical Corporation from July 2009 to September 2010, joining the office of the Board of the Company in September 2010, director of the office of the Board of the Company since October 2020 and temporary head of the office of the Board of the Company from August 2021 to September 2022. Ms. Yi Xinyu has served as the deputy general manager of the office of the Board of the Company since March 2023. Ms. Yi Xinyu obtained a bachelor's degree in law from East China University of Political Science and Law in July 2007 and a master's degree in law from Tsinghua University in July 2009.



CORPORATE GOVERNANCE

3. Senior management

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

Mr. Wu Jifu has served as a deputy general manager of the Company since May 2014. His primary working experience includes: lecturer of the Accounting Department of the School of Economics at Heilongjiang University from July 1987 to July 1993, deputy head and head of the Accountancy Department of the School of Economics at Heilongjiang University from July 1993 to July 1995 and July 1995 to October 1997, respectively, deputy director of the Audit Department of the Provincial Securities Supervision and Administration Office of the Heilongjiang Bureau of the CSRC from October 1997 to November 1998, deputy director of the Audit Department and director of the General Office of the Office of the Commissioner of the CSRC in Harbin from November 1998 to February 2004, director of the General Office of the Heilongjiang Bureau of the CSRC from March 2004 to February 2006, director of the Supervision Department of the Heilongjiang Bureau of the CSRC from March 2006 to July 2008, a supervisor of GF Asset Management from January 2014 to August 2017 and a director of GFHK from August 2013 to May 2019. He has served as chief compliance officer of the Company from July 2008 to July 2021 and chief representative of our representative office in Beijing from July 2021 to January 2022. Mr. Wu Jifu obtained a bachelor’s degree in economics from Heilongjiang University in July 1987 and a master’s degree in economics from Heilongjiang University in June 1998.

Mr. Zhang Wei has served as a deputy general manager of the Company since May 2014. His primary working experience includes: treasury manager of the trust fund department of Anhui International Trust & Investment Company (安徽國際信託投資公司) from July 1998 to June 2002, business manager of our investment banking department of the Company from July 2008 to February 2009, deputy general manager of the debt underwriting department of the Company from February 2009 to January 2010, general manager of the debt underwriting department of the Company from January 2010 to March 2013 (he concurrently served as deputy general manager of investment banking business management headquarters from January 2010 to February 2011 and general manager of fixed income headquarters from February 2011 to May 2012), co-general manager of the investment banking department of the headquarters from April 2013 to June 2014, assistant to general manager of the Company from January 2011 to August 2014, chairman of GF Asset Management from August 2014 to May 2017, chairman of GF Hexin Industry Investment Management Co., Ltd. from August 2015 to October 2019 and a director of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司) from May 2015 to May 2022. Mr. Zhang Wei has served as a director of GFHK and chairman of GFFL since June 2015 and a supervisor of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司) since May 2022. Mr. Zhang Wei obtained a bachelor’s degree in economics from Anhui University in June 1998, a master’s degree in economics from Fudan University in June 2005 and a doctorate degree in economics from Renmin University of China in July 2008.



CORPORATE GOVERNANCE

Mr. Yi Yangfang has served as deputy general manager of the Company since July 2021. His primary working experience includes: teacher of The Second Middle School of Yongxiu County, Jiangxi Province from August 1992 to February 1993, member of investment promotion and development bureau of Yongxiu County, Jiangxi Province from March 1993 to August 1994, salesman and deputy manager of investment bank headquarters, investment wealth management headquarters and investment self-support department of the Company from January 1997 to November 2002, member of the preparatory team of GF Fund from November 2002 to August 2003, officer of investment management department of GF Fund from August 2003 to May 2005, fund manager of GF Fund from December 2003 to February 2020, general manager of investment management department of GF Fund from May 2005 to April 2008, assistant general manager of GF Fund from September 2006 to April 2008, investment director of GF Fund from April 2008 to July 2021 (during the period, he served as director of GF International Investment Management Limited from December 2010 to July 2021), deputy general manager of GF Fund from August 2011 to February 2019 (during the period, he served as director of Ruiyuan Capital Asset Management Co., Ltd from June 2013 to November 2018) and executive deputy general manager of GF Fund from February 2019 to July 2021 (during the period, he served as chairman of board and vice chairman of GF International Investment Management Limited from December 2020 to July 2021). Mr. Yi Yangfang has served as a director of E Fund since March 2023. Mr. Yi Yangfang obtained a bachelor's degree in science from Jiangxi University in July 1992 and a master's degree in economics from Shanghai University of Finance and Economics in January 1997.

Mr. Xin Zhiyun has served as chief information officer of the Company since May 2019 and deputy general manager of the Company since July 2021. His primary working experience includes: software engineer and editor of the Higher Education Press from July 1995 to January 1998, principal staff member and deputy director of the Information Center of China Securities Regulatory Commission, deputy director of the general office, director-level consultant, director-level consultant (in charge) and director of the audit office of the institutional supervision department of China Securities Regulatory Commission successively from February 1998 to September 2008, member of CPC Committee, vice president, chief risk officer, chief compliance officer of Essence Securities Co., Ltd. from October 2008 to June 2018, concurrently serving as a director of Essence Capital Co., Ltd., of which concurrently serving as finance manager of Essence Securities Co., Ltd. from August 2011 to September 2013, chief risk officer of the Company from June 2018 to July 2021, a director of GFHK since May 2019 and chief representative of our representative office in Beijing since January 2022. Mr. Xin Zhiyun obtained a bachelor's degree in engineering from North China University of Technology in July 1992, a master's degree in education from Beijing Normal University in July 1995 and a doctorate degree in engineering from Tsinghua University in January 2008.





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Mr. Li Qian has served as deputy general manager of the Company since July 2021. His major work experience includes: trader of RMB interest rate trading office of Financial Market Department of the Industrial and Commercial Bank of China from July 2009 to August 2012, head of RMB interest rate trading office of Financial Market Department of the Industrial and Commercial Bank of China from August 2012 to November 2014 (responsible for the overall work of the office), deputy general manager of fixed income sales and trading department from November 2014 to March 2016 (responsible for the overall work of the department), general manager of fixed income sales and trading department from March 2016 to March 2023, general manager of management headquarters of the Company's securities investment business since October 2017 and assistant general manager of the Company from June 2020 to July 2021. Mr. Li Qian obtained a bachelor's degree in economics from Renmin University of China in June 2004, a master's degree in economics from Renmin University of China in June 2006 and a doctorate degree in economics from Renmin University of China in June 2009.

Mr. Xu Youjun has served as secretary to the Board and a joint company secretary of the Company since April 2019, deputy general manager and chief compliance officer of the Company since July 2021. His major work experience includes: an employee of the development department of Guangzhou Transportation Real Estate Company (廣州交通房地產公司) from July 1996 to August 1997, an employee of the enterprise management department of Guangdong Zhujiang Investment Company (廣東珠江投資公司) from August 1997 to June 1998, manager of the investment banking department of Guangzhou Securities from June 1998 to July 2004, business manager of the investment banking department of the Company from July 2004 to February 2006, assistant to general manager of the Hubei headquarters of the Company from February 2006 to February 2009, assistant to general manager of the investment banking department of the Company, assistant to general manager of the investment banking general management department and executive director of the mergers and acquisitions department of the Company from February 2009 to June 2015 and general manager of the office of the Board of the Company from June 2015 to September 2022. Mr. Xu Youjun has served as the securities affairs representative of the Company since June 2015 and general manager of the compliance and legal affairs department of the Company since January 2022. Mr. Xu Youjun obtained a bachelor's degree in engineering from Xiangtan University in July 1993 and a master's degree in economics from Sun Yat-Sen University in June 1996.



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Mr. Ouyang Xi has served as a chief officer of the Company since December 2020. His primary working experience includes: library assistant at Guangdong Mechanics College (now known as Guangdong University of Technology) from July 1989 to August 1992, deputy general manager and managing deputy general manager of the investment banking department of the Company from July 1995 to February 2001, general manager of the proprietary trading department of the Company from February 2001 to January 2003, standing deputy general manager of the investment banking head office of the Company from January 2003 to January 2004, chief financial officer of the Company from January 2004 to March 2006, deputy general manager of the Company from November 2004 to December 2020, deputy general manager and secretary of the Board of the Company from July 2005 to November 2009, director of GF Fund from March 2005 to June 2007 and chairman of GF Hexin Industry Investment Management Co., Ltd. from October 2019 to December 2021. Mr. Ouyang Xi has served as a director of GFHK since September 2006. Mr. Ouyang Xi obtained a bachelor's degree in science from Wuhan University in July 1989 and a master's degree in economics from Jinan University in June 1995.

Mr. Wu Shunhu has served as chief risk officer of the Company in January 2022. His primary working experience includes: teacher at China Women's Executive Leadership Academy Shandong College (now known as "Shandong Women's University") from July 1992 to August 1995, deputy director and director of training section and vice chairman of the educational training committee of Securities Association of China from May 2000 to February 2005, director clerk of the risk management office of China Securities Regulatory Commission from March 2005 to June 2006, deputy senior staff of Shanghai office of China Securities Regulatory Commission from July 2006 to December 2010, deputy secretary of the Party committee and general manager of the asset management department of Zhongshan Securities Co., Ltd. from January 2011 to July 2017, general manager and legal representative of Zhong Xin Huijin Equity Investment Fund Management (Shenzhen) Company Limited (中新匯金股權投資基金管理(深圳)有限公司) from August 2017 to December 2017, deputy general manager of GF Securities Assets Management from January 2018 to August 2018, chief risk officer of GF Securities Assets Management from June 2018 to February 2022, compliance principal of GF Securities Assets Management from June 2018 to March 2022 and general manager of the compliance and legal affairs department of the Company from August 2018 to January 2022. Mr. Wu Shunhu has served as general manager of the risk management department of the Company since January 2022. Mr. Wu Shunhu obtained a bachelor's degree in economics from Shandong University in July 1992, a master's degree in economics from Shandong University in July 1998 and a doctorate degree in economics from Renmin University of China in July 2001.



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Mr. Cui Zhouhang has served as chief human resources officer of the Company in January 2022. His primary working experience includes: employee at CitiBank (China) Company Limited from July 2009 to August 2012, joining the risk management department of the Company in August 2012, assistant to general manager of the risk management department of the Company from October 2015 to June 2018, deputy general manager of the risk management department of the Company from June 2018 to October 2020, chief risk officer of GFHK from July 2019 to July 2022, deputy general manager of the risk management department of the Company responsible for the overall management from October 2020 to December 2021 and general manager of the human resources department of the Company since December 2021. Mr. Cui Zhouhang obtained a double degree in science and economics from Peking University in July 2006, a master's degree in economics from Peking University in July 2009 and a master's degree in finance from The Hong Kong University in December 2009.

POSITION HELD IN THE SHAREHOLDING COMPANIES

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



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POSITION HELD IN OTHER COMPANIES

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

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Name	Name of other companies	Position held in the other companies	Commencement date	End date	Remuneration received from other companies
Xie Shisong	School of Law of Sun Yat-sen University	Professor	December 1996	Present	Yes
	Guangzhou Goaland Energy Conservation Tech. Co., Ltd.	Independent director	May 2017	Present	Yes
	Guangzhou Yuexiu Capital Holdings Group Co., Ltd.	Independent director	September 2020	Present	Yes
	APEX Microelectronics Co., Ltd.	Independent director	August 2022	Present	Yes
Lu Xin	School of Management of Jinan University	Professor	October 2013	Present	Yes
	Research Center of Management Accounting of Jinan University	Deputy head	January 2014	Present	Yes
	Medprin Regenerative Medical Technologies Co., Ltd.	Independent director	November 2018	Present	Yes
	PCI Technology Group Co., Ltd.	Independent director	July 2019	Present	Yes
	Guangdong Shengyi Sci. Tech Co., Ltd	Independent director	April 2021	Present	Yes
	Guangdong Homa Appliances Co., Ltd.	Independent director	April 2021	Present	Yes
	Shenzhen Rural Commercial Bank Corporation Limited	Independent director	August 2021	Present	Yes
Zhang Wei	China Securities Credit Investment Co., Ltd.	Supervisor	May 2022	Present	No
Yi Yangfang	E Fund	Director	May 2015	May 2022	No
		Director	March 2023	Present	No

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

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

N/A



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3. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

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

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

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

The Rules for Governance of Securities Companies (《證券公司治理準則》) requires that "the annual performance-based remuneration of the senior management of the securities company shall be determined by the board of directors according to the annual performance assessment results of the senior management, more than 40% of which shall be paid in the form of deferred payment, and the period of deferred payment shall not be less than 3 years. The payment of deferred remuneration shall follow the principle of equal division". The Guidelines for Securities Companies to Establish a Stable Remuneration System (《證券公司建立穩健薪酬制度指引》) requires that "the remuneration payment plan should ensure the company's capital adequacy and sustainable operation, the deferred payment period should match the risk duration of the relevant business, and the deferred payment speed should not be faster than the equal proportion". The Board of the Company formulates and implements the specific plan for deferred payment of annual performance-based remuneration of business managers according to the above requirements and the Measures on Performance Assessment and Remuneration Management for Business Managers (《經營管理層績效考核與薪酬管理辦法》) of the Company on an annual basis. According to the above requirements, the remuneration of executive Directors, employee representative Supervisors and senior management of the Company consists of the remuneration accrued and paid for 2022 and the deferred remuneration for the prior years. During the Reporting Period, the deferred remuneration before tax of the above-mentioned persons for the period of serving as Director, Supervisor and senior management for the prior years was as follows: Lin Chuanhui: RMB1.46 million; Ge Changwei: RMB1.81 million; Sun Xiaoyan: RMB1.456 million; Qin Li: RMB1.4095 million; Wu Jifu: RMB1.4852 million; Zhang Wei: RMB1.3856 million; Yi Yangfang: RMB1.46 million; Xin Zhiyun: RMB1.4771 million; Li Qian: RMB1.6468 million; Xu Youjun: RMB1.4242 million; Ouyang Xi: RMB1.5876 million; Wu Shunhu: RMB1.9432 million; Cui Zhouhang: RMB1.6909 million; Zhou Xitai: RMB1.1132 million; Yi Xinyu: RMB0 million; Zhang Shaohua: RMB0 million; Cheng Huaiyuan: RMB2.2503 million; and Kong Weicheng: RMB0 million. The deferred remuneration before tax of non-executive Directors, independent non-executive Directors and shareholder representative Supervisors of the Company for the prior years was nil.



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

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

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

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

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

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



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

According to the Resolution on Appraisal of Directors' Duty Performance in 2022 considered and approved by the Board, the appraisal results of Directors are as follows:

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

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

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

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



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- ④ appraisal by the Supervisory Committee: The appraisal by the Supervisory Committee is determined by the Supervisory Committee. The office of the Supervisory Committee together with relevant departments collect the annual duty performance of supervisors and assist the Supervisory Committee in checking the Form of Appraisal of Supervisors' Duty Performance (《監事履職評價表》) based on the annual duty performance of supervisors;
- ⑤ appraisal results of supervisors are considered and confirmed by the Supervisory Committee: The Supervisory Committee conducts appraisal on the annual duty performance of relevant supervisors. The Supervisory Committee considers the appraisal results on annual duty performance of supervisors (competent, basically competent or incompetent) according to the self-appraisal results of each supervisor, results of peer appraisal, results of democratic appraisal by the employee representatives meeting and results of consistency checking of the Form of Appraisal of Supervisors' Duty Performance (《監事履職評價表》) and rules under the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the year of 2022 (《廣發證券監事會對監事 2022 年度履職監督評價實施方案》);
- ⑥ When the Supervisory Committee considers the duty performance of each supervisor, the supervisors concerned shall abstain from voting.

According to the Resolution on Appraisal of Supervisors' Duty Performance in 2022 considered and approved by the Supervisory Committee, the appraisal results of Supervisors are as follows:

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

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

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



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

Unit: RMB ten thousand

Name	Position	Sex	Age	Status	The total remuneration before tax received from the Company	Remuneration received from related parties of the Company
Lin Chuanhui	Executive Director, Chairman, general manager	Male	59	Current	239.44	No
Ge Changwei	Executive Director, vice chairman	Male	58	Current	184.92	No
Li Xiulin	Non-executive Director	Male	70	Current	18.00	Yes
Shang Shuzhi	Non-executive Director	Male	71	Current	18.00	Yes
Guo Jingyi	Non-executive Director	Male	48	Current	0.00	Yes
Sun Xiaoyan	Executive Director, deputy general manager, chief financial officer	Female	51	Current	220.41	No
Qin Li	Executive Director, chief officer of the Company	Male	55	Current	207.24	No
Fan Lifu	Independent non-executive Director	Male	50	Current	27.00	Yes
Hu Bin	Independent non-executive Director	Male	52	Current	27.00	Yes
Leung Shek Ling Olivia	Independent non-executive Director	Female	51	Current	27.00	Yes
Li Wenjing	Independent non-executive Director	Male	44	Current	27.00	Yes
Zhou Xitai	Chairman of Supervisory Committee, employee representative supervisor	Male	59	Current	212.35	No
Lai Jianhuang	Supervisor	Male	59	Current	15.00	Yes
Xie Shisong	Supervisor	Male	60	Current	15.00	Yes
Lu Xin	Supervisor	Female	59	Current	15.00	Yes
Yi Xinyu	Employee representative supervisor	Female	39	Current	29.78	No
Wu Jifu	Deputy general manager	Male	58	Current	212.14	No
Zhang Wei	Deputy general manager	Male	47	Current	222.03	No
Yi Yangfang	Deputy general manager	Male	53	Current	213.80	No
Xin Zhiyun	Deputy general manager, chief information officer	Male	53	Current	204.38	No
Li Qian	Deputy general manager	Male	38	Current	212.11	No
Xu Youjun	Deputy general manager, chief compliance officer, secretary to the Board, joint company secretary	Male	51	Current	204.15	No
Ouyang Xi	Chief officer of the Company	Male	55	Current	215.69	No

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Name	Position	Sex	Age	Status	The total remuneration before tax received from the Company	Remuneration received from related parties of the Company
Wu Shunhu	Chief risk officer	Male	53	Current	169.05	No
Cui Zhouhang	Chief human resources officer	Male	39	Current	173.14	No
Cheng Huaiyuan	Employee representative supervisor	Male	57	Resigned	92.70	No
Zhang Shaohua	Chairman of Supervisory Committee, employee representative supervisor	Male	57	Resigned	14.77	No
Kong Weicheng	Chief risk officer	Male	49	Resigned	14.74	No
Total	-	-	-	-	3,231.84	-

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

Note 2: The total remuneration before tax received from the Company represents the remuneration accrued and distributed by the Company attributable to 2022;

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

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

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

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



CORPORATE GOVERNANCE

1. *The composition of the Board*

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

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

Independent non-executive Directors shall be independent as required under Rule 3.13 of the Hong Kong Listing Rules. As of the date of this annual report, the Company has received conformation in writing from all Independent Non-Executive Directors on their independence. The Company has confirmed their independence based on the aforesaid confirmation and the relevant information available to the Board.

2. *Independence of the Board of Directors*

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

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



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- (2) The Board of Directors of the Company consists of 11 members; 7 of them are non-Executive Directors, including 4 Independent non-Executive Directors in accordance with the Listing Rules of the Mainland China and Hong Kong;
- (3) Before nomination of candidates for the appointment of new independent non-executive directors, the Nomination Committee shall make a comprehensive assessment on their independence, working experience and professional skills, etc. It will also assess ongoing independence of the existing independent non-executive directors and their time commitment for their performance of duties on an annual basis. According to Rule 3.13 of the Hong Kong Listing Rules, all Independent Non-Executive Directors are required to confirm in writing that they meet the independence requirements on an annual basis;
- (4) The non-Executive Directors shall receive fixed allowance for serving on the Board of Directors and specific committees under the Board of Directors;
- (5) The specific committees under the Board of Directors may, in the course of performing their duties, engage intermediaries to provide professional advice for their performance of duties at the expenses of the Company;
- (6) The Board of Directors of the Company shall make assessment on performance of Directors on an annual basis; the Director being appraised have abstained from voting. Upon deliberation and confirmation of the final appraisal results of performance of Directors by the Board of Directors, these results will be submitted together with the explanations on appraisal results of performance and matters in relation to their remunerations to the general meeting.

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

3. Duties of the Board of Directors

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



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



CORPORATE GOVERNANCE

According to the resolution of the second extraordinary general meeting of the Company for the year of 2014, the Company purchased liability insurance for its Directors, Supervisors and senior management to provide protection for possible compensation liability in the course of performing their duties and to promote their full performance of duties.

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

In terms of corporate governance, the Board or its subordinated specific committees shall perform the following responsibilities: to formulate and review the policy and practice of corporate governance, and make proposals to the Board; to review and monitor training and continued professional development of the Directors and senior management personnel; to review and monitor the issuer's policies and practices on compliance with legal and regulatory requirements; and to review the issuer's compliance with the CG Code, and the disclosure in the Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules. During the Reporting Period, the Board of Directors of the Company carried out the following major initiatives on corporate governance:

- (1) In accordance with the Guidelines for the Evaluation of the Effectiveness of Compliance Management of Securities Companies (《證券公司合規管理有效性評估指引》) issued by the Securities Association of China, in order to further standardize the evaluation of the effectiveness of the Company's compliance management and the evaluation procedures, and objectively reveal and effectively prevent compliance risks, having considered 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》) and relevant laws and regulations, the Company has amended the Implementation Measures for the Evaluation of the Effectiveness of Compliance Management of GF Securities (《廣發證券合規管理有效性評估工作實施辦法》).
- (2) In order to respond to the call of the Securities Association of China on strengthening the construction of industry culture, and meanwhile actively implement the national strategy of promoting rural revitalization and promoting common prosperity with practical actions, the Company has amended the Articles of Association.
- (3) The Company provides professional training to its Directors, Supervisors and senior management for their performance of duties. In 2022, the Company actively facilitated directors, supervisors and senior management to participate in various trainings organized by regulatory authorities, listed company associations and industry associations; sent the laws, regulations, guidelines, notices, special editions issued by the regulatory authorities to the Directors, Supervisors and senior management for their serious studying in a timely manner, and provided the Monthly Newsletters of the Directors and Supervisors (《董監事通訊》) that are compiled by the Company so as to improve their understanding of the development of the securities industry and the Company's business and to facilitate the performance of duties by the Company's Directors, Supervisors and senior management.



CORPORATE GOVERNANCE

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

5. *Duties of the management team*

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

6. *Chairman and General Manager*

The Articles of Association, Rules of Procedures for the Board of Directors, Terms of Reference for the Chairman and Terms of Reference for the General Manager of the Company clearly delineate the duties of the Chairman and the General Manager. The Chairman is the legal representative of the Company, who leads the daily operations of the Board, and monitors the implementation of resolutions made by the Board to ensure efficient and orderly operations of the Board. The General Manager of the Company presides over the daily operation and management of the Company, organizes the implementation of the resolutions of the Board of Directors and reports to the Board of Directors. According to the code provision C.2.1 in the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Lin Chuanhui, the Chairman of the Company, has also served as 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 were 7 non-executive Directors among the 11 members of the Board of Directors of the Company, including four independent non-executive Directors who complied with the listing rules of the two places, which are sufficient to ensure a balance of power and authority in the operation of the Board of Directors.

CORPORATE GOVERNANCE



7. The Board during the Reporting Period

Session of meeting	Convening date	Disclosure date	Status of resolutions
The Twentieth Meeting of the Tenth Session of the Board of Directors	January 10, 2022	January 11, 2022	All the resolutions were passed
The Twenty-first Meeting of the Tenth Session of the Board of Directors	February 10, 2022	February 11, 2022	All the resolutions were passed
The Twenty-second Meeting of the Tenth Session of the Board of Directors	March 11, 2022	March 12, 2022	All the resolutions were passed
The Twenty-third Meeting of the Tenth Session of the Board of Directors	March 30, 2022	March 31, 2022	All the resolutions were passed
The Twenty-fourth Meeting of the Tenth Session of the Board of Directors	April 29, 2022	April 30, 2022	All the resolutions were passed
The Twenty-fifth Meeting of the Tenth Session of the Board of Directors	August 30, 2022	August 31, 2022	All the resolutions were passed
The Twenty-sixth Meeting of the Tenth Session of the Board of Directors	October 28, 2022	October 29, 2022	All the resolutions were passed

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

Attendance at Board meetings and general meetings of shareholders							
Name of Director	Required attendance at Board Meetings during the Reporting Period	On-site attendance at Board Meeting	Attendance at Board Meeting by telecommunication	Attendance at Board Meeting by proxy	Times of absence from Board Meeting	Two consecutive absences in person from Board Meeting	Attendance at general meeting of shareholders
Lin Chuanhui	7	5	2	0	0	No	2/2
Ge Changwei	6	4	2	0	0	No	1/1
Li Xiulin	7	0	7	0	0	No	1/2
Shang Shuzhi	7	0	7	0	0	No	1/2
Guo Jingyi	7	3	4	0	0	No	1/2
Sun Xiaoyan	7	5	2	0	0	No	2/2
Qin Li	7	5	2	0	0	No	2/2
Fan Lifu	7	0	7	0	0	No	1/2
Hu Bin	7	0	7	0	0	No	1/2
Leung Shek Ling Olivia	7	0	7	0	0	No	1/2
Li Wenjing	7	1	6	0	0	No	2/2

9. Objections raised by Directors on matters of the Company

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



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10. Other explanations on the performance of duties by Directors

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

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

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

1. On May 20, 2022, the Company convened the 2021 annual general meeting and passed the Resolution on Engagement of its Auditor for the Year of 2022. According to the resolution, the Company engaged Ernst & Young as its auditor for the year of 2022.
2. On May 20, 2022, the Company convened the 2021 annual general meeting and passed the 2021 Profit Distribution Plan of GF Securities (《廣發證券 2021 年度利潤分配方案》). The Company has completed the profit distribution before July 13, 2022 by distributing cash dividend of RMB5.0 (tax inclusive) for every 10 shares based 7,605,845,511 shares after deducting the repurchased 15,242,153 A Shares from the then share capital of the Company of 7,621,087,664 shares.
3. On May 20, 2022, the Company convened the 2021 annual general meeting and passed the Resolution Regarding the General Mandate of Issuances of Onshore and Offshore Debt Financing Instruments by the Company (《關於公司發行境內外債務融資工具一般性授權的議案》). As of December 31, 2022, the total balance of onshore and offshore debt financing instruments by the Company amounted to RMB111.2 billion, of which: public issuance of corporate bonds amounted to RMB74.4 billion and other debt financing instruments amounted to RMB36.8 billion (including: non-public issuance of corporate bonds amounted to RMB15.3 billion, general subordinated bonds amounted to RMB10.5 billion and perpetual subordinated bonds amounted to RMB11.0 billion).
4. On May 20, 2022, the Company convened the 2021 annual general meeting and passed the relevant resolution on the amendment of the Articles of Association. The revised Articles of Association officially came into effect on the date of the resolution of the general meeting of shareholders; the Company submitted the Filing Report on Amendments to the Articles of Association of GF Securities (《關於修訂廣發證券公司章程的備案報告》) to Guangdong Bureau of the CSRC in accordance with relevant laws and regulations.



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12. Directors' trainings

The Company attaches great importance to continuous training of Directors, to ensure appropriate understanding of the Company's business operations and development by Directors, and their comprehensive understanding of the applicable regulatory laws, decrees and regulations where the Company's shares are listed. During the Reporting Period, in addition to attending trainings organized by the regulatory bodies periodically, the Company's Directors were also proactively involved in seminars and symposiums organized by trade associations and other self-regulatory organizations, which enabled the exchange of experience within the same industry to promote the capacity of fulfilling their duties. The Company promptly provide to the Directors, Supervisors and senior management with the latest information on, among others, the laws, regulations, guidelines, notices, special material issued by the regulatory authorities, and require them to learn carefully. The Supervisory Committee Office and the Office of the Board of Directors also regularly prepare the Monthly Newsletter of Directors and Supervisors (《董監事通訊》), prepare the special training material from time to time, and provide it to the Directors in a timely manner and assist Directors in acquiring comprehensive knowledge of the Company's operations, the implementation of resolutions and the industry's latest development as well as the latest regulations, thus improving the ability of Directors' discharging of their duties with targeted results.



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The Directors' major trainings in 2022 are as follows:

Name	Position	Training content
Lin Chuanhui	Executive Director, Chairman, General Manager	<ol style="list-style-type: none">1. On March 20, 2022, he attended the Thematic Training on Asset Restructuring Business of Distressed Enterprises held by the Company;2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company;3. On April 9, 2022, he attended the Third Member Representative Meeting held by the China Association for Public Companies;4. On September 22, 2022, he attended the 2022 Guangdong Listed Companies Investor Relations Management Monthly Event held by the Guangdong Bureau of CSRC and the Guangdong Association for Public Companies;5. On September 28, 2022, he attended the 2022 Special Meeting on Promoting the Standardized Development of Listed Companies in Guangdong Province held by Guangdong Bureau of the CSRC;6. On December 1, 2022, he attended the Special Training on Corporate Governance of Listed Companies held by the China Association for Public Companies.

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Name	Position	Training content
Ge Changwei	Executive Director, Vice Chairman	<ol style="list-style-type: none"> 1. On March 20, 2022, he attended the Thematic Training on Asset Restructuring Business of Distressed Enterprises held by the Company; 2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 3. On April 13, 2022, he attended the First Session of the Exchange Webcast on Party Building Leading Cultural Construction of Securities Companies held by the Securities Association of China; 4. On June 9, 2022, he attended the Symposium on Strengthening Cooperation in the Construction of New Types of Think Tanks held by the Development and Research Center of the Municipal Government of Guangdong Province; 5. On August 31, 2022, he attended the Wealth Management Forum on “Reassessment of China’s Advantages” jointly organized by GF Securities and Bank of Hangzhou.
Sun Xiaoyan	Executive Director, Deputy General Manager, Chief Financial Officer	<ol style="list-style-type: none"> 1. On March 20, 2022, she attended the Thematic Training on Asset Restructuring Business of Distressed Enterprises held by the Company; 2. On March 30, 2022, she attended the Special Training on Investor Relations Management held by the Company; 3. On May 12, 2022, she attended the seventh series of online live-streaming courses on the “Integrity Practice of Securities Companies” by the Securities Association of China; 4. On May 23, 2022, she attended the Seminar on Valuation of OTC Derivatives of the Securities Association of China; 5. On May 31, 2022, she attended the Webcast on the Interpretation of the Relevant System of Equity Management of Securities Business Institutions of the Securities Association of China; 6. On September 28, 2022, she attended the 2022 Special Meeting on Promoting the Standardized Development of Listed Companies in Guangdong Province held by the Guangdong Securities Regulatory Bureau; 7. On December 12, 2022, she attended the Symposium of Major Financial Institutions in Guangzhou held by the Guangzhou Local Financial Supervision and Administration Bureau.



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Name	Position	Training content
Qin Li	Executive Director, Chief Officer of the Company	<ol style="list-style-type: none"> 1. On March 20, 2022, he attended the Thematic Training on Asset Restructuring Business of Distressed Enterprises held by the Company; 2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 3. On April 21, 2022, he attended the First Phase of the Company's Public Fund Transformation Training Series-E Fund Investment and Research System Exchange; 4. On April 26, 2022, he attended the Third Phase of the Company's Public Fund Transformation Training Series - E Fund Compliance and Risk Control System Exchange; 5. On May 10, 2022, he attended the Fourth Phase of the Company's Public Fund Transformation Training Series - GF Fund Strategic Planning Exchange; 6. On May 13, 2022, he attended the Fifth Phase of the Company's Public Fund Transformation Training Series - E Fund Financial Technology Exchange; 7. On May 17, 2022, he attended the Sixth Phase of the Company's Public Fund Transformation Training Series - E Fund Risk Monitoring and Digital Construction Exchange; 8. On June 20, 2022, he attended the 2022 Institutional Supervision Work Conference of Guangdong Province held by the Guangdong Securities Regulatory Bureau; 9. On June 22, 2022, he attended the Seventh Phase of the Company's Public Fund Transformation Training Series - E Fund Trading System Introduction; 10. On October 26, 2022, he attended the first symposium of the "Research + N" Chief Lecture "Hard Technology" (key semiconductor components, new materials industry) held by the Company; 11. On December 29, 2022, he attended the third symposium of the "Research + N" Chief Lecture "Hard Technology" (electric industry) held by the Company.



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Name	Position	Training content
Li Xiulin	Non-executive Director	<p>1. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company;</p> <p>2. On July 8, 2022, he attended the Financial Information Disclosure and Supervision Training of Listed Companies held by the China Association for Public Companies;</p> <p>3. On November 10, 2022, he attended the Case and Regulatory Training on Illegal Information Disclosure of Listed Companies held by the China Association for Public Companies;</p> <p>4. On December 1, 2022, he attended the Special Representative Litigation and Small and Medium Investor Protection Training held by the China Association for Public Companies;</p> <p>5. On December 2, 2022, he attended the Training on Shareholding Reduction and Information Disclosure of Listed Companies held by the China Association for Public Companies;</p> <p>6. On December 2, 2022, he attended the Punishment Response and Risk Prevention of Securities Violations of Listed Companies held by the China Association for Public Companies: Market Manipulation;</p> <p>7. On December 5, 2022, he attended the Punishment Response and Risk Prevention of Securities Violations of Listed Companies held by the China Association for Public Companies: Insider Trading Training;</p> <p>8. On December 5, 2022, he attended the Punishment Response and Risk Prevention of Securities Violations of Listed Companies held by the China Association for Public Companies: Information Disclosure Violation Training;</p> <p>9. On December 5, 2022, he attended the Punishment Response and Risk Prevention of Securities Violations of Listed Companies held by the China Association for Public Companies: Administrative Law Enforcement System and Risk Prevention Training;</p> <p>10. On December 5, 2022, he attended the Punishment Response and Risk Prevention of Securities Violations of Listed Companies held by the China Association for Public Companies: Policy Guidelines and Penalty Status Training;</p> <p>11. On December 5, 2022, he participated in the Listed Company Governance and Standard Operation Training held by the China Association for Public Companies;</p> <p>12. On December 5, 2022, he attended the Training on Case Analysis of Duty Performance and Punishment of Independent Directors of Listed Companies held by the China Association for Public Companies;</p> <p>13. On December 5, 2022, he attended the Training on the Power and Risk Prevention of Directors, Supervisors and Senior Management of listed companies held by the China Association for Public Companies.</p>



CORPORATE GOVERNANCE

Name	Position	Training content
Shang Shuzhi	Non-executive Director	<ol style="list-style-type: none"> 1. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 2. From June 21 to 23, 2022, he attended the 2022 Special Training for Directors, Supervisors and Senior Management of Listed Companies held by the Dalian Securities Regulatory Bureau; 3. From December 1 to 12, 2022, he attended the Special Training on Corporate Governance held by the China Association for Public Companies.
Guo Jingyi	Non-executive Director	<ol style="list-style-type: none"> 1. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 2. On April 20, 2022, he attended the “Online Training on Performance Presentation of Listed Companies” held by the Guangdong Association for Public Companies; 3. On July 28, 2022, he attended the “Special Training Course on Interpretation of Relevant Laws and Regulations on Capital Market in Guangdong Province” held by the Guangdong Securities and Futures Association, the Guangdong Association for Public Companies, the Guangdong Asset Management Association and the Guangdong NEEQ Company Association; 4. On September 22, 2022, he attended the “2022 Guangdong Listed Companies Investor Relations Management Month Event” held by Guangdong Bureau of the CSRC and the Guangdong Association for Public Companies; 5. On September 28, 2022, he attended the “2022 Special Meeting on Promoting the Standardized Development of Listed Companies in Guangdong Province” held by Guangdong Bureau of the CSRC; 6. On December 12, 2022, he attended the “Special Training on Corporate Governance of Listed Companies” held by the CSRC and the China Association for Public Companies.
Fan Lifu	Independent Non-executive Director	<ol style="list-style-type: none"> 1. On February 16, 2022, he attended the “Training on Risk Concerns of 2021 Annual Report of Independent Directors of Listed Companies” held by the China Association for Public Companies; 2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 3. On June 22, 2022, he attended the Training on the “Integration and Interpretation of the Regulatory System of Listed Companies” held by the Liaoning Association for Public Companies; 4. On July 9, 2022, he attended the training on the “Effective Performance of Independent Directors of Listed Companies and Audit of Financial Internal Control” held by the China Association for Public Companies; 5. On July 28, 2022, he attended the Special Training on Interpretation of Relevant Laws and Regulations on Capital Market held by the Guangdong Association for Public Companies; 6. From December 1 to 2, 2022, he attended the Special Training on Corporate Governance of the Company held by the China Association for Public Companies.



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Name	Position	Training content
Hu Bin	Independent Non-executive Director	<ol style="list-style-type: none"> 1. On January 25, 2022, he attended and delivered a speech at the “Press Conference of High-quality Financial Development and Risk Prevention and Control -Financial Risk Report (2021)” held by the Financial Research Institute of the Chinese Academy of Social Sciences and the National Finance and Development Laboratory; 2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company; 3. On May 14, 2022, he attended the Annual Meeting and Project Promotion Meeting of the Macau Institute of Chinese Culture held by the Macau Institute of Chinese Culture; 4. On June 8, 2022, he attended and delivered a speech at the “22nd Anniversary of the Founding of Yonhap Infomax” held by Yonhap Infomax, a Korea Financial Information Media; 5. On June 24, 2022, he attended and delivered a speech at the “Improving the Legal System for Financial Stability and Weaving a Financial Safety Net and the China Financial Supervision and Regulation Report 2022 Conference” held by the Financial Research Institute of the Chinese Academy of Social Sciences and the National Finance and Development Laboratory; 6. On June 30, 2022, he attended and delivered a speech at the “China Fintech Burning Index Report (2022) Conference” held by the Financial Research Institute of the Chinese Academy of Social Sciences and the National Finance and Development Laboratory; 7. On October 27, 2022, he attended the seminar on “Fintech and Socio-Economic Change” held by the Financial Policy Research Center of the Chinese Academy of Social Sciences; 8. On November 23, 2022, he attended and delivered a speech at the “2022 Financial Street Forum Annual Meeting ESG Sub-forum” held by the Beijing Municipal Government, the People’s Bank of China, the Xinhua News Agency, CBIRC, CSRC, SAFE; 9. On December 7, 2022, he attended the “Seminar on the Implications of Global New Trends on Cross-Strait Economy and Industries” held by the Chinese Academy of Social Sciences and the Chung-Hua Institution for Economic Research.
Leung Shek Ling Olivia	Independent Non-executive Director	<ol style="list-style-type: none"> 1. On March 30, 2022, she attended the Special Training on Investor Relations Management sponsored by the Company; 2. From January to June 2022, she read the book “Forensic Accounting and Fraud Examination (2nd Edition)” written by Mary-Jo Kranacher & Richard Riley, Wiley; 3. From April to May 2022, she read “Good Internal Control Practices and Fraud Prevention Tips” written by Jayne Blackburn & Laura Schrag and “Luckin: From Brewing Coffee to Brewing Fraud” written by Raymond Chan, Shimin Chen, Justin Law, Sunny Sun, FBCC, HKPolyU; 4. On July 28, 2022, she attended the Special Training on Interpretation of Relevant Laws and Regulations on Capital Market held by the Guangdong Association for Public Companies; 5. On October 12, 2022, she attended the workshop “Accelerate Fraud Investigations by Automating Data Preparation”; 6. In December 2022, she studied the Corporate Governance Guidelines for Boards and Directors of the Hong Kong Stock Exchange.



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Name	Position	Training content
Li Wenjing	Independent Non-executive Director	<p>1. On March 12, 2022, he attended the 2022 Ideological and Political Seminar on New Accounting and Professional Courses sponsored by the Accounting Education Committee of Chinese Accounting Society;</p> <p>2. On March 30, 2022, he attended the Special Training on Investor Relations Management held by the Company;</p> <p>3. On September 20, 2022, he attended the experience sharing on the ideological and political construction of the “four-in-one accounting course” sponsored by Xinhuanet, xhsz.news.cn and Jinan University;</p> <p>4. On November 10, 2022, he attended the 10th Tencent Business School Development Forum sponsored by Tencent News;</p> <p>5. From December 1 to 2, 2022, he attended the Special Training on Corporate Governance sponsored by the China Association for Public Companies.</p> <p>6. On December 8, 2022, he attended the Online Roundtable Forum on Financial and Accounting Talent Development Trend Research sponsored by the ACCA (Association of Chartered Certified Accountants);</p> <p>7. On December 10, 2022, he attended the 11th Symposium on Macroeconomic Policies and Micro-Corporate Behavior sponsored by Economic Research Magazine, Financial Analysis and Investment and Wealth Management Research Center of Peking University, Business School of Nanjing University, School of Management of Jinan University, China Research Center for Economic and Social Information of Tsinghua University, School of Economics and Business Administration of Chongqing University, Business School of Renmin University of China;</p> <p>8. From December 16 to 18, 2022, he attended the academic sub-session of the 21st China Empirical Accounting Symposium with the theme of “Governance and Risk” sponsored by the Board of Directors of China Accounting Review, School of Management of Zhejiang University, and the Major Project Team of Philosophy and Social Science Research of the Ministry of Education., and served as chairman of the sub-session;</p> <p>9. On December 17, 2022, he attended and delivered a speech at the 2022 New Think Tank Governance Forum sponsored by Nanjing University and Jiangsu Provincial Academy of Social Sciences;</p> <p>10. On December 21, 2022, he attended the 2023 National Fund Project Application Promotion Meeting sponsored by Anhui University of Science and Technology, and specially counseled the Summary of National Social Science Fund Application Experience;</p> <p>11. On December 22, 2022, he attended the Training Seminars for the High-quality Development of “Specialized, Refined, Featured and Innovative” Small and Medium-sized Enterprises sponsored by the Southern United Property Exchange Center.</p>

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(II) In respect of Supervisors and Supervisory Committee

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

1. The Supervisory Committee meetings during the Reporting Period

Session of meeting	Convening date	Disclosure date	Status of resolutions
The Eighth Meeting of the Tenth Session of the Supervisory Committee	January 10, 2022	January 11, 2022	The resolution was passed
The Ninth Meeting of the Tenth Session of the Supervisory Committee	January 28, 2022	January 29, 2022	The resolution was passed
The Tenth Meeting of the Tenth Session of the Supervisory Committee	March 22, 2022	March 23, 2022	The resolution was passed
The Eleventh Meeting of the Tenth Session of the Supervisory Committee	March 30, 2022	March 31, 2022	All the resolutions were passed
The Twelfth Meeting of the Tenth Session of the Supervisory Committee	April 29, 2022	April 30, 2022	The resolution was passed
The Thirteenth Meeting of the Tenth Session of the Supervisory Committee	August 30, 2022	August 31, 2022	The resolution was passed
The Fourteenth Meeting of the Tenth Session of the Supervisory Committee	October 28, 2022	October 29, 2022	The resolution was passed

2. Attendance of Supervisors at Supervisory Committee meetings

Name	Position	Period	Required attendance at				Times of absence from Supervisory Committee meetings
			Supervisory Committee meetings during the Reporting Period	On-site attendance at Supervisory Committee meetings	Attendance at Supervisory Committee meetings by telecommunication	Attendance at Supervisory Committee meetings by proxy	
Zhou Xitai	Employee representative Supervisor, chairman of the supervisory committee	7	7	3	4	0	0
Lai Jianhuang	Supervisor	7	7	1	6	0	0
Xie Shisong	Supervisor	7	7	1	6	0	0
Lu Xin	Supervisor	7	7	1	6	0	0
Yi Xinyu	Employee representative Supervisor	2	2	1	1	0	0
Cheng Huaiyuan	Employee representative Supervisor	5	5	2	3	0	0



CORPORATE GOVERNANCE

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

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

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

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

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

1. The Strategy Committee

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

In 2022, the major achievements of the Strategy Committee included: the Strategy Committee of the Board reviewed the Company's financial budget reports to obtain a comprehensive understanding of the Company's financial conditions and the implementation of the relevant strategies; it also reviewed the relevant information in relation to the Company's business operations, including the Company's regular reports, financial reports, the materials of shareholders' meetings, the board meetings and other relevant meetings, to obtain information on the Company's business operations and the progress of the implementation of strategic planning, effectively fulfilling the responsibilities of the Strategy Committee of the Board. During the Reporting Period, the Strategy Committee raised no objections on the relevant matters.



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

Session of meeting	Convening date	Content of meeting	Status of resolutions
2022 First Meeting of the Strategy Committee of the Tenth Session of the Board of Directors	March 30, 2022	1. the Work Report of the Strategy Committee of the Board of Directors of GF Securities for the Year of 2021	The resolution was passed

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

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

2. The Nomination Committee

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

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



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In 2022, the Nomination Committee actively performed its duties and fully expressed its opinions on the election of directors and the appointment of senior management of the Company, while fully assessing the composition and diversity of the Board. The diversity policy on the Board's composition of the Company includes: in designing the Board's composition, Board diversity will be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The final decision will be made on the merits of the candidates and the contribution that could be brought to the Board. During the Reporting Period, the Board considered that the diversity policy on the Board was effectively implemented. As of the date of this report, the diversity of the Board is demonstrated as follows:

Item	Category	Number	Percentage of the Board members
Gender	Male	9	82%
	Female	2	18%
Age	40 to 50	3	27%
	51 to 60	6	55%
	Over 61	2	18%
Title	Executive director	4	36%
	Non-executive director	3	27%
	Independent non-executive director	4	36%
Term of office as a member of the Board	5 years or less (5 years inclusive)	6	55%
	5 to 10 years (5 years exclusive, but 10 years inclusive)	3	27%
	Over 10 years (10 years exclusive)	2	18%
	Over 30 years (30 years exclusive)	3	27%
Years in securities and financial industry	20 years or less (20 years inclusive)	4	36%
	20 to 30 years (20 years exclusive, but 30 years inclusive)	4	36%
	Over 30 years (30 years exclusive)	3	27%
	N/A	10	91%
Profession or expertise in economics/finance/ financial accounting	N/A	10	91%

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- (1) During the Reporting Period, the Nomination Committee convened three meetings:

Session of meeting	Convening date	Content of meeting	Status of resolutions
2022 First Meeting of the Nomination Committee of the Tenth Session of the Board of Directors	January 10, 2022	1. the Resolution on Nomination of the Candidates for Executive Director of the Tenth Session of the Board of Directors of the Company; 2. the Resolution on Appointment of the Chief Human Resources Officer of the Company; 3. the Resolution on Appointment of the Chief Risk Officer of the Company.	All the resolutions were passed
2022 Second Meeting of the Nomination Committee of the Tenth Session of the Board of Directors	February 10, 2022	1. the Resolution on Election of the Vice Chairman of the Tenth Session of the Board of Directors of the Company	The resolution was passed
2022 Third Meeting of the Nomination Committee of the Tenth Session of the Board of Directors	March 30, 2022	1. the Work Report of GF Securities Board Nomination Committee for the Year of 2021	The resolution was passed

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

Name of member	Position	Attendance/ number of meetings
Hu Bin	Independent Non-Executive Director and Chairman of Nomination Committee	3/3
Fan Lifu	Independent Non-Executive Director	3/3
Li Wenjing	Independent Non-Executive Director	3/3
Lin Chuanhui	Executive Director	1/1
Sun Xiaoyan	Executive Director	3/3

Note: Mr. Lin Chuanhui was elected as a member of the Nomination Committee of the tenth session of the Board of Directors on February 10, 2022.



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3. The Remuneration and Appraisal Committee

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

In 2022, the major achievements of the Remuneration and Appraisal Committee included: reviewing the performance of Directors and senior management, and making their annual performance assessment; making special description on the assessment of Directors and senior management and the remuneration management system as well as the assessment procedures.

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

Session of meeting	Convening date	Content of meeting	Status of resolutions
2022 First Meeting of the Remuneration and Appraisal Committee of the Tenth Session of the Board of Directors	March 30, 2022	1. the Work Report of GF Securities Board Remuneration and Appraisal Committee for the Year of 2021; 2. The Resolution of Performance Assessment on Directors for the Year of 2021; 3. the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2021; 4. the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Business Management for the Year of 2021; 5. the Resolution on Distribution of Performance Salary for the Management for the Year of 2021.	All the resolutions were passed



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

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

4. The Audit Committee

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

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

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

In 2022, the major achievements of the Audit Committee included: supervising the annual audits, reviewing the Company's periodic financial statements; reviewing the Company's internal audit report and annual working plan; reviewing the Company's special audit report on anti-money laundering; making recommendations to the Board on the appointment, reappointment or change of external auditors, approving the compensation and terms of engagement for external auditors; examining and supervising related party/connected transactions and assessing the appropriateness of related party/connected transactions; monitoring and assessing the independence and objectivity of work conducted by external auditors of the Company and the effectiveness of the auditing procedures; reviewing the efficiency of the internal control system and the adequacy of accounting and financial reporting functions; being responsible for the communications between internal auditors and external auditors.



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

Session of meeting	Convening date	Content of meeting	Status of resolutions
2022 First Meeting of the Audit Committee of the Tenth Session of the Board	March 11, 2022	1.the Resolution on the Related Party/ Connected Transactions of GF Xinde Investment Management Co., Ltd., GF Qianhe Investment Co., Ltd. and Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd.	The resolution was passed
2022 Second Meeting of the Audit Committee of the Tenth Session of the Board	March 30, 2022	1. the Work Report of GF Securities Board Audit Committee for the Year of 2021; 2. the Opinions on the 2021 Annual Financial Report (financial report and notes); 3. the Resolution Regarding Engaging Auditors in 2022; 4. the Resolution on Expected Daily Related Party/Connected Transactions of the Company for the Year of 2022; 5. the Internal Control and Evaluation Report of GF Securities for the Year of 2021; 6. the Audit Work Report of GF Securities for the Year of 2021; 7. the Specific Audit Report on Major Issues of GF Securities for the Year of 2021; 8. the Special Audit Report on Anti-money Laundering of GF Securities for the year of 2021; 9. the Specific Audit Report on Related Party/ Connected Transactions of the Company for the Year of 2021.	All the resolutions were passed
2022 Third Meeting of the Audit Committee of the Tenth Session of the Board	April 29, 2022	1. the 2022 First Quarterly Report of GF Securities; 2. the 2022 First Quarterly Audit Work Report of GF Securities.	All the resolutions were passed
2022 Fourth Meeting of the Audit Committee of the Tenth Session of the Board	August 30, 2022	1. the 2022 Interim Report of GF Securities; 2. the Interim Audit Work Report of GF Securities of 2022; 3. the Interim Special Audit Work Report on Major Issues of GF Securities of 2022.	All the resolutions were passed
2022 Fifth Meeting of the Audit Committee of the Tenth Session of the Board	October 28, 2022	1. the 2022 Third Quarterly Report of GF Securities; 2. the 2022 Third Quarterly Audit Work Report of GF Securities.	All the resolutions were passed

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

Name of member	Position	Attendance/ number of meetings
Li Wenjing	Independent Non-executive Director and Chairman of Audit Committee	5/5
Fan Lifu	Independent Non-executive Director	5/5
Leung Shek Ling Olivia	Independent Non-executive Director	5/5

- (3) Overview of the Company's audit

The Company's 2022 annual audit was done by Ernst & Young who mainly divided it into two phases, namely preliminary phase and year-end phase. For the preliminary phase, Ernst & Young fully carried out audit of internal control according to the relevant requirements, and tested the internal control at company level and process level (including business processes of headquarters and business department) to evaluate the effectiveness of the internal control design and whether the control is effectively implemented during 2022. Ernst & Young also comprehended and analyzed and performed pre-testing on major matters and major items during the audit of financial statements; tested major information systems used by the Company, and communicated on preliminary audit. For the year-end audit phase, Ernst & Young followed up on the work of the preliminary phase and performed detailed auditing procedures for all major items, and communicated with the management team and governance team on year-end audit.

To prepare for the 2022 annual audit and issue relevant audit reports on a timely basis, the Audit Committee of the tenth session of the Board of Directors of the Company arranged the finance department to communicate with Ernst & Young on matters such as audit plans, audit processes and key audit issues, for which it also carried out supervision and follow-up. On December 16, 2022, the Audit Committee held a communication meeting on the audit plan with Ernst & Young. In addition, the Company's finance department also communicated with Ernst & Young on matters such as preliminary and year-end audits as well as major accounting issues.

On March 23, 2023, the Audit Committee heard the reporting of Ernst & Young on 2022 annual audit.



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The Audit Committee assessed the independence and objectivity of Ernst & Young and the effectiveness of the auditing procedure to ensure that the financial reports Ernst & Young issued can provide objective and honest opinions. Before assessing the 2022 annual financial statements of the Company, the Audit Committee received a written confirmation from Ernst & Young in terms of the independence of Ernst & Young as an auditor. Ernst & Young has taken necessary protective measures in accordance with the relevant requirements of professional ethics in order to prevent possible threats to independence.

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

On March 30, 2023, the Audit Committee reviewed the Assessment Report of GF Securities on Internal Control for the Year of 2022, and concluded that the internal control system was sound and its implementation was effective. For the assessment of the Company's internal control by the Company's Board of Directors and related information, please refer to Sections 13, 15, 19 and 20 in this chapter.

5. The Risk Management Committee

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

In 2022, the major achievements of the Risk Management Committee included: reviewing the interim and the annual risk management reports, annual audit work report, compliance reports and anti-money laundering report of the Company; reviewing the Company's regular internal control assessment report; reviewing and determining the scale and risk limits for the Company's principal business segments.



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

Session of meeting	Convening date	Content of meeting	Status of resolutions
2022 First Meeting of the Risk Management Committee of the Tenth Session of the Board	March 30, 2022	1. the Work Report of the Risk Management Committee of the Board of Directors of GF Securities for the Year of 2021; 2. the GF Securities Report of Risk Management for the Year of 2021; 3. the GF Securities Report of Compliance for the Year of 2021; 4. the Annual Overall Review Report on the Effectiveness of the Corporate Compliance Management of GF Securities for the year of 2021; 5. the Internal Control and Evaluation Report of GF Securities for the year of 2021; 6. the Audit Work Report of GF Securities for the Year of 2021; 7. the Anti-money Laundering Report of GF Securities for the year of 2021; 8. the Resolution of 2022 Annual Quota for Proprietary Funding Investment.	All the resolutions were passed
2022 Second Meeting of the Risk Management Committee of the Tenth Session of the Board	August 30, 2022	1. the GF Securities Interim Report of Risk Management for the Year of 2022	The resolution was passed

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

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



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VIII. WORK OF THE SUPERVISORY COMMITTEE

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

In 2022, according to the requirements of laws and regulations such as the Company Law, the Securities Law and the Rules for Governance of Securities Companies, focusing on the Company's priorities, the Supervisory Committee of the Company strictly abided by the relevant requirements of the Articles of Association and the Rules of Procedure for Supervisory Committee to lawfully perform supervision duties.

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

IX. INFORMATION OF THE STAFF OF THE COMPANY

1. Number of staff, professional structure and education level

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

Number of current staff of the parent company as of the End of the Reporting Period	12,572
Number of current staff of the major subsidiaries as of the End of the Reporting Period	2,230
Total number of current staff as of the End of the Reporting Period	14,802
Total number of paid employees for the current period	14,802

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Professional structure

	Number of Professionals	Percentage
Professions		
Primary business	11,584	78.26%
Compliance/risk control/audit/internal control	641	4.33%
Information Technology	927	6.26%
Others	1,650	11.15%
Total	14,802	100.00%

Education level

	Number of Employees	Percentage
Education level		
Doctoral degree	171	1.16%
Master's degree	4,509	30.46%
Bachelor's degree	9,074	61.30%
Associate degree and below	1,048	7.08%
Total	14,802	100.00%

Age

	Number of Employees	Percentage
Age range		
30 and below	4,479	30.26%
31 to 40	6,868	46.40%
41 to 50	2,461	16.63%
51 and above	994	6.72%
Total	14,802	100.00%

Gender

	Number of Employees	Percentage
Gender classification		
Female	6,696	45.24%
Male	8,106	54.76%
Total	14,802	100%

Note 1: The above number of employees includes labor dispatch, brokers and 580 employees for early retirement;

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

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



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2. Remuneration policies for employees

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

The Company has established a sound remuneration system and continuously improved its remuneration incentive and restraint mechanism to promote the stable operation and high-quality development of the Company in accordance with the principles of “implementing sound business philosophy, ensuring compliance with the bottom-line requirements, promoting the formation of positive incentives and enhancing the Company’s long-term value”. The basic principles of the remuneration management of the Company include performance orientation, prosperity by cooperation, external competitiveness, risk matching and multiple incentives. Responsibilities and results of performance objectives are the main basis for the distribution of remuneration, and the allocation of bonuses shall be matched with employees’ contribution, performance results and responsibilities. Focusing on building the value of the Company’s platform, promoting efficient division of labor and collaboration through a reasonable benefit-sharing mechanism, and creating greater corporate performance through broader and more efficient collaborative operations. The remuneration of employees is linked to the overall performance of the Company. On the basis of objective evaluation, the Company will give priority to efficiency and give consideration to fairness, and give remuneration resources to frontline employees. The overall remuneration level of the team corresponds to the market competitiveness of the business. The Company attracts, trains and retains key core talents through continuous improvement of business competitiveness and remuneration competitiveness. Emphasizing the balance between incentives and risks, avoiding excessive incentives and short-term incentives, to ensure the long-term sustainable development of the Company and its business. Adopting diversified incentive methods and tools, focusing on the combination of short-term incentives and medium - and long-term incentives, combining material incentives and spiritual incentives, combining job opportunities with ability development, and combining individual growth with team ability development.

The remuneration of the Company’s employees primarily comprises of fixed salary, performance bonus and benefits. Fixed salary is a relatively stable remuneration that employees obtain when they meet the requirements of their job responsibilities and work normally, reflecting the basic guarantee and safety. Performance bonus is a variable salary set to motivate and retain employees. It is determined comprehensively according to various factors such as the Company’s performance, department’s performance, personal performance, personal ability, compliance performance and external salary market competitiveness. Benefits include payment of various statutory insurance and housing provident funds for employees in accordance with external laws and regulations and internal policies, as well as employee benefits, labor protection fees and union benefits, which are inclusive.



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3. Training plans

The Company attaches great importance to employee training, carried out training and learning activities as common measures for the development of talents and was committed to building a team of highly qualified personnel. The Company takes the training center as the carrier. In terms of the design and operation of learning projects, the Company closely focuses on the strategic transformation direction of its “customer-centric” approach, and empowers the organization and employees by building an effective learning and operation mechanism to help the organization improve its strategic development capabilities and sustainable operation capabilities. In terms of extracting organizational wisdom and inheriting culture, the Group integrates internal resources through learning projects, extracts and disseminates organizational wisdom and culture, promotes mutual empowerment, and creates an atmosphere conducive to guiding employees to learn and share independently. In terms of the construction and operation of learning platform, through the operation of four online learning and social work collaboration platforms such as Guangfa Aixue APP, the Company provided high-efficiency technical support and abundant online learning resources for employees’ learning, we can flexibly coordinate the learning needs of employees in various scenarios, and guide employees to learn independently, actively share and precipitate in time. The employee trainings meeting the strategic needs support the sustainable and stable development of the Company and achieve a “win-win” for the Company’s business development and employee career development. In February 2023, the Company won the “2022-2023 ATD BEST Award” from the Association for Talent Development (ATD) based on its rich practice in talent cultivation and learning organization construction, the Company became the first Chinese brokerage firm to receive this prestigious award in the field of international talent development in the past 20 years since the establishment of the award.

4. Contracted staff

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

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

As at the end of 2022, the Company had 195 securities brokerage branches which had entrusted brokers to engage in businesses including client solicitation. There were 646 brokers in total, among which 641 brokers have gained the security broker qualification and remaining 5 brokers were under applications for the qualification.

During the Reporting Period, the three-tiered management system of “retail business management headquarters - branch offices (wealth management department or marketing management department) - securities brokerage branch (marketing development department)” was adopted for the management of brokers. The E-commerce department (currently known as “Digital Platform Department”), as the headquarters’ functional department under the retail business management headquarters (currently known as “Wealth Management and Brokerage Headquarters”), established a system for managing our securities brokers and organizing centralized training activities. The branch companies coordinate and supervise the business of securities brokers within their respective jurisdictions. The securities brokerage branches are responsible for implementing the recruitment, training, practicing registration, marketing development and daily management activities.



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

1. Profit Distribution Policy, in particular, Formulation, Implementation or Adjustment of Cash Dividend Policy During the Reporting Period

The Company consistently pays attention to reasonable returns on investment to shareholders, the profit distribution policy is clearly stated in the Articles of Association and the Dividend Distribution Management Policies. The formulation, adjustment, compliance and transparency of the policies have complied with the requirements of the Articles of Association of the Company and the procedure for consideration, the standard and proportion of dividend distribution are clear, in the absence of the occurrence of, inter alia, any significant investment plans or significant cash expenditure, the cumulative amount of profit distributed in cash by the Company in any three consecutive years shall not be less than 30% of the average annual distributable profit realized in those three years, providing sufficient protection to investors, in particular the legitimate interest of minority investors.

The Company formulated the profit distribution plan strictly in accordance with the Articles of Association and the Dividend Distribution Management Policies, and formulated dividend plans scientifically for the benefit of shareholders by taking into consideration, inter alia, factors such as the development strategic plans, industry development trends, social capital cost and external financing environment. During the Reporting Period, the Company strictly executed the profit distribution policy without formulating any new profit distribution policies nor adjusting the existing profit distribution policy of the Company.

Specific Particulars of Cash Dividend Policy

Whether the policy complied with the provisions of the Articles of Association or the requirements of the resolutions of the Shareholders' General Meeting:	Yes
Whether the standard and proportion of dividend distribution were definite and clear:	Yes
Whether the relevant decision-making procedure and mechanism were well established:	Yes
Whether the independent directors performed their duties and responsibilities and played their roles properly:	Yes
Whether minority shareholders had sufficient opportunity to express their opinions and requests, whether their legitimate interests were sufficiently protected:	Yes
If the cash dividend policy underwent any adjustments or changes, whether the conditions and procedures were compliant and transparent:	N/A

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

N/A



3. Profit Distribution Proposal or Conversion of Capital Reserves into Share Capital Proposal Considered by the Board During the Reporting Period

Number of bonus share per 10 shares (share(s))	0
Dividend distribution per 10 shares (RMB) (tax inclusive)	3.5
Scrip shares per 10 shares (share(s))	0
Share base of the distribution proposal (shares)	7,605,845,511
Amount of cash dividend (RMB) (tax inclusive)	2,662,045,928.85
Amount of cash dividends distribution through other means (such as repurchase of shares) (RMB)	233,590,340.24
Total cash dividend (including cash dividends distribution through other means) (RMB)	2,895,636,269.09
Distributable profits (RMB)	27,904,084,422.86
Percentage of total cash dividend (including cash dividends distribution through other means) to total profit distribution	100%

Current Distribution of Cash Dividends

Based on the number of shares held as at the record date for dividend distribution after deducting the number of shares deposited in the special account for securities repurchase of the Company, it was proposed that a cash dividend of RMB3.5 (tax inclusive) for every 10 shares be distributed to all shareholders. If there is any change in the total share capital of the Company prior to the record date for dividend distribution, it is proposed to maintain the distribution ratio unchanged and adjust the total distribution accordingly. Based on the Company's existing share capital of 7,621,087,664 shares after deducting 15,242,153 repurchased A Shares (i.e. 7,605,845,511 shares), the total cash dividend would be RMB2,662,045,928.85, and the remaining undistributed profit of RMB25,242,038,494.01 would be carried forward to the next year. The ratio of cash dividends of the Company was 33.57% for the year.

Pursuant to the Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 9 – Share Repurchase, the amount of share repurchases made by the Company in a year shall be deemed as an amount of cash dividends and included in the calculation of the relevant ratio of cash dividends for the year. The amount of share repurchases made by the Company in 2022 was RMB233,590,340.24 (excluding transaction costs). The total cash dividends of the year 2022 was RMB2,895,636,269.09 under this calculation, representing 36.52% of the net profit attributable to the shareholders of the parent company for the year 2022 on a consolidated basis.



CORPORATE GOVERNANCE

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

1. According to the Company's consolidated statements in 2022, the net profit attributable to owners of the parent company was RMB7,929,282,812.63; the net profit of the parent company was RMB7,848,115,922.05 and the distributable profit for the year was RMB30,260,045,685.31. Having considered the requirements under the Company Law, the Securities Law, the Financial Rules for Financial Enterprises, the Articles of Association of the Company and the Document (Zheng Jian Ji Gou Zi [2007] No. 320) issued by the CSRC, the Company proposed the following profit distribution for the year of 2022 in the interest of the shareholders and the development of the Company:

In 2022, the parent company of GF Securities achieved net profit of RMB7,848,115,922.05, and in accordance with the provisions of the Articles of Association of the Company, each of the statutory surplus reserve, the general risk reserve and the transaction risk reserve was credited with 10% of the net profit, amounting to RMB784,811,592.21 for each of the reserves. According to the Provisional Measures on Supervision and Administration of Risk Reserve of Public Offering of Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》), a fund custodian should appropriate no less than 2.5% of the income from fund custodian fees to the risk reserve on a monthly basis. A sum of RMB1,526,485.82 was appropriated to the general risk reserve for asset custodian business, and the remaining distributable profit amounted to RMB27,904,084,422.86.

According to the Document (Zheng Jian Ji Gou Zi [2007] No. 320) issued by the CSRC, securities firms shall not utilize the gains arising from fair value changes included in distributable profits to distribute cash dividends. After deducting the gains arising from fair value changes included in distributable profits, the distributable profits for cash dividends for the year amounted to RMB27,904,084,422.86.

2. Pursuant to the Company Law of the PRC, the Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No. 9 – Share Repurchase and other relevant regulations, the shares deposited in the special account for securities repurchase of the Company are not eligible to participate in any profit distribution, conversion of capital reserves into share capital, etc. During the year, the Company repurchased 15,242,153 A Shares of the Company by way of centralized bidding through the special account for securities repurchase. Such A Shares were not eligible to participate in the profit distribution.

The Profit Distribution Plan of GF Securities in 2022 (《廣發證券2022年度利潤分配預案》) was considered and approved at the 28th meeting of the 10th session of the Board of Directors, which is in compliance with the Articles of Association of the Company and approval procedures, fully protecting the legitimate interests of minority investors. The independent directors of the Company have provided their Independent Opinions on Profit Distribution Plan in 2022 (《關於2022年度利潤分配預案的獨立意見》). After being considered and approved by the Annual General Meeting, the Profit Distribution Plan of the Company in 2022 will be implemented within two months from the date when it is being considered and approved at the general meeting.

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

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



CORPORATE GOVERNANCE

XIII. INTERNAL CONTROL CONSTRUCTION AND IMPLEMENTATION DURING THE REPORTING PERIOD

1. Internal Control Construction and Implementation

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

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

In light of changes in the internal and external environment and strategic direction, the Company optimized its internal control for important and innovative business, and improved management efficiency of each business sector by continuously improving supporting systems, enhancing personnel management and strengthening information system construction.

2. Significant Defects in Internal Control During the Reporting Period

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



CORPORATE GOVERNANCE

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

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

XV. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL OR AUDIT REPORT ON INTERNAL CONTROL

1. Self-assessment report on internal control

Date of disclosure of the full text of Internal Control and Evaluation Report	March 30, 2023
Disclosure index of full text of Internal Control and Evaluation Report	For details, please visit the website of CNINFO (www.cninfo.com.cn) on March 30, 2023
The percentage of total assets of units included in the evaluation scope to the total assets in the Company’s consolidated financial statements	100%
The percentage of total operating income of units included in the evaluation scope to the operating income in the Company’s consolidated financial statements	100%



CORPORATE GOVERNANCE

Defect identification criteria

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



CORPORATE GOVERNANCE

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



2. Internal control audit report

Review of the internal control audit report

In the Company's opinion, GF Securities has maintained effective internal control over financial reports in accordance with the Basic Standards for Enterprise Internal Control and related requirements in all material respects.

Disclosure of internal control audit report Disclosed

Disclosure date of full text of internal control audit report March 30, 2023

Disclosure index of full text of internal control audit report For details, please see the website of CNINFO (www.cninfo.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on March 30, 2023.

Opinion of the internal control audit report Standard and unqualified opinion

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

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

No

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

Yes



CORPORATE GOVERNANCE

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

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

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

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

The Company regards stress test tools as significant tools of risk assessment and management of the Company and regularly and from time to time carries out comprehensive and special stress test evaluations to provide support for business decision making and operation management in accordance with requirements of the Guidelines for Stress Test of Securities Companies (《證券公司壓力測試指引》) and in combination with business development situation and risk management demand. In 2022, the Company has carried out comprehensive stress test and submitted reports on time in accordance with requirements of the Securities Association of China. The Company has carried out special stress test analysis for the Company's important decisions, such as major business scale adjustment and long-term equity investment, and continuously improved risk factor and scenario design, optimized model and method of parameter setting to optimize the effectiveness of stress test results.



CORPORATE GOVERNANCE

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

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

4. Compliance with risk control indicators during the Reporting Period

In 2022, the Company's core risk control indicators were in good operation and major risk control indicators were in compliance with regulatory requirements. There was no violation of regulatory alarm criteria or non-compliance with regulatory standards. As of December 31, 2022, the net assets of the parent company was RMB104,797 million, and net capital was RMB79,847 million, of which supplementary net capital was RMB17,250 million and core net capital was RMB62,597 million.

XVII. RISK MANAGEMENT

(I) Implementation of comprehensive risk management by the Company

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



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The Company reports its risk management in various areas to the Board twice a year through half-year risk management report and annual risk management report, respectively. In 2022, while vigorously promoting the development of various businesses, the Company maintained the bottom line of no new material risks and steadily promoted the disposal of existing risk projects. The Company continued to improve the comprehensive risk management system and further improved the systematic level of risk management, which significantly improved the effectiveness of risk management in various businesses.

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

The Company attaches great importance to the investment in compliance and risk control and information technology. The investment in compliance and risk control and information technology in 2022 is as follows: the investment in compliance and risk control in 2022 was RMB481 million, and the investment in information technology in 2022 was RMB1,227 million².

XVIII. COMPLIANCE MANAGEMENT SYSTEM CONSTRUCTION AND AUDIT OF AUDITING DEPARTMENT

1. Compliance management system construction

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

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



CORPORATE GOVERNANCE

- (1) At the level of head office departments: In 2022, the Company continued to strengthen the construction of compliance management team to improve the competence of front-line compliance personnel, and clarified and refined assessment indicators, continuously improved assessment process and optimized assessment and scoring standards to supervise the front-line compliance management personnel to firmly establish compliance awareness and effectively perform their duties. At the same time, the Company strengthened the construction of compliance management teams of investment banking, over-the-counter derivatives and research and development and other important departments, optimized business review process and management mechanism to gradually realize the systematic management of the compliance team and improve the effectiveness of compliance teams.
- (2) At branch level: The Company established compliance managers vertically managed by the compliance department of head office in branches to coordinate the compliance management within their jurisdiction. All 313 securities brokerage branches have established full-time and concurrent compliance management personnel to help the compliance managers of branches carry out compliance management of securities brokerage branches. The Company has realized a dynamic and procedural management on the work of the compliance managers and achieved systematic management on full-time and concurrent compliance posts in business departments. The Company will endeavor to explore corresponding mechanism to fully take advantage of the first line compliance management and improve the effectiveness of compliance management.
- (3) At the level of subsidiaries: In 2022, the Company continued to implement the regulatory requirements of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) and the Measures for the Administration of the Formation, Acquisition and Purchase of Non-Controlling Shares of Overseas Business Institutions by Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司境外設立、收購、參股經營機構管理辦法》), reinforced the construction of the Group's unified compliance management system and, under the Measures for the Compliance Management of Subsidiaries (《子公司合規管理辦法》) of the Company, continued to urge its subsidiaries to improve their internal compliance management systems and process systems in accordance with their parent companies' compliance management systems, optimized the compliance assessment scheme for the compliance officers of its subsidiaries, and strengthened the compliance management of its subsidiaries by strengthening compliance training, convening regular joint meetings of the compliance officers of the parent company and subsidiaries, reporting major compliance matters, compliance assessment, compliance inspection and other means.



CORPORATE GOVERNANCE

2. Main work of compliance management during the Reporting Period

- (1) Improvement of compliance management system: In 2022, the Company continued to enhance the compliance management function of the first defense line, strengthen process management and control, and improve the efficiency of business decision-making; improved the establishment of the front-line compliance management team and explored and improved the establishment of a long-term effective mechanism for the joint and coordinated compliance management of the first and the second defense lines, and urged the front-line business to fully play the role of compliance risk prevention and control.
- (2) Compliance management system and workflow construction: During the Reporting Period, the Company updated (including newly promulgated, revised and abolished) more than 240 rules and regulations in total, covering all procedures before, in and after business operation.
- (3) Construction of compliance management information system: In 2022, the Company continued to promote the construction of anti-money laundering, the Chinese wall, irregular transactions, compliance supervision, contract management, rules and regulations and other systems, carried out optimizations from multiple dimensions and utilized technologies to support compliance management to continuously improve the effectiveness of compliance management of the Company.
- (4) Management of the Chinese wall: In carrying out collaborative works of group companies, the Company continued to properly handle conflicts of interest among businesses and manage sensitive information in business operations strictly in accordance with compliance requirements, implement Chinese wall and prevent improper flow of sensitive information, standardize the daily behavior of employees and launch a new generation of Chinese wall management system within the Group to continuously improve the management and control of the Chinese wall.
- (5) Compliance consulting and compliance review: In 2022, the compliance department of the Company handled 7,181 compliance consultation and review documents, providing compliance and legal support for our business developments. Meanwhile, the compliance department of the Company supervised the relevant departments to rectify and improve the compliance risks identified in monitoring and inspection as well as business review, to promote the steady development of business compliance.
- (6) Compliance examination and investigation: The Company organized internal and external special compliance examinations, investigations in relation to departments at the head office, branches and subsidiaries, and carried out routine examination on departments at the head office and branches; and continuously rectified and tracked the problems found in the examination, and strived to continuously improve the Company's compliance management mechanism and lay a solid foundation for the Company's sound operation.



CORPORATE GOVERNANCE

- (7) Complaint handling: The Company handled and submitted a total of more than 200 customer complaints with the overall handling rate of more than 90% in 2022. The Company effectively implemented “customer-centric” service concept, properly handled customer disputes to effectively eliminate and prevent related risks.
- (8) Anti-money laundering: In 2022, the Company continued to consolidate its management works in respect of anti-money laundering, and continuously enhanced the anti-money laundering management awareness and implementation effectiveness of its departments at the head office, branches and subsidiaries by formulating rules, optimizing anti-money laundering systems, trainings and publicity, special inspections and other means, and effectively fulfilled its anti-money laundering obligations.
- (9) Compliance appraisal and employee behavior management: In 2022, in accordance with compliance risk management appraisal and compliance accountability systems and code of conduct of the employees and in response to risk issues and other employees’ practices that are not in compliance with relevant regulations, the Company investigated and punished relevant persons in accordance with relevant regulations, seriously held them accountable in appraisal to ensure that the risk prevention and control responsibilities were put in place, and guided all employees to regulate their professional practices on their own initiatives.
- (10) Compliance training and compliance culture promotion: In 2022, the Company carried out real-time compliance training and interpretation of policies and analysis of violation cases centering around incorrupt practice management, suitability management, employee behavior management, the Chinese wall management, contract management, new regulations on anti-money laundering, handling of customer complaints, handling of abnormal transactions and personal information protection to promote compliance culture of sound management and fully strengthen the compliance awareness of the employees.

3. Audit of auditing department

During the Reporting Period, taking into account the business development of the Company, the auditing department of the Company conducted risk-orientated internal audits such as regular audit, follow-up audit, special audit and off-office auditing, which strengthened the comprehensive coverage of wholly-owned subsidiaries and various business lines. It also conducted special audits on key and innovative areas, evaluated the soundness and effectiveness of internal control of the auditing targets, and played the role of internal audit to reveal the defects discovered during the auditing process, proposed rectification opinions and management recommendations and promoted their implementation to facilitate improvement of a long-term mechanism. In 2022, the auditing department of the Company completed 198 audit reports.



CORPORATE GOVERNANCE

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

It is the responsibility of the Board of Directors to establish, complete and effectively implement internal control according to the stipulations in the internal control standard system of the Company, evaluate its effectiveness and reveal assessment report of internal control. The Board monitored, reviewed and evaluated the establishment, the implementation and the effectiveness of various risk management and internal control systems of the Company through the consideration of the Work Report of Risk Management Committee of the Company for the Year, the Work Report of Audit Committee for the Year, Annual Compliance Report, Internal Control and Evaluation Report for the Year and the Report of Risk Management for the Year. The Supervisory Committee supervises the Board of Directors on its establishment and implementation of internal control. Operation management level is responsible for the daily functioning of internal control.

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

The Board of Directors has conducted an overall review on the internal control of the Company for the year according to requirements of the Basic Standards of Enterprise Internal Control. It is of the view that the internal control of the Company was effective and adequate as of December 31, 2022.

In 2023, the Company will continue improving its internal control system, standardizing implementation of its internal control system, reinforcing supervision and examination of internal control according to the provisions and requirements of the Basic Standards of Enterprise Internal Control and the CG Code in view of the changes in the external operation environment and actual demands of the Company's development so that the Company can have a healthy and sustainable development.





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XX. BASIS FOR ESTABLISHING INTERNAL CONTROL FOR FINANCIAL REPORTS

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

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

XXI. ACCOUNT STANDARDIZATION

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

As of December 31, 2022, there were 6,202 unqualified accounts, 2,107,767 dormant accounts, 31,930 risk handling accounts, and 2,440 judicially frozen accounts maintained with the Company.



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

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

According to the Announcement on Carrying out Special Actions on Corporate Governance of Listed Companies issued by the CSRC (CSRC Announcement [2020] No. 69) (《關於開展上市公司治理專項行動的公告》(中國證監會公告[2020]69號)) and the Notice on Doing a Good Job in Self-examination and Self-correction for the Special Actions on Corporate Governance of Listed Companies issued by the Guangdong Securities Regulatory Bureau (Guang Dong Zhen Jian Fa [2020] No. 156) (《關於做好上市公司治理專項行動自查自糾工作的通知》(廣東證監發[2020]156號)), the Company and relevant shareholders, directors, supervisors and senior management have conducted a comprehensive self-examination on corporate governance in strict accordance with the requirements of the Self-examination List for Special Actions on Corporate Governance of Listed Companies issued by the CSRC.

After self-examination, we found some directors, supervisors and senior management personnel of the Company did not attend (or were not present at) the general meeting of shareholders as required. In this regard, the Company formulated a rectification plan in April 2021: 1. the Company will continue to strengthen publicity and training on compliance performance in strict accordance with relevant laws and regulations, improve the standardized operation mechanism on corporate governance, and urge all directors, supervisors and senior management of the Company to attend or be present at the general meeting of shareholders in order to comply with legal and regulatory requirements. 2. the Company will allow directors, supervisors and senior management to attend the general meeting of shareholders by telephone or other communication methods, in order to provide support for directors, supervisors and senior management who are unable to attend or be present at the general meeting of shareholders in person due to objective reasons to perform their duties.

The Company has completed the rectification during the Reporting Period.



XXIII. OTHER ISSUES ON CORPORATE GOVERNANCE

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

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

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

(II) Appointment and remuneration of the auditor

Upon approval by the general meeting of Shareholders in 2021, the Company appointed Ernst & Young as its external auditor for 2022, which is responsible for providing relevant auditing services and reviewing services in accordance with the China Accounting Standards and the International Financial Reporting Standards. The Company appointed Ernst & Young as the accounting firm for internal control audit. Please see details of its employment and remuneration in "VI. Appointment and Removal of Accounting Firms" in "Section 8 Significant Events" in this report.

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

The Company has formulated the Management Rule on Shares Held by Directors, Supervisors and Senior Management and Relevant Changes to intensify management of declaration, disclosure and supervision of the holding and trading of the Company's shares by Directors, Supervisors and senior management personnel. Meanwhile, the Company adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for all Directors, Supervisors and relevant employees (as defined in the CG Code) at the meeting of the Board on March 19, 2015. After specific enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have strictly followed the standards and code of conducts in the Model Code for Securities Transactions by Directors of Listed Companies during the Reporting Period.



CORPORATE GOVERNANCE

(IV) Company Secretary

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

During the Reporting Period, in order to better perform their duties and according to the requirements of the Hong Kong Listing Rules, Mr. Xu Youjun, the Secretary to the Board and a joint company secretary, had received professional trainings for more than 15 hours, including: the follow-up training for secretaries to the boards of A+H share companies and the 63rd Seminar on Strengthening Continuous Professional Development of Corporate Governance Professionals organized by The Hong Kong Chartered Governance Institute, the China-Japan Capital Market Forum organized by the CSRC and the Financial Services Agency of Japan, the 7th (Main Board) follow-up training for secretaries to the boards of listed companies in 2022 organized by the Shenzhen Stock Exchange and the Capital Market Institute and the Special Training on Corporate Governance for Listed Companies organized by the China Association for Public Companies, etc. Ms. Mok Ming Wai, a joint company secretary of the Company, had received professional trainings for more than 15 hours, including: the 23rd Annual Corporate and Regulatory Update held by The Hong Kong Chartered Governance Institute and the seminar on Building Back Better with Tricorverse organized by Tricor Hong Kong.

(V) Investor relations

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

- (1) In accordance with the Guidelines for the Evaluation of the Effectiveness of Compliance Management of Securities Companies (《證券公司合規管理有效性評估指引》) issued by the Securities Association of China, in order to further standardize the evaluation of the effectiveness of the Company's compliance management and the evaluation procedures, and objectively reveal and effectively prevent compliance risks, having considered 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》) and relevant laws and regulations, the Company has amended the Implementation Measures for the Evaluation of the Effectiveness of Compliance Management of GF Securities (《廣發證券合規管理有效性評估工作實施辦法》).
- (2) In order to respond to the call of the Securities Association of China on strengthening the construction of industry culture, and meanwhile actively implement the national strategy of promoting rural revitalization and promoting common prosperity with practical actions, the Company has amended the Articles of Association.



2. *Investor relation activities during the Reporting Period*

In order to strengthen information communication between the Company and the investors, the Company has formulated the Measures for Management of Information Disclosure (《信息披露事務管理制度》) and the Measures for Management of Investor Relations (《投資者關係管理制度》), which set out the Company's communication policy with shareholders and others, and has maintained communications with investors and potential investors in accordance with policies stipulated in these measures. The Measures for Management of Information Disclosure and the Measures for Management of Investor Relations ensures that shareholders and public investors are provided with ready, equal and timely access to data from the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, including financial performance, strategic goals and planning, significant events, corporate governance and risk profile of the Company, so as to strength communications among shareholders, public investors, the Company and the stock exchange of the place where the Company is listed. The Measures for Management of Information Disclosure and the Measures for Management of Investor Relations provide various channels for communications, including the Shenzhen Stock Exchange Interactive Easy Platform, the website of the Hong Kong Stock Exchange, the website of the Company, shareholders' meetings, enquiry hotline and emails. Through these channels, individual and institutional shareholders may maintain communications with the Company and the stock exchange of the place where the Company is listed at any time, and express their opinions in order to ensure effective communication between the Company and its shareholders. During the Reporting Period, the Supervisory Committee and the independent directors of the Company have conducted regular and special supervision and examination on the implementation of the Company's information disclosure management systems. Based on results of the examination, the Company has established and effectively implemented the information disclosure management system.

The Company organized various types of online/offline interactive activities for investors and analysts, based on the regulatory requirements and its business development needs. The Company had enhanced its communications with investors through various tools such as dedicated hotlines for investors, the Company's website, teleconference, onsite reception, strategy meetings, online interaction and results briefings. In 2022, the Company's management team and investor relation team held 27 meetings in various forms with domestic and overseas institutional investors and analysts, met about 200 institutional investors, and the Company replied to nearly 80 questions from investors through the interactive platform of the SZSE.



CORPORATE GOVERNANCE

After its annual and interim results announcements were issued, in order to further introduce its results and operations to investor, the Company actively facilitated its communication with investors and analysts by way of telephone or online method. During the year, the Company held one annual results briefing, one annual results presentation and one interim results briefing. On March 31, 2022, the Company held the 2021 annual results briefing by way of telephone conference, at which approximately 60 analysts and important institutional investors attended. On April 1, 2022, the Company held the 2021 annual results presentation to fully and extensively communicate with investors through online interactive Q&A form. On August 31, 2022, the Company held the 2022 interim results briefing by way of telephone conference, at which approximately 60 analysts and important institutional investors attended. The Chairman attended the annual results briefing and results presentation of the Company. The Company attaches great importance to communication with small and medium investors, actively responds to the concerns of investors on the Shenzhen Stock Exchange Interactive Easy Platform and has opened two investor hotlines to maintain smooth and effective communication with investors.

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

Please refer to "X. Reception of Activities such as Research, Communication and Interview During the Reporting Period" in "Section 5. Management Discussion and Analysis" of this report for details on the Company's reception of investors.

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

The Company has formulated the Information Disclosure Management System and the Accountability System for Material Mistakes in Information Disclosure in Annual Report, clearly stipulating the accountability of various departments for information disclosure, the basic principles for information disclosure, the contents for information disclosure, the procedures for information disclosure, the accountability for mistakes in information disclosure, etc. The board secretary and company secretary of the Company are responsible for the Company's information disclosure and are accountable to the Company and the Board of Directors; the office of the Board of Directors of the Company is the specific executive body for information disclosure. The Company conducted information disclosure in strict accordance with the requirements of the Information Disclosure Management System. The Board of Directors of the Company confirmed the effective implementation of the Information Disclosure Management System, ensuring the timeliness and fairness of the Company's relevant information disclosure, as well as the truthfulness, accuracy and completeness of such information disclosure.



CORPORATE GOVERNANCE

The Company has formulated the Administrative Measures for Insiders of Inside Information (《内幕信息知情人管理辦法》) and the Management Procedures for Registration of Insiders of Inside Information (《内幕信息知情人登記管理規程》) to further regulate the management of inside information and strengthen the confidentiality of inside information. Pursuant to the measures, the office of the Board of Directors, which is directly led by the Secretary of the Board of Directors, is the department for management of the Company's inside information and for specific implementation of information disclosure. The Company has signed confidentiality agreements with each of the secretary of the Board of Directors, the securities affairs representative and the staff of the office of the Board of Directors who are responsible for information disclosure which require them to undertake continuous fulfilment of their obligations of confidentiality during and after their terms of office until the relevant information is disclosed. Before the Company regularly announces periodic reports, insiders of inside information such as substantial shareholders and intermediary services agencies of the Company shall actively cooperate with the Company to complete registration of insiders of inside information. Periodic reports and the registration forms for insiders of inside information in respect of the periodic reports shall be submitted simultaneously to the SZSE.

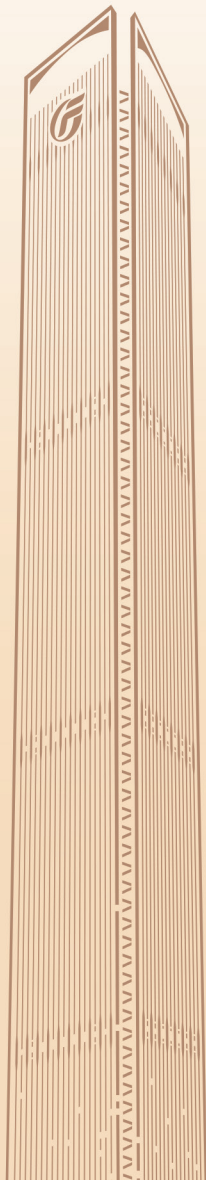
During the daily business operation of the Company, the Chairman of the Board of Directors and the General Manager are the primary persons responsible for maintaining confidentiality of the Company's inside information; while the deputy general manager and other senior management staff are the primary persons responsible for maintaining confidentiality of business and inside information of departments; and the primary persons in charge of each branch and controlled subsidiary are the primary person responsible for maintaining confidentiality of inside information of their own units. Business staff who may access to inside information in their course of business also have obligation of confidentiality. The office of the Board of Directors is responsible for the truthful and completeness of the record of the list of insiders of inside information during all stages such as the preparation, transmission, examination and disclosure of inside information before their disclosure, and for keeping relevant records for the contents and time of inside information which are known by insiders for the purpose of the Company's self-inspection and enquiry by regulatory authorities and, based on specific matters, regularly reports insiders of inside information through the Internet Monitoring Information Platform of Guangdong Bureau of the CSRC.

The Company has formulated the Administrative Measures for Users of External Information (《外部信息使用人管理辦法》), pursuant to which relevant departments and the subsidiaries of the Company shall, before external reporting of information according to laws and regulations and other requirements, make sure such information be reviewed and approved through relevant internal procedures and also reviewed and approved by the Secretary of the Board of Directors. Information to be reported externally by the Company involving significant matters shall be considered as inside information. Managing personnel of relevant departments and controlled subsidiaries of the Company shall serve to the relevant personnel of the receiving party a reminder of confidentiality. The office of the Board of Directors has established a system for registration of external use of information which is filed and recorded item by item in chronological order by designated staff. The contents for registration mainly include the departments and managers for information transmission, the information title, the serviced unit, the time of delivery, the way of delivery, whether going through approval (if any), and whether a reminder of confidentiality is provided. Meanwhile, external units and relevant staff shall be recorded and filed as insiders of inside information for inspection.

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



SECTION 7 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES





ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. MATERIAL ENVIRONMENTAL PROBLEMS

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

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

1. Energy Conservation and Emission Reduction

During the Reporting Period, the Company fully implemented energy conservation and emission reduction by organizing the refined energy consumption management and effectively reducing energy consumption rate and the waste of materials through various means such as formulating relevant operational requirements and standards, fixing positions and responsibilities, implementing onsite management signs and carrying out personnel training; energy conservation measures were taken in respect of heavy load facilities such as elevators, lighting and air-conditioning, and the equipment utilization process was optimized and controlled. During the Reporting Period, the Company achieved remarkable results in energy conservation, water saving and emission reduction, with a decrease of 2.48% in the total comprehensive energy consumption compared with last year and an improvement in environmental key performance indicator management.

2. Green Office

The Company advocated the concept of green office through regular green office publicity and training activities among employees. During the Reporting Period, the Company established a sound electronic equipment life cycle management system and its implementation mechanism to ensure the rational use of equipment and minimize electronic waste; waste sorting was implemented in GF Securities Tower with approximately 10 tons of recyclable waste (including recyclables such as waste paper, drinking bottles and aluminum cans) processed during the Reporting Period; the non-essential use of vehicles was reduced, a reasonable adjustment was made to the use of employee shuttle buses to reduce emission, and employees were encouraged to adopt low-carbon travel; paperless conference rooms were established to advocate a green concept of electronic office; the Company consolidated similar projects for centralized procurement based on the procurement plan to save resources and improve procurement efficiency.





ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group proactively served and integrated into the overall national strategy, implemented the concept of “lucid waters and lush mountains are invaluable assets”, focused on the goal of “carbon peaking and carbon neutrality”, and committed to serving the high-quality development of the real economy and the construction of green and low-carbon industries; the Group insisted on customer-centric, adhered to the core values of client focus and teamwork, and realized the common growth of the Company and customers through high-quality customer service; the Group attached great importance to investor protection and shareholder return, and built a standardized corporate governance structure; the Group is staff-oriented, paid attention to the health and safety of staff, and established a sound protection system of employees’ rights and interests to promote staff development; the Group continued to improve the level of ESG (Environmental, Social and Governance) management, consolidated the achievements of poverty alleviation and comprehensively promoted the rural revitalization; the Group actively responded to primary focus of stakeholders, and effectively coordinated the Company’s economic and social benefits, as well as its own development and social development.

During the Reporting Period, the Group’s social welfare expenses amounted to a total of RMB49.8780 million (including the donation to the GF Charity Foundation by the Company and the social welfare expenses of wholly-owned and holding subsidiaries). The GF Charity Foundation established by the Group had been actively participating in rural revitalization, education promoting and other activities, and incurred social welfare expenses of RMB29.6823 million during the Reporting Period.

Focusing on education promoting and poverty alleviation, the GF Charity Foundation has successively undertaken the “United Nations Sustainable Development Demonstration Village” project, and continuously implemented various public welfare programs such as Small-scale Start-up Support for University Students of GF Securities, GF Securities Rural Children’s Reading Program • STARS, GF Charity Basketball Court, “Free Breathing” Severe Pneumonia Children’s Relief Fund, “Discovery of Mimosa” Thoracic Deformity Children Caring Fund and Specialized Nursing Classes of GF Securities.



ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The wholly-owned and holding subsidiaries of the Group actively assumed their responsibilities as corporate citizenship to contribute to the development of society. During the Reporting Period, GF Qianhe donated funds to the Tsinghua University Education Foundation through the GF Charity Foundation, to support the construction of college teams and the introduction of talents. GF Futures, through the GF Charity Foundation, provided financial support to Jiangcheng County, Yunnan Province, Yangchang County, Shaanxi Province, Kurma Township, Makit County, Xinjiang Uygur Autonomous Region, Haifeng County, Guangdong Province, Taihu County, Anhui Province, Zhen'an Town, Yunfu City, Guangdong Province, etc. to support projects in, among others, animal husbandry, crop farming and agricultural product processing. GF Fund actively took on social welfare and donation projects in education promoting, talent cultivation, rural revitalization, emergency and disaster relief and other fields, adhered to serving the national strategy and devoted itself to public welfare undertakings, and fulfilled the corporate social responsibility of financial institutions with practical actions.

Please refer to the 2022 Corporate Social Responsibility and Environmental, Social and Governance (ESG) Report of GF Securities Co., Ltd. concurrently disclosed with this Annual Report on the website of CNINFO (www.cninfo.com.cn) and the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk) for details.



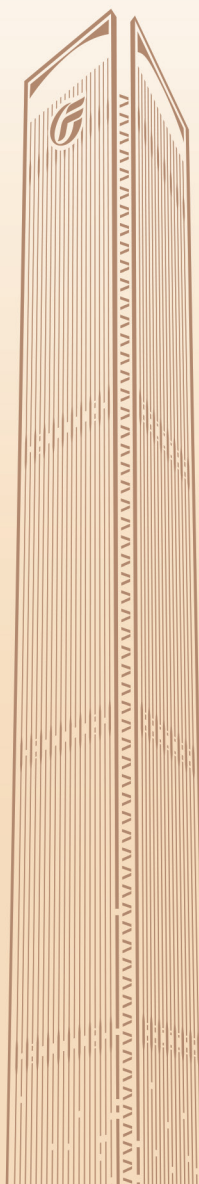
ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

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

During the Reporting Period, the Company actively supported rural revitalization and offered additional paired poverty alleviation to Antu County and Longjing City, Jilin Province, and Nankang District, Jiangxi Province with 25 assistance projects implemented, on the basis of the unification of the village revitalization township and village support team in the provision of support and alleviation work for Zhen'an Town of Yunfu City in Guangdong Province, so as to help the local areas to expand the characteristic agricultural industry, broaden the sales channels of agricultural products, enhance the public service capabilities of towns and villages and improve the public infrastructure, benefiting a total of over 10,000 people. During the Reporting Period, with its responsibilities and contributions in consolidating the achievements of poverty alleviation and continuing to promote rural revitalization, the Company won more than 10 authoritative awards for rural revitalization and was awarded the "Gold Cup in the Guangdong Poverty Alleviation Red Cotton Cup" by the Leading Group for Rural Work of the Guangdong Provincial Committee of the Communist Party of China in 2022.



SECTION 8 SIGNIFICANT EVENTS





SIGNIFICANT EVENTS

I. IMPLEMENTATION OF COMMITMENTS

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

Cause of Commitment	Undertaking party	Type of Commitment	Details of Commitment	Date of Commitment	Term of Commitment	Performance
Share conversion 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	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 (whether at present or in future), and not to indirectly operate or participate in the investment of enterprises which compete or may compete with the business of the surviving company. At the same time, they have also warranted that they will not use their capacity as shareholders to harm the proper interest of the surviving company and other shareholders. In addition, they will procure their wholly-owned subsidiaries or subsidiaries in which they have more than 50% equity interest or relative controlling interest to comply with the above 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 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.	February 6, 2010	Nil	All undertaking parties have strictly performed the undertakings.



SIGNIFICANT EVENTS

Cause of Commitment	Undertaking party	Type of		Date of Commitment	Term of Commitment	Performance
		Commitment	Details of Commitment			
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

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

N/A

3. Commitments made by the Company's Shareholders and Counterparties in relation to Operating Performance in the Reporting Year

N/A



SIGNIFICANT EVENTS

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

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

III. NON-COMPLIANCE IN EXTERNAL GUARANTEES

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

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

N/A

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

N/A

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

1. Currently Appointed Accounting Firms

PRC Accounting Firm	Ernst & Young Hua Ming LLP
Audit remuneration of PRC Accounting Firm (RMB million)	RMB2.372
Continuous term of audit service of PRC Accounting Firm	5 years
Name(s) of certified public accountant(s) of the PRC Accounting Firm	Chang Hua, He Yanyi
Continuous term of audit service of certified public accountant(s) of PRC Accounting Firm	3 years for Chang Hua, 5 years for He Yanyi
International Accounting Firm	Ernst & Young
Audit remuneration of International Accounting Firm (RMB million)	RMB1.42
Continuous term of auditing service of the International Accounting Firm	5 years
Name(s) of certified public accountant(s) of the International Accounting Firm	Wu Zhiqiang
Continuous term of auditing service of certified public accountant(s) of the International Accounting Firm	2 year

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



SIGNIFICANT EVENTS

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

No

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

No

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

In 2022, the Company appointed Ernst & Young Hua Ming LLP as accounting firm for internal control audit with audit fee at RMB350,000.

3. Changes in Accounting Firm During the Past Three Years

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

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

N/A

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

1. Relevant matters about bankruptcy reorganization

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

2. Merger or separation of the Company

N/A



SIGNIFICANT EVENTS

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

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

As of December 31, 2022, the Company has a total of 338 branches, including 25 branch companies and 313 securities business departments, covering 31 provinces, municipalities directly under the Central Government and autonomous regions in Mainland China. In 2022, a total of 22 branch companies and securities business department of the Company were relocated or renamed (if any):

No.	Name after change	Name before change
1	Securities Business Department of GF Securities Co., Ltd. at GF Securities Tower, Machang Road, Guangzhou	Securities Business Department of GF Securities Co., Ltd. at Mayland Foundation Building, Huacheng Avenue, Guangzhou
2	Securities Business Department of GF Securities Co., Ltd. at Xiangshan Avenue East Road, Deqing	Securities Business Department of GF Securities Co., Ltd. at Kangcheng Avenue, Deqing
3	Securities Business Department of GF Securities Co., Ltd. at Jinxing Road, Jinwan, Zhuhai	Securities Business Department of GF Securities Co., Ltd. at Yongtai Road, Jinwan, Zhuhai
4	Securities Business Department of GF Securities Co., Ltd. at Dongyuan, Heyuan	Securities Business Department of GF Securities Co., Ltd. at Yuewang Avenue, Heyuan
5	Securities Business Department of GF Securities Co., Ltd. at Jihua Sixth Road, Foshan	Securities Business Department of GF Securities Co., Ltd. at Fenjiang Middle Road, Foshan
6	Securities Business Department of GF Securities Co., Ltd. at Zhongtang, Dongguan	Remained unchanged by relocation
7	Hubei Branch of GF Securities Co., Ltd.	Remained unchanged by relocation
8	Securities Business Department of GF Securities Co., Ltd. at Yangshupu Road, Shanghai	Securities Business Department of GF Securities Co., Ltd. at Zhongshan North Second Road, Shanghai
9	Securities Business Department of GF Securities Co., Ltd. at Mingsheng Road, Shanghai	Remained unchanged by relocation
10	Securities Business Department of GF Securities Co., Ltd. at Gutian Road, Fuzhou	Remained unchanged by relocation
11	Securities Business Department of GF Securities Co., Ltd. at Suixi, Zhanjiang	Remained unchanged by relocation
12	Securities Business Department of GF Securities Co., Ltd. at Binwan Road, Wenchang	Securities Business Department of GF Securities Co., Ltd. at Guhong Avenue, Wenchang
13	Securities Business Department of GF Securities Co., Ltd. at Fangzhi Road, Wuhan	Securities Business Department of GF Securities Co., Ltd. at Luoyu Road, Wuhan
14	Securities Business Department of GF Securities Co., Ltd. at Hushan Road, Cixi	Remained unchanged by relocation
15	Securities Business Department of GF Securities Co., Ltd. at Guozhan Road, Yangzhou	Securities Business Department of GF Securities Co., Ltd. at Yangzijiang North Road, Yangzhou
16	Securities Business Department of GF Securities Co., Ltd. at Rujiang West Road, Fuzhou	Remained unchanged by relocation
17	Securities Business Department of GF Securities Co., Ltd. at Jintang Road, Gaoxin, Zhuhai	Securities Business Department of GF Securities Co., Ltd. at High-tech Software Park Road, Zhuhai
18	Shanghai Branch of GF Securities Co., Ltd.	Remained unchanged by relocation
19	Securities Business Department of GF Securities Co., Ltd. at Xiqiao, Nanhai, Foshan	Remained unchanged by relocation
20	Shenzhen Branch of GF Securities Co., Ltd.	Remained unchanged by relocation
21	Securities Business Department of GF Securities Co., Ltd. at Shennan East Road, Shenzhen	Remained unchanged by relocation
22	Securities Business Department of GF Securities Co., Ltd. at Donghai Avenue, Taizhou	Securities Business Department of GF Securities Co., Ltd. at Baiyunshan West Road, Taizhou



SIGNIFICANT EVENTS

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

During the Reporting Period, the Company newly established 29 securities business departments, namely Securities Business Department at Gangcheng Avenue, Longkou, Securities Business Department at Dongda Road, Chengdu, Securities Business Department at Donghuang Road, Xiamen, Securities Business Department at Yinghuai Avenue, Fuyang, Securities Business Department at Chazishan East Road, Changsha, Securities Business Department at Renmin Road, Huzhou, Securities Business Department at Wanglong Second Road, Fuzhou, Securities Business Department at Jiangbin Road, Zhangzhou, Securities Business Department at Weidu Avenue, Datong, Securities Business Department at Chenjiang, Zhongkai, Huizhou, Securities Business Department at Fudong Road, Quanzhou, Securities Business Department at Changjiang Road, Zhenjiang, Securities Business Department at Century Avenue, Yancheng, Securities Business Department at Pengcheng Road, Xuzhou, Securities Business Department at Tengfei Road, Shanwei, Securities Business Department at Jintian Road, Shenzhen, Securities Business Department at Changhong Avenue, Jiujiang, Securities Business Department at Yizhou Avenue, Chengdu, Securities Business Department at Kaiyuan East Road, Changsha, Securities Business Department at Nanzhuang, Chancheng, Foshan, Securities Business Department at Hanghai East Road, Zhengzhou, Securities Business Department at Wuxiang Avenue, Nanning, Securities Business Department at Dongfang Road, Weifang, Securities Business Department at Boao Road, Hangzhou, Securities Business Department at Jingguang Bridge, Beijing, Securities Business Department at Xiangwang Street, Hangzhou Securities Business Department at Hongling Road, Guilin, Securities Business Department at Guangnan Road, Jinhua and Securities Business Department at Keqiaohu East Road, Shaoxing.

(3) *Changes in subsidiaries*

For the changes of subsidiaries, please refer to “(4) Explanation of Changes in the Consolidation Scope of Financial Statements” in “III. Analysis on Financial Statements” of Section 5. The above establishment, revocation and disposal activities have no material impact on the Company’s performance.

4. Major asset disposal, acquisition, replacement and divestment

N/A

5. Restructuring of other companies

N/A



SIGNIFICANT EVENTS

IX. SIGNIFICANT LITIGATION AND ARBITRATION

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

As of December 31, 2022, the Group was involved in 448 litigation and arbitration cases (including those initiated against and by the Group) pending final judgment or ruling and completed execution, involving a total amount of claims at approximately RMB11.975 billion. Among which, 87 cases were initiated by the Group, involving a total amount of claims at approximately RMB9.869 billion; and 361 cases were initiated against the Group, involving a total amount of claims at approximately RMB2.106 billion.

The Group has made a provision of approximately RMB18 million in relation to the above litigation or arbitration as of 31 December 2022.

X. PENALTY AND RECTIFICATION

1. In April 2022, the Securities Business Department of the Company at Wenling Road, Quanzhou received the Decision on Taking Administrative Supervision Measures for Issuing a Warning Letter to the Securities Business Department of GF Securities Co., Ltd. at Wenling Road, Quanzhou (the Administrative Supervision Measures Decision of Fujian Bureau of the CSRC [2022] No. 9) from Fujian Bureau of the CSRC, which specified that individual employees of the business department engaged in an illegal behavior of providing intermediary facilitation for financing between customers, reflecting the insufficient compliance management of the business department and the failure to strictly regulate the practice of staff.

In this regard, the branch company has deeply learned lessons, made serious rectifications, and took internal accountability measures against employees who violated regulations. At the same time, the branch company established a self-examination and self-correction mechanism in daily work, and continuously strengthened the training, supervision and inspection of employees' practice behavior and quality, in order to strictly prevent all kinds of practice violations.

2. In June 2022, GF Asset Management, a wholly-owned subsidiary of the Company, received the Decision on Taking Measures for Issuing a Warning Letter to GF Securities Asset Management (Guangdong) Co., Ltd. (the Administrative Supervision Measures Decision of Guangdong Bureau of the CSRC [2022] No. 72) from Guangdong Bureau of the CSRC, which specified that GF Asset Management did not follow the principle of diligence and prudence to perform special reminder and notification obligations for major matters such as product risk levels, valuation methods, and changes in quota settings in the process of public offerings of a collective asset management scheme, the consultation period for product changes was not reasonable, and the investors' rights were not fully protected.

In this regard, the Company and GF Asset Management attached great importance to the issue, carried out in-depth and comprehensive reflection, self-examination and rectification work, strengthened the protection of investors' rights and interests by optimizing the opening arrangements for the consultation period and other measures, and continued to promote the improvement of the internal control mechanism and strictly prevent various risks such as market risk and credit risk, etc.



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3. In September 2022, Fujian Branch of the Company received the Administrative Penalty Decision (Fu Yin Fa Jue Zi [2022] No. 10) from the Fujian Central Sub-branch of the People's Bank of China, which specified that Fujian Branch failed to re-identify customers and to implement enhanced identification measures for high-risk customers as required. The Fujian Central Sub-branch of the People's Bank of China imposed a total fine of RMB570,000 on the above illegal acts of Fujian Branch.

In this regard, Fujian Branch has paid fines on schedule, and continuously improved the anti-money laundering internal control mechanism, strengthened daily supervision and inspection and system function construction, and continued to improve the effectiveness of anti-money laundering management.

4. In October 2022, Securities Business Department at Renmin Road, Dalian of the Company received the Decision on Taking Measures for Issuing a Warning Letter to Securities Business Department of GF Securities Co., Ltd. at Renmin Road, Dalian (the Administrative Supervision Measures Decision of Dalian Bureau of the CSRC [2022] No. 23) from Dalian Bureau of the CSRC, which specified that individual employees of the business department promoted financial products that were not issued by the Company itself or sold by it as an agent without authorization and the business department was under an obligation to manage the same.

In this regard, the Company continued to improve the control mechanism of financial product agency sales business, strengthened compliance training and inspection of employees' practice behaviors, and supervised employees to strictly implement the requirements of laws and regulations to abide by the bottom line of compliance. The Company investigated the responsible personnel and submitted a rectification report to the regulatory authorities.

5. In December 2022, the Company received the Decision on Taking Measures for Issuing a Warning Letter to GF Securities Co., Ltd., Mr. Zhu, Mr. He and Mr. Lin (the Administrative Supervision Measures Decision of Guangdong Bureau of the CSRC [2022] No. 185) from Guangdong Bureau of the CSRC, which specified that the Company, as the financial advisor of a joint stock limited company in relation to the connected transaction of purchasing 100% equity interests and other assets of an e-commerce limited company by share issue and cash payment, and raising the supporting funds was identified problems such as insufficient verification in the on-going supervision in 2017.

In this regard, the Company deeply reflected on the deficiencies in the past practice, continued to optimize the construction of the internal control mechanism of the investment banking, effectively improved the quality of investment banking practice, achieving high-quality development of the investment banking business with standardized and high-standard services. The Company has submitted a rectification report to the regulatory authorities on time.

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

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

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



SIGNIFICANT EVENTS

XII. MAJOR RELATED/CONNECTED TRANSACTIONS

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

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

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

In 2022, our day-to-day related transactions were executed subject to the Proposal on Estimates of Annual Day-to-day Related/Connected Transactions in Year 2022 of the Company passed by the 2021 Annual General Meeting upon deliberation.

The investment banking, wealth management, trading, institutional and investment management services in respect of day-to-day operations provided by the Group to related/connected persons were conducted in the ordinary and usual course of business and on normal commercial terms, 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/connected transactions with any related/connected party with aggregated transaction amount of over RMB30 million and accounting for more than 5% of its latest audited net asset value during its normal and ordinary business.

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

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

On January 22, 2020, at the 25th Meeting of the Ninth Session of the Board of Directors of the Company, the Board of Directors considered and approved the connected transaction contemplated between GF Fund (a non-wholly-owned subsidiary of the Company) and Kangmei Healthcare (the “Transaction”). GF Fund proposed to acquire two parcels of land situated at Pazhou, Haizhu District, Guangzhou and the buildings on ground and underground and the construction in progress on the aforesaid two parcels of land, held by Kangmei Healthcare (the “Transaction Target”) at a consideration of no more than RMB1.13 billion.



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Pursuant to the Hong Kong Listing Rules, GF Fund is an important subsidiary of the Company. Ms. Xu Dongjin, a former director of GF Fund, resigned as a director of GF Fund on October 25, 2019. Pursuant to Rule 14A.07 of the Hong Kong Listing Rules, Ms. Xu Dongjin was a connected person of the Company when the Transaction took place. Kangmei Healthcare is a wholly-owned subsidiary of Kangmei Pharmaceutical, the de facto controller of which is Mr. Ma Xingtian, the spouse of Ms. Xu Dongjin. As such, Kangmei Healthcare was an associate of Ms. Xu Dongjin and a connected person of the Company at subsidiary level. Therefore, the Transaction constituted a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

At the Board meeting where the Transaction was considered, relevant personnel present at the meeting explained the Transaction and the pricing of the transaction. Based on (1) the documents of resolutions; (2) the explanation made by the relevant personnel at the meeting; and (3) the pricing mechanism of the Transaction – it remained necessary for GF Fund to engage an intermediary to issue a relevant report. The final transaction price would be based on and adjusted with reference to the report value, and the transaction price would not exceed RMB1.13 billion. 10 out of 11 directors (including 3 out of 4 independent non-executive directors) of the Board of Directors of the Company voted in favour of the resolution in respect of the Transaction as the terms of the Transaction were negotiated between the parties on an arm's length basis and entered into on normal commercial terms, which were fair and reasonable and in the interests of the Company and its shareholders as a whole. Besides, the 3 independent non-executive directors, namely Mr. Yang Xiong, Mr. Chan Kalok and Mr. Fan Lifu, who voted in favour of the resolution of the Transaction, also expressed independent opinion according to the requirements of the relevant system, stating that:

- (1) the connected transaction was a practicable plan as compared to other options to meet the need of centralizing its office premises in the long term. GF Fund could obtain the naming right, thus improving its reputation and influence in the society and enhancing the sense of belonging among its employees. The subject land parcel is located at Central Business District of Guangzhou that provides better opportunities of value preservation and appreciation.
- (2) the structure of the connected transaction was rational and fairly priced with no impact on the operating independence of the Company.
- (3) the review and decision-making procedures of the connected transaction were in compliance with requirements under laws, administrative regulations, departmental rules and other normative legal documents.

Accordingly, the then three independent non-executive directors, namely Mr. Yang Xiong, Mr. Chan Kalok and Mr. Fan Lifu, were of the opinion that the connected transaction was in compliance with requirements under external laws and regulations and the internal regulations and policies of the Company, and there was no prejudice to the interests of the Company and other shareholders, in particular non-connected shareholders and minority shareholders.



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Notwithstanding the arrangements in relation to the pricing mechanism (the price for the Transaction shall not exceed RMB1.13 billion. The final price shall be adjusted with reference to the report value given by the intermediary, and such report and report value were not available as at the date of the meeting), Mr. Tang Xin, the then independent non-executive director of the Company, was of the opinion that he was unable to make a judgment and form an accurate opinion given the insufficient materials, as the basis for considering the Transaction. Accordingly, Mr. Tang Xin had refrained from voting on the Transaction.

For details, please refer to the relevant announcements of the Company disclosed on the website of CNINFO (www.cninfo.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on January 22, 2020.

GF Fund has engaged a qualified independent third party intermediary to conduct an appraisal of the Transaction Target mentioned above and such intermediary has issued an appraisal report on March 28, 2022. Based on the valuation of the appraisal report and based on the relevant provisions of the Transaction agreement entered into by GF Fund and Kangmei Healthcare, the final price of the Transaction Target was RMB1.13 billion. As of the date of this report, the transfer price of the Transaction has been paid in full, and the transfer registration procedures of the Transaction Target have been completed.

3. Related/Connected Transactions in respect of Joint External Investment

On March 11, 2022, the Company considered and approved the related/connected transaction in relation to the joint investment by GF Xinde, a wholly-owned subsidiary of the Company, GF Qianhe, a wholly-owned subsidiary of the Company, and Zhongshan Public Environmental Protection Industry Investment Co., Ltd. (hereinafter referred to as “Public Environmental Protection Industry Investment”) at the 22nd meeting of the 10th session of the Board of Directors. GF Xinde (as manager) established Zhongshan Public Utilities GF Xinde New Energy Industry Investment Fund (Limited Partnership). The fund was in the form of limited partnership, with a total capital contribution amount of RMB3 billion; of which the capital contribution by GF Xinde, GF Qianhe and Public Environmental Protection Industry Investment was RMB600 million, RMB900 million and RMB1.5 billion, respectively.

According to the SZSE Listing Rules and the Hong Kong Listing Rules, as Zhongshan Public Utilities and its concert parties hold more than 10% of shares of the Company, and Mr. Guo Jingyi, a Director of the Company, serves as the chairman of Zhongshan Public Utilities, Public Environmental Protection Industry Investment was the wholly-owned subsidiaries of Zhongshan Public Utilities. The establishment of the fund by Public Environmental Protection Industry Investment and the wholly-owned subsidiaries of the Company (namely GF Xinde and GF Qianhe) through joint investment constituted a related/connected transaction.

According to the resolution of the Board of Directors of the Company, GF Xinde and GF Qianhe signed a partnership agreement with Public Environmental Protection Industry Investment on April 21, 2022, Zhongshan Public Utilities GF Xinde New Energy Industry Investment Fund (Limited Partnership) was filed with Asset Management Association of China on June 2, 2022.

SIGNIFICANT EVENTS



4. Amount due to or from Related Parties

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

Unit: RMB

Item Name	Related Party	Amount as of the end of the period	Amount as of the beginning of the period
Seats commission, trailing commission and custodian fee receivables	E Fund Management Co., Ltd.	29,439,043.20	37,017,657.24

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. Transactions with Related Financial Companies

N/A

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

N/A

7. Other Material Related-Party Transactions

No other material related transactions occurred during the Reporting Period.



SIGNIFICANT EVENTS

XIII. MAJOR CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracting and Leases

(1) Custody

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

(2) Contracting

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

(3) Leases

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



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2. Material Guarantees

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

Unit: RMB', 0,000

External Guarantees Provided by the Company and Its Subsidiaries (Excluding Guarantees Provided to Subsidiaries)										
	Date of Disclosure of Guarantee									Guarantee Provided to
	Amount on						Counter		Performance	Related
Name of the Guaranteed Party	the Relevant Announcement	Amount of Guarantee	Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals (if any)	guarantee (if any)	Term of Guarantee	Fulfilled or Not	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									Guarantee Provided to
	Amount on								Performance	Related
Name of the Guaranteed Party	the Relevant Announcement	Amount of Guarantee	Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals	Counter guarantee	Term of Guarantee	Fulfilled or Not	Parties or Not
GF Financial Markets (UK) Limited (the Company undertook guarantee liabilities to the extent of the amount of the letter of guarantee ultimately and actually signed)	March 30, 2021	A cumulative balance of not more than US\$140 million	September 13, 2021	US\$7,000	Joint and several guarantee	-	-	Until September 1, 2025	No	No
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (B1)				0	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (B2)					48,752.20
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (B3)				97,504.40	Total actual balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B4)					48,752.20



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Guarantees among to Subsidiaries

Name of the Guaranteed Party	Date of Disclosure of Guarantee Announcement	Amount of Guarantee	Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals	Counter guarantee	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
GF Global Capital Limited (GF Holdings (Hong Kong) Corporation Limited provided guarantee to it)	February 6, 2021	Provide performance guarantee to the guaranteed party in respect of the issue of structured notes with a total size of no more than US\$1 billion (or its equivalent in other currencies), subject to a guarantee amount of no more than US\$1 billion (or its equivalent in other currencies)	March 22, 2021	1,663,474.79	Joint and several guarantee	-	-	According to provisions of agreement	No	No
Total amount of guarantees provided to subsidiaries approved during the Reporting Period (C1)				0	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (C2)				1,663,474.79	
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (C3)				696,460	Total actual balance of guarantee provided to subsidiaries as at the end of the Reporting Period (C4)				397,116.61	





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

Total amount of guarantees approved during the Reporting Period (A1+B1+C1)	0	Total actual amount of guarantees provided during the Reporting Period (A2+B2+C2)	1,712,226.99
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)	793,964.40	Total actual balance of guarantees provided as at the end of the Reporting Period (A4+B4+C4)	445,868.81
Total actual amount of guarantees (i.e. A4+B4+C4) as a percentage of the net assets of the Company			3.71%
Including:			
Balance of guarantees provided to shareholders, de facto controller and their related parties (D)			0
Balance of debt guarantees provided directly or indirectly to the guaranteed parties with a gearing ratio over 70% (E)			397,116.61
Amount of total guarantees above 50% of net assets (F)			0
Total of the above 3 amounts of guarantees (D+E+F)			397,116.61
For outstanding guarantees, description on the guarantee liabilities occurred or possible joint and several liabilities of repayment demonstrated during the Reporting Period (if any)			Nil
Description on the provision of external guarantee with non-compliance in required procedures (if any)			Nil
Other descriptions	In February 2018, the board of directors of GFHK resolved that it agreed to provide guarantees to its wholly-owned subsidiary, GF Global Capital Limited, under the agreements such as ISDA and GMRA. As of December 31, 2022, the amount of such guarantee was approximately US\$18.3965 million.		

Note 1: Calculated by the central parity exchange rates of Hong Kong dollar to Renminbi at 1:0.89327 and US dollar to Renminbi at 1:6.9646 published by the People's Bank of China on December 30, 2022.

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



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3. Cash asset management conducted by other entrusted parties

(1) *Entrusted wealth management*

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

(2) *Entrusted loans*

Summary of entrusted loans during the Reporting Period

Unit: RMB ' 0,000

Total amount of entrusted loans	Source of funds of entrusted loans	Outstanding balance	Unrecovered overdue amount
1,800.00	Self-owned funds	—	1,447.00

Specific particulars of entrusted loans

Unit: RMB ' 0,000

Borrower	Type of borrower	Loan interest rate	Loan amount	Source of funds	Start date	End date	Expected income	Actual profit/loss		Impairment provision	Through legal process or not	Any future plans of entrusted loans
								loss amount in the Reporting Period	profit/loss recovered in the Reporting Period			
Pingdingshan Shunyi Farming Co., Ltd.	Agricultural, forestry, farming and fishery industries	8.00%	1,800.00	Self-owned funds	2017/10/13	2021/4/13	—	9.50	—	1,417.91	Yes	No for the time being
Total			1,800.00	—	—	—	—	9.50	—	1,417.91	—	—

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



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

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

4. Other major contracts

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

XIV. PARTICULARS OF OTHER SIGNIFICANT ISSUES

1. On July 11, 2022, the Company received the Notification Letter of Jilin Aodong Pharmaceutical Group Co., Ltd. on Increasing its Shareholding in GF Securities Co., Ltd. from its largest shareholder Jilin Aodong. Pursuant to which, from the effective date (i.e. March 1, 2020) of the Securities Law of the People's Republic of China (Revised in 2019) to the closing time on July 11, 2022, Jilin Aodong accumulatively increased its shareholding of 84,137,800 H shares of the Company via the Shenzhen-Hong Kong Stock Connect trading system, accounting for approximately 1.10% of the total issued shares of the Company (the "Change in Equity").

Prior to the Change in Equity, Jilin Aodong and its persons acting in concert held a total of 1,330,192,667 shares of the Company (including 1,252,297,867 A shares and 77,894,800 H shares), representing approximately 17.45% of the total issued shares of the Company. After the Change in Equity, Jilin Aodong and its persons acting in concert held a total of 1,414,330,467 shares of the Company (including 1,252,297,867 A shares and 162,032,600 H shares), accounting for approximately 18.56% of the total issued shares of the Company. Any discrepancies in the aforesaid shareholding ratio are due to rounding.

2. On December 19, 2022, the Company received the Notification Letter of Jilin Aodong Pharmaceutical Group Co., Ltd. on Increasing its Shareholding in GF Securities Co., Ltd. from its largest shareholder Jilin Aodong. Pursuant to the letter, from July 12, 2022 to the closing time on December 19, 2022, Jilin Aodong accumulatively increased its shareholding of 77,710,800 H shares of the Company via the Shenzhen-Hong Kong Stock Connect trading system, accounting for approximately 1.02% of the total issued shares of the Company (the "Subsequent Change in Equity").

Prior to the Subsequent Change in Equity, Jilin Aodong and its persons acting in concert held a total of 1,414,330,467 shares of the Company (including 1,252,297,867 A shares and 162,032,600 H shares), representing approximately 18.56% of the total issued shares of the Company. After the Subsequent Change in Equity, Jilin Aodong and its persons acting in concert held a total of 1,492,041,267 shares of the Company (including 1,252,297,867 A shares and 239,743,400 H shares), accounting for approximately 19.58% of the total issued shares of the Company.



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3. On February 24, 2023, the Proposal on Adjusting the Organizational Structure of the Company's Retail Business (《關於調整公司零售業務組織架構的議案》) was considered and approved at the 27th meeting of the 10th session of the Board of the Company. Pursuant to the proposal, the Board agreed that the Retail Business Management Headquarters was renamed as the "Wealth Management and Brokerage Business Headquarters"; the original Institutional and Interbank Department and the Integrated Business Department was merged into the "Institutional Client Department"; and the E-Commerce Department was renamed as the "Digital Platform Department". The adjusted Wealth Management and Brokerage Business Headquarters consists of four first-tier departments: Wealth Management Department, Digital Platform Department, Institutional Client Department and Operation Management Department.

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

4. 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 Perpetual Subordinated Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2895)(關於同意廣發證券股份有限公司向專業投資者公開發行永續次級債券註冊的批覆(證監許可[2022]2895 號))
2	CSRC	Regulatory Opinions on GF Securities Co., Ltd.'s Application for the Pilot Business of Optimizing Account Management Functions (Ji Gou Bu Han (2022) No. 1896)(關於廣發證券股份有限公司申請開展賬戶管理功能優化試點業務的監管意見書(機構部函(2022)1896 號))
3	SZSE	No Comment Letter on the Non-public Issuance of Corporate Bonds by GF Securities Co., Ltd. in Compliance with the Conditions for Listing on the Shenzhen Stock Exchange (Shen Zheng Han [2022] No. 727)(關於廣發證券股份有限公司非公開發行公司債券符合深交所掛牌條件的無異議函(深證函[2022]727 號))
4	Guangdong Bureau of the CSRC	Reply on Receipt of the Filing Report of GF Securities Co., Ltd. to Publicly Issue Subordinated Bonds (First Tranche) to Professional Investors in 2022 (20221007)(關於接收《關於廣發證券股份有限公司 2022 年面向專業投資者公開發行次級債券(第一期)的備案報告》的回執(20221007))
5	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Subordinated Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2117)(關於同意廣發證券股份有限公司向專業投資者公開發行次級公司債券註冊的批覆(證監許可[2022]2117 號))
6	SSE	Notice of GF Securities Co., Ltd. on Launching the CSI 500 ETF Option Market Maker Business (Shang Zheng Han [2022] No. 1627)(關於廣發證券股份有限公司開展中證 500ETF 期權主做市商業業務的通知(上證函[2022]1627 號))
7	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 1342)(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[2022]1342 號))
8	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Short-term Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 1288)(關於同意廣發證券股份有限公司向專業投資者公開發行短期公司債券註冊的批覆(證監許可[2022]1288 號))



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No.	Regulatory Authority	Administrative license decisions or business license notices by self-regulatory organisations
9	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Perpetual Subordinated Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 1196) (關於同意廣發証券股份有限公司向專業投資者公開發行永續次級債券註冊的批覆(證監許可[2022]1196 號))
10	Department of Justice of Guangdong Province	Reply of Department of Justice of Guangdong Province on Approval for GF Securities Co., Ltd. to Carry out Pilot work for Corporate Lawyers (Yue Si [2022] No. 112) (廣東省司法廳關於同意在廣發証券股份有限公司開展公司律師試點工作的批覆(粵司[2022]112 號))
11	SZSE	Notice on GF Securities Co., Ltd. Becoming a Market Maker on the Fund Access Platform of the Shenzhen Stock Exchange (Shen Zhen Hui [2022] No. 61) (關於廣發証券股份有限公司成為深圳證券交易所基金通平台做市商的通知(深證會[2022]61 號))

XV. SIGNIFICANT MATTERS FOR THE SUBSIDIARIES OF THE COMPANY

1. In August 2021, the Board of Directors of the Company resolved to increase the capital of RMB3 billion in GF Qianhe, its wholly-owned subsidiary. During the Reporting Period, the Company has completed the aforesaid capital injection in multiple instalments according to the resolution, and GF Qianhe has obtained a new business license, and the registered capital is RMB7.1035 billion. For details, please refer to the relevant announcements published by the Company on the website of CNINFO (www.cninfo.com.cn) and the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) on August 28, 2021, September 10, 2021 and February 16, 2022, respectively.
2. In February 2022, GF Fund, a holding subsidiary of the Company, completed the change of its registered address and obtained the updated business license. The registered address of GF Fund is Room 2608, 3018 Huandao East Road, Hengqin New District, Zhuhai, Guangdong Province.

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

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



SIGNIFICANT EVENTS

XVII. INDEX OF INFORMATION DISCLOSURE

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

No.	Matters of Announcement	Date of Publication
1	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 13” Corporate Bonds Privately Issued	January 8, 2022
2	Announcement on the Resignation of the Chief Risk Officer of the Company	January 11, 2022
3	Announcement on Results of Election of Employee Representative Supervisor	January 11, 2022
4	Announcement on the Resolutions of the 8th Meeting of the 10th Session of the Supervisory Committee	January 11, 2022
5	Announcement on the Resolutions of the 20th Meeting of the 10th Session of the Board of Directors	January 11, 2022
6	Notice of the 2022 First Extraordinary General Meeting	January 11, 2022
7	Announcement on the Interest Payment for Redemption and Delisting of the “19 GF C1” Subordinated Bonds	January 22, 2022
8	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 14” Corporate Bonds Privately Issued	January 28, 2022
9	Announcement on the Resolutions of the 9th Meeting of the 10th Session of the Supervisory Committee	January 29, 2022
10	Announcement on the Interest Payment for Redemption and Delisting of the “19 GF 01” Corporate Bonds Privately Issued	February 8, 2022
11	Announcement on Reminder Notice of the 2022 First Extraordinary General Meeting	February 8, 2022
12	Announcement on the Resolutions of the 2022 First Extraordinary General Meeting	February 11, 2022
13	Announcement on the Resolutions of the 21st Meeting of the 10th Session of the Board of Directors	February 11, 2022
14	Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year	February 11, 2022
15	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 01” Corporate Bonds Privately Issued	February 12, 2022
16	Announcement on the Results of Issuance of Short-term Financing Bills (First Tranche) by the Company in 2022	February 15, 2022
17	Announcement on Increasing the Registered Capital of GF Qianhe to RMB7.1035 Billion	February 16, 2022
18	Announcement on the Interest Payment for Redemption and Delisting of the “19 GF 02” Corporate Bonds Privately Issued	February 22, 2022
19	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 02” Corporate Bonds Privately Issued	February 24, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
20	Announcement on the Interest Payment in 2022 for Redemption and Delisting of the Corporate Bonds (First Tranche) (Type I) Publicly Issued by GF Securities Co., Ltd. to Qualified Investors in 2019	February 25, 2022
21	Announcement on Resolutions of the 22nd Meeting of the 10th Session of the Board of Directors	March 12, 2022
22	Announcement on the Related (Connected) Transaction in Relation to Joint Investment of GF Xinde Investment Management Co., Ltd., GF Qianhe Investment Co., Ltd. and Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd.	March 12, 2022
23	Announcement on the Results of Issuance of Short-term Financing Bills (Second Tranche) by the Company in 2022	March 16, 2022
24	Announcement on the Interest Payment for Redemption and Delisting of the “19 GF 05” Corporate Bonds Privately Issued	March 16, 2022
25	Announcement on the Resolutions of the 10th Meeting of the 10th Session of the Supervisory Committee	March 23, 2022
26	Announcement in Relation to 2021 Annual Results Presentation	March 24, 2022
27	Announcement on the Results of Issuance of Short-term Financing Bills (Third Tranche) by the Company in 2022	March 26, 2022
28	Announcement on Resolutions of the Board of Directors	March 31, 2022
29	Announcement on Resolutions of the Supervisory Committee	March 31, 2022
30	Summary of the 2021 Annual Report	March 31, 2022
31	Announcement on the Proposed Re-appointment of Accounting Firm	March 31, 2022
32	Announcement on the Estimates of Daily Related (Connected) Transactions of the Company for 2022	March 31, 2022
33	Announcement on Providing Loans to Wholly-owned Subsidiaries GF Futures Co., Ltd., GF Xinde Investment Management Co., Ltd., GF Securities Asset Management (Guangdong) Co., Ltd. and GF Holdings (Hong Kong) Corporation Limited	March 31, 2022
34	Announcement on the Plan for the Repurchase of A Shares by Way of Centralised Price Bidding	March 31, 2022
35	Announcement on the Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders Without Selling Restrictions with Respect to Share Repurchase	April 2, 2022
36	Report on the Repurchase of A Shares by Way of Centralised Price Bidding	April 2, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
37	Announcement on the Results of Issuance of Short-term Financing Bills (Fourth Tranche) by the Company in 2022	April 19, 2022
38	Announcement on the Progress of the Related (Connected) Transaction in Relation to Joint Investment of GF Xinde Investment Management Co., Ltd., GF Qianhe Investment Co., Ltd. and Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd.	April 22, 2022
39	Notice of the 2021 Annual General Meeting	April 27, 2022
40	Announcement on the Results of Issuance of Short-term Financing Bills (Fifth and sixth Tranches) by the Company in 2022	April 30, 2022
41	Announcement on Resolutions of the Board of Directors	April 30, 2022
42	2022 First Quarterly Report	April 30, 2022
43	Announcement on Resolutions of the Supervisory Committee	April 30, 2022
44	Announcement on the First Repurchase of the Company's A Shares and the Progress of the Repurchase	May 6, 2022
45	Announcement on the Implementation Results of A Share Repurchase and Share Changes	May 13, 2022
46	Announcement on Reminder Notice of the 2021 Annual General Meeting	May 18, 2022
47	Announcement on the Results of Issuance of Short-term Financing Bills (Seventh Tranche) by the Company in 2022	May 20, 2022
48	Announcement on the Resolutions of the 2021 Annual General Meeting	May 21, 2022
49	Announcement on the Interest Payment for Redemption and Delisting of the "19 GF 06" Corporate Bonds Privately Issued	May 25, 2022
50	Announcement on the Interest Payment in 2022 for the Corporate Bonds (First Tranche) Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021	June 6, 2022
51	Announcement on the Interest Payment by GF Securities Co., Ltd. for the "13 GF 03" Corporate Bonds in 2022	June 15, 2022
52	Announcement on the Registration Approval of Public Issuance of Perpetual Subordinated Bonds to Professional Investors by China Securities Regulatory Commission	June 21, 2022
53	Announcement on the Public Issuance of Perpetual Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	June 24, 2022
54	Announcement on the Registration Approval of Public Issuance of Short-term Corporate Bonds to Professional Investors by China Securities Regulatory Commission	June 28, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
55	Announcement on Extension of Book-building Period for Public Issuance of Perpetual Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	June 28, 2022
56	Announcement on the Coupon Rate for Public Issuance of Perpetual Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	June 29, 2022
57	Announcement on the Results of Public Issuance of Perpetual Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 1, 2022
58	Announcement on the Registration Approval of Public Issuance of Corporate Bonds to Professional Investors by China Securities Regulatory Commission	July 5, 2022
59	Announcement on the Implementation of A Share Profit Distribution for 2021	July 7, 2022
60	Announcement on the Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 11, 2022
61	Announcement on Jilin Aodong Pharmaceutical Group Co., Ltd. Increasing its Shareholding by More than 1%	July 12, 2022
62	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 13, 2022
63	Announcement on the Coupon Rate for Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 14, 2022
64	Announcement on the Results of Public Issuance of Corporate Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 18, 2022
65	Announcement on the Interest Payment in 2022 for Public Issuance of Corporate Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2021	July 21, 2022
66	Announcement on the Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 21, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
67	Announcement on the Interest Payment for Redemption of Financial Bonds (First Tranche) by GF Securities Co., Ltd. in 2019	July 26, 2022
68	Announcement on Extension of Book-building Period for Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 25, 2022
69	Announcement on the Coupon Rate for Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 26, 2022
70	Announcement on the Results of Public Issuance of Perpetual Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 28, 2022
71	Announcement on the Public Issuance of Corporate Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	July 29, 2022
72	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 2, 2022
73	Announcement on the Coupon Rate for Public Issuance of Corporate Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 3, 2022
74	Announcement on the Results of Public Issuance of Corporate Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 5, 2022
75	Announcement on New Borrowings Accumulated in the Year Exceeding 20% of Net Assets at the End of the Previous Year	August 5, 2022
76	Announcement on the Public Issuance of Perpetual Subordinated Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 5, 2022
77	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 9, 2022
78	Announcement on the Coupon Rate for Public Issuance of Perpetual Subordinated Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 10, 2022
79	Announcement on the Public Issuance of Corporate Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 10, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
80	Announcement on the Interest Payment in 2022 for Public Issuance of Corporate Bonds (Third Tranche) (Type II) by GF Securities Co., Ltd. to Professional Investors in 2021	August 11, 2022
81	Announcement on the Results of Public Issuance of Perpetual Subordinated Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 12, 2022
82	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 12, 2022
83	Announcement on the Coupon Rate for Public Issuance of Corporate Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 15, 2022
84	Announcement on the Results of Public Issuance of Corporate Bonds (Third Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 17, 2022
85	Announcement on the Public Issuance of Corporate Bonds (Fourth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 23, 2022
86	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (Fourth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 25, 2022
87	Announcement on the Resignation of Mr. Cheng Huaiyuan, a Supervisor	August 26, 2022
88	Announcement on the Results of Election of Employee Representative Supervisor	August 26, 2022
89	Announcement on the Coupon Rate for Public Issuance of Corporate Bonds (Fourth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 26, 2022
90	Announcement on the Results of Public Issuance of Corporate Bonds (Fourth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	August 30, 2022
91	Announcement on Resolutions of the Board of Directors in the Interim Report	August 31, 2022
92	Summary of the Interim Report for 2022	August 31, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
93	Announcement on Resolutions of the Supervisory Committee in the Interim Report	August 31, 2022
94	Announcement on the Interest Payment in 2022 for Public Issuance of Corporate Bonds (Third Tranche) (Type I) by GF Securities Co., Ltd. to Professional Investors in 2021	September 5, 2022
95	Announcement on New Borrowings Accumulated in the Year Exceeding 40% of Net Assets at the End of the Previous Year	September 7, 2022
96	Announcement on the Results of Issuance of Short-term Financing Bills (Eighth Tranche) by the Company in 2022	September 9, 2022
97	Announcement on the Interest Payment in 2022 for Public Issuance of Corporate Bonds (Fourth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2021	September 14, 2022
98	Announcement on the Public Issuance of Corporate Bonds (Fifth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	September 14, 2022
99	Announcement on Extension of Book-building Period for Public Issuance of Corporate Bonds (Fifth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	September 15, 2022
100	Announcement on the Coupon Rate for Public Issuance of Corporate Bonds (Fifth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	September 16, 2022
101	Announcement on the Results of Public Issuance of Corporate Bonds (Fifth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	September 20, 2022
102	Announcement on the Registration Approval of Public Issuance of Subordinated Bonds to Professional Investors by China Securities Regulatory Commission	September 21, 2022
103	Announcement on the Public Issuance of Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	October 12, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
104	Announcement on Extension of Book-building Period for Public Issuance of Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	October 13, 2022
105	Announcement on the Coupon Rate for Public Issuance of Subordinated Bonds (First Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	October 13, 2022
106	Announcement on the Interest Payment in 2022 for Public Issuance of Corporate Bonds (Fifth Tranche) (Type I) by GF Securities Co., Ltd. to Professional Investors in 2021	October 13, 2022
107	Announcement on the Results of Issuance of Short-term Financing Bills (Ninth Tranche) by the Company in 2022	October 18, 2022
108	Announcement on the Results of Issuance of Short-term Financing Bills (Tenth Tranche) by the Company in 2022	October 25, 2022
109	Announcement on the Interest Payment for Public Issuance of Corporate Bonds (Sixth Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	October 27, 2022
110	Announcement of GF Securities Co., Ltd. on Supporting the Real Economy and Promoting High-quality Development	October 28, 2022
111	Announcement on Resolutions of the Board of Directors	October 29, 2022
112	2022 Third Quarterly Report	October 29, 2022
113	Announcement on Resolutions of the Supervisory Committee	October 29, 2022
114	Announcement on the Results of Issuance of Short-term Financing Bills (Eleventh Tranche) by the Company in 2022	November 9, 2022
115	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 08” Corporate Bonds Privately Issued	November 10, 2022
116	Announcement on Extension of Book-building Period for Public Issuance of Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	November 10, 2022
117	Announcement on the Coupon Rate for Public Issuance of Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	November 10, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
118	Announcement on the Results of Public Issuance of Subordinated Bonds (Second Tranche) by GF Securities Co., Ltd. to Professional Investors in 2022	November 14, 2022
119	Announcement of GF Securities Co., Ltd. on the Interest Payment in 2022 for the Public Issuance of Corporate Bonds (Seventh Tranche) to Professional Investors in 2021	November 15, 2022
120	Announcement on the Registration Approval of Public Issuance of Perpetual Subordinated Bonds to Professional Investors by China Securities Regulatory Commission	November 23, 2022
121	Announcement on Obtaining the Regulatory Opinions from the China Securities Regulatory Commission for Application for Implementation of the Pilot Business of Optimizing Account Management Functions	November 24, 2022
122	Announcement on the Results of Issuance of Short-term Financing Bills (Twelfth Tranche) by the Company in 2022	November 25, 2022
123	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 11” Corporate Bonds Privately Issued	December 2, 2022
124	Announcement on New Borrowings Accumulated in the Year Exceeding 40% of Net Assets at the End of the Previous Year	December 7, 2022
125	Announcement on the Results of Issuance of Short-term Financing Bills (Thirteenth Tranche) by the Company in 2022	December 7, 2022
126	Announcement on the Results of Issuance of Short-term Financing Bills (Fourteenth Tranche) by the Company in 2022	December 16, 2022
127	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 22” Corporate Bonds Privately Issued	December 17, 2022
128	Announcement on Jilin Aodong Pharmaceutical Group Co., Ltd. Increasing its Shareholding by More than 1%	December 20, 2022
129	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 24” Corporate Bonds Privately Issued	December 28, 2022





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):

No.	Matters of Announcement	Date of Publication
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2021	January 4, 2022
2	Notification Letter and Change Request Form to Non-registered Shareholders	January 10, 2022
3	Notification Letter and Request Form to Registered Holders	January 10, 2022
4	Proxy Form for the 2022 First Extraordinary General Meeting	January 10, 2022
5	Notice of the 2022 First Extraordinary General Meeting	January 10, 2022
6	(1) Election of Mr. Ge Changwei as an Executive Director of the Company and (2) Notice of the 2022 First Extraordinary General Meeting	January 10, 2022
7	Announcement – Proposed Appointment of Executive Director and Appointment of Employee Representative Supervisor	January 10, 2022
8	Election of the Chairman of the Supervisory Committee	January 28, 2022
9	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2022	February 7, 2022
10	List of Director and Their Roles and Functions	February 10, 2022
11	Announcement on Poll Results of the 2022 First Extraordinary General Meeting and Appointment of Director and Vice Chairman	February 10, 2022
12	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2022	March 1, 2022
13	Connected Transaction – Formation of Partnership Fund	March 11, 2022
14	Date of Board Meeting	March 15, 2022
15	Announcement in relation to 2021 Annual Results Presentation	March 23, 2022
16	2021 Annual Results Announcement	March 30, 2022
17	2021 Corporate Social Responsibility Report	March 30, 2022
18	Final Dividend for the Year Ended 31 December 2021	March 31, 2022



SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
19	Announcement on the Plan for the Repurchase of A Shares by way of Centralised Price Bidding	March 31, 2022
20	Proposed Amendments to the Articles of Association	March 31, 2022
21	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2022	April 1, 2022
22	Date of Board Meeting	April 13, 2022
23	Connected Transaction - Update on Formation of Partnership Fund	April 21, 2022
24	Notification Letter and Request Form to Non-registered Shareholders	April 26, 2022
25	Notification Letter and Request Form to Registered Holders	April 26, 2022
26	Proxy Form for the 2021 Annual General Meeting	April 26, 2022
27	Notice of AGM	April 26, 2022
28	2021 Annual Report	April 26, 2022
29	2021 AGM Circular	April 26, 2022
30	Final Dividend for the Year Ended 31 December 2021 (Updated)	April 26, 2022
31	2022 First Quarterly Report	April 29, 2022
32	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2022	May 5, 2022
33	Next Day Disclosure Return	May 6, 2022
34	Next Day Disclosure Return	May 6, 2022
35	Next Day Disclosure Return	May 9, 2022
36	Next Day Disclosure Return	May 10, 2022
37	Next Day Disclosure Return	May 11, 2022
38	Results of the Repurchase of A Shares	May 12, 2022
39	Articles of Association	May 20, 2022
40	Final Dividend for the Year Ended 31 December 2021 (Updated)	May 20, 2022

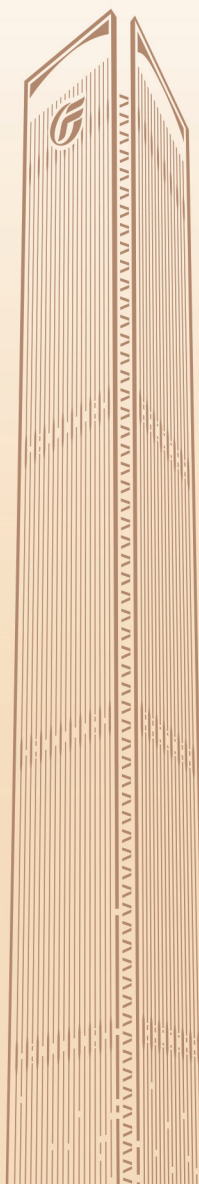


SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
41	Poll Results of the 2021 Annual General Meeting, Final Dividend for the Year Ended December 31, 2021 and Amendments to the Articles of Association	May 20, 2022
42	Final Dividend for the Year Ended 31 December 2021 (Updated)	May 23, 2022
43	Change of Book Closure Period of H Shares	May 23, 2022
44	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2022	June 1, 2022
45	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2022	July 4, 2022
46	Documents on Display – 2021 Annual Corporate Report	July 11, 2022
47	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 July 2022	August 1, 2022
48	Date of Board Meetings	August 15, 2022
49	Resignation of Supervisor and Election of New Supervisor	August 25, 2022
50	Announcement on Resolutions of the 25th Meeting of the 10th Session of the Board of Directors of GF Securities Co., Ltd.	August 30, 2022
51	Interim Results Announcement for the Six Months Ended June 30, 2022	August 30, 2022
52	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 August 2022	September 1, 2022
53	Notification Letter and Request Form to Non-registered Shareholders	September 8, 2022
54	Notification Letter and Request Form to Registered Holders	September 8, 2022
55	2022 Interim Report	September 8, 2022
56	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 September 2022	October 9, 2022
57	Date of Board Meeting	October 13, 2022
58	2022 Third Quarterly Report	October 28, 2022
59	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 October 2022	November 1, 2022
60	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2022	December 1, 2022



SECTION 9 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS





CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

I. CHANGES IN SHAREHOLDINGS

1. Changes in shareholdings

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

Set out below is the share capital of the Company:

Unit: Share

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

2. Changes in shares with selling restrictions

N/A

II. SECURITIES ISSUANCE AND LISTING

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

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

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

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

As at the end of 2022, the Group's gearing ratio was 73.98%. As at the end of 2021, the Group's gearing ratio was 72.92%.

3. Existing employees' shares

N/A



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

III. SHAREHOLDERS AND DE FACTO CONTROLLERS

1. Number of shareholders and their shareholdings in the Company

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period	207,970 (of which, 206,471 were holders of A Shares, 1,499 were registered holders of H Shares)	Total number of ordinary shareholders at the end of the last month before the date of disclosure of the annual report	221,511 (of which, 220,019 were holders of A Shares, 1,492 were registered holders of H Shares)	Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period	Nil	Total number of preferred shareholders whose voting rights were resumed at the end of the last month before the date of disclosure of the annual report	Nil
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Shareholdings of shareholders who hold more than 5% of the shares or shareholdings of the top ten shareholders

Name of shareholder	Capacity of shareholder	Percentage of shareholding	Number of	Increase or	Number of	Number of	Pledged, marked or frozen	
			shares held as at	decrease	shares held	shares held		
			the end of the Reporting Period	during the Reporting Period	with selling restrictions	without selling restrictions		
							Status of shares	Number of shares
HKSCC Nominees Limited	Overseas legal entity	22.31%	1,700,152,250	-1,400	0	1,700,152,250	-	-
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	0	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	-	-
Hong Kong Securities Clearing Company Limited	Overseas legal entity	1.29%	98,544,299	16,167,970	0	98,544,299	-	-
China Construction Bank Corporation - Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.80%	60,659,613	8,892,200	0	60,659,613	-	-
National Social Security Fund No. 118 Portfolio	Fund, wealth management products, etc.	0.72%	54,901,066	-	0	54,901,066	-	-
China Construction Bank Corporation - Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.60%	45,414,534	12,266,874	0	45,414,534	-	-
National Social Security Fund No. 111 Portfolio	Fund, wealth management products, etc.	0.28%	21,360,237	-9,617,881	0	21,360,237	-	-



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of shares held without selling restrictions as at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
HKSCC Nominees Limited	1,700,152,250	Overseas listed foreign shares	1,700,152,250
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 share	1,250,154,088
Zhongshan Public Utilities Group Co., Ltd.	686,754,216	RMB-denominated ordinary share	686,754,216
China Securities Finance Corporation Limited	227,870,638	RMB-denominated ordinary share	227,870,638
Hong Kong Securities Clearing Company Limited	98,544,299	RMB-denominated ordinary share	98,544,299
China Construction Bank Corporation - Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	60,659,613	RMB-denominated ordinary share	60,659,613
National Social Security Fund No. 118 Portfolio	54,901,066	RMB-denominated ordinary share	54,901,066
China Construction Bank Corporation - Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	45,414,534	RMB-denominated ordinary share	45,414,534
National Social Security Fund No. 111 Portfolio	21,360,237	RMB-denominated ordinary share	21,360,237



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



- Note 1: Among the holders of H Shares of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited;
- Note 2: In the table above, shares held by HKSCC Nominees Limited are overseas listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares);
- Note 3: According to the information provided by Jilin Aodong Pharmaceutical Group Co., Ltd. (hereinafter referred to as “Jilin Aodong”), Liaoning Cheng Da Co., Ltd. (hereinafter referred to as “Liaoning Cheng Da”) and Zhongshan Public Utilities Group Co., Ltd. (hereinafter referred to as “Zhongshan Public Utilities”), as of December 31, 2022, Jilin Aodong held 212,924,000 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 249,792,800 H Shares, representing 3.28% of the total share capital of the Company; Liaoning Cheng Da held 115,300,000 H Shares of the Company and held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), which is a wholly-owned subsidiary of Liaoning Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司) (a wholly-owned subsidiary of Liaoning Cheng Da), a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company; Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. As of December 31, 2022, the percentages of A Shares and H Shares of the Company held by Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties, and Zhongshan Public Utilities and its concert parties in the total share capital of the Company were 19.71%, 17.94% and 10.34%, respectively;
- Note 4: According to the public information disclosed on the HKEXnews website of the Hong Kong Stock Exchange, as of December 31, 2022, other than those as set out in Note 3, shareholders holding 5% or more of the H Shares of the Company are as follows: on January 31, 2020, the labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 long-position H Shares of the Company, representing 16.01% of the H Share capital of the Company. The above shares are held by HKSCC Nominees Limited on their behalf;
- Note 5: At the end of the Reporting Period, no shares of the Company were held by the holders of A Shares as mentioned above through credit-based securities accounts;
- Note 6: At the end of the Reporting Period, no holders of A Shares as mentioned above conducted Securities Transactions with Repurchase Agreement.



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

2. Shareholdings of top 5 shareholders who hold more than 10% (including 10%) shares

Name of shareholder	Legal representative	General manager	Date of establishment	Code of organization	Registered capital (RMB)	Principal business
Jilin Aodong	Li Xiulin	Guo Shuqin	March 20, 1993	United social credit code: 91222400243805786K	1,163,047,024	Planting and breeding, business (except for special projects controlled by the State and franchise); machinery repair, warehousing; import of raw and auxiliary materials, mechanical equipment, instruments, spare parts (except for the 12 imported items which are operated by the specified companies approved by the State) required for the production of the enterprise and by scientific research; pharmaceutical industry, pharmaceutical business, pharmaceutical research and development; vehicle rental service; self-owned real estate operating activities. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)
Liaoning Cheng Da	Shang Shuzhi	Ge Yu	September 2, 1993	United social credit code: 91210000117590366A	1,529,709,816	Engaging in and acting as an agent for import and export of goods and technology (except for those restricted by the State, and operation related to restricted items may only commence after obtaining licenses), engaging in the processing of imported materials and the "Three Forms of Processing/Assembly Operations and Compensatory Trade", conducting counter trade and entrepot trade, contracting overseas projects and international bidding projects within China for the industry, exporting equipment and materials required for the above overseas projects; dispatching abroad any laborers in engineering, manufacturing and service sectors of the industry, acquiring subsidiary agricultural products (except for foods), chain operation of fertilizers, planting of Chinese herbs, leasing of houses, warehousing services, coal wholesale business. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)
Zhongshan Public Utilities	Guo Jingyi	Huang Zhuwen	December 26, 1992	United social credit code: 914420001935372689	1,475,111,351	Investment and management of public utilities, market operation and management, investments and investment planning, consultancy and management, etc. (Projects required to be approved by law shall be operated only after the approval is granted by relevant authorities)



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

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

As of December 31, 2022, as far as the Directors of the Company are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company) held interests or short positions in the shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under section 336 of the SFO:

No.	Name of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share)	Long position (Note 1)/ short position (Note 2)	Percentage of	Percentage of
						total issued shares of the Company (%) (Note 8)	total issued 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	Beneficial owner and interest in a controlled corporation	249,692,800 (Note 3)	Long position	3.28	14.67
2	Liaoning Cheng Da	A Shares	Beneficial owner	1,250,154,088	Long position	16.40	21.12
		H Shares	Beneficial owner and interest in a controlled corporation	116,773,600 (Note 4)	Long position	1.53	6.86
3	Zhongshan 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



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 212,924,000 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), a total of 249,792,800 H Shares, representing 3.28% 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. As of September 30, 2022, Zhongshan Zhonghui Investment Group Company Limited held 47.99% 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. The name of Zhongshan Zhonghui Investment Group Company Limited was changed into “Zhongshan Investment Holdings Group Company Limited (中山投資控股集團有限公司)” in November 2022.
- Note 6: The labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 H Shares of the Company, representing 16.01% of the H Share capital of the Company.
- Note 7: Under Part XV of the SFO, forms for disclosure of interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of Shareholders’ shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be differences between substantial Shareholders’ latest shareholdings in the Company and the shareholding information as reported to the Hong Kong Stock Exchange.
- Note 8: The relevant percentages are calculated based on 1,701,796,200 H Shares and/or 5,919,291,464 A Shares of the Company in issue as of December 31, 2022.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as at December 31, 2022 required to be recorded in the register pursuant to section 336 of the SFO.

CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



4. Controlling Shareholders of the Company

There was no controlling shareholder in the Company.

5. De facto Controllers and their Concert Parties of the Company

There was no de facto controller in the Company.

6. The Company's Controlling Shareholder or the Largest Shareholder and its Concert Parties whose Cumulative Pledged Shares Account for 80% of the Company's Shares Held by them

N/A

7. Legal Entity Shareholders who Hold More Than 10% of the Shares of the Company

N/A

8. Restrictions to Reduction in Shareholdings to Controlling Shareholders, De facto Controllers, Re-organization Parties and Other Commitment Bodies

N/A



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

9. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As of December 31, 2022, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange. As of December 31, 2022, none of the Company, its holding company, any of subsidiaries or fellow subsidiaries was a party to any arrangements during the year to enable the Directors of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

IV. SUFFICIENT PUBLIC FLOAT

According to the information which is publicly available to the Company and to the best of the knowledge of the Directors as at the latest practicable date (March 30, 2022) prior to the publication of this annual report, the Company has always maintained the public float as required under the Hong Kong Listing Rules.

V. IMPLEMENTATION OF THE SHARE REPURCHASE DURING THE REPORTING PERIOD

1. Progress on the Implementation of the Share Repurchase

The Resolution on the Company's Proposed Repurchase of A Shares by Way of Centralised Price Bidding (《關於公司擬以集中競價方式回購A股股份的議案》) was considered and approved at the 23rd meeting of the 10th session of the Board of Directors of the Company held on March 30, 2022, pursuant to which the Company shall repurchase A Shares of the Company by way of centralised price bidding as a source of shares under the A Share Restricted Share Incentive Scheme with the repurchase price not exceeding RMB26.65 per share. The total amount of funds to be used for the repurchase shall range from approximately RMB203 million to RMB406 million, and the source of funds shall be the Company's own funds. The implementation period for the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors of the Company.

The time period for the actual repurchase of A Shares by the Company was from May 5, 2022 to May 11, 2022. An aggregate of 15,242,153 A Shares of the Company was repurchased through the securities account designated for share repurchase by way of centralised price bidding, accounting for approximately 0.2% of the total share capital of the Company, with the highest and the lowest traded prices being RMB16.00 per share and RMB15.03 per share, respectively. The total transaction amount (excluding transaction fees) was RMB233,590,340.24. As of May 11, 2022, the plan for the repurchase of A Shares by the Company has been completed.



CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

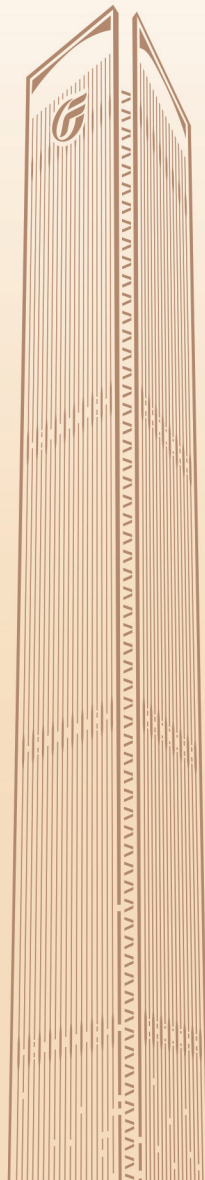
The total number of A Shares repurchased by the Company is 15,242,153 shares, all of which are deposited in the securities account designated for share repurchase of the Company. According to the share repurchase plan, the repurchased shares will be used for the A Share restricted share incentive scheme. If the repurchased shares fail to be used for the above purpose within three years from the date of the announcement on results of the repurchase and changes in shares, the unused repurchased shares will be canceled in accordance with the relevant laws and regulations.

During the period when the repurchased shares are deposited in the securities account designated for share repurchase of the Company, they are not entitled to rights such as voting rights at general meetings, profit distribution, capitalisation of reserve, subscription of new shares, and allotment and pledge of shares. Subsequently, the Company will utilise the repurchased shares for such purpose as disclosed and fulfill its decision-making procedures and information disclosure obligation in accordance with regulations.

2. Progress on the Implementation of Reduction in the Holding of Repurchased Shares by Way of Centralised Price Bidding

N/A

SECTION 10 PREFERENCE SHARES



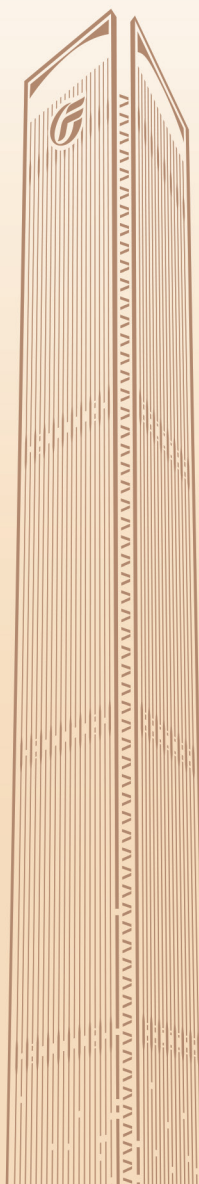


PREFERENCE SHARES

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



SECTION 11 BONDS





BONDS

I. ENTERPRISE BONDS

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

II. CORPORATE BONDS

(I) Basic Information of Corporate Bond

1. Public issuance of corporate bonds in 2013

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds of GF Securities Co., Ltd. in 2013 (Type III)	13 GF 03	112183	2013-06-17	2013-06-17	2023-06-17	9,000,000,000	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 simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

3. Non-public issuance of subordinated bonds in 2020

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of		Coupon rate	Debt service	Trading place
						Bond				
						(RMB)				
Subordinated Bonds of Securities Firms of GF Securities Co., Ltd. in 2020 (First Tranche) (Type II)	20 GF C2	115106	2020-03-02	2020-03-03	2025-03-03	2,500,000,000		3.80%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Suitability arrangement of investors (if any)	Target investors are eligible institutional investors who hold an eligible A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).									
Applicable trading system	Listed and transferred on the integrated agreement trading platform of SZSE, and offered to professional institutional investors.									
Any risk of suspension of trading in the shares of the listed company and the response	N/A									



BONDS

4. Public Issuance of Corporate Bonds in 2021

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	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	4,500,000,000	3.40%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (First Tranche) (Type II)	21 GF 04	149500	2021-06-07	2021-06-08	2026-06-08	1,000,000,000	3.68%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type I)	21 GF 05	149562	2021-07-22	2021-07-23	2024-07-23	3,000,000,000	3.13%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Second Tranche) (Type II)	21 GF 06	149563	2021-07-22	2021-07-23	2026-07-23	4,500,000,000	3.45%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
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	1,500,000,000	3.77%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE



BONDS

SECTION 11 BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Third Tranche) (Type II)	21 GF 09	149594	2021-08-12	2021-08-13	2023-08-13	3,400,000,000	2.90%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type I)	21 GF 10	149633	2021-09-15	2021-09-16	2024-09-16	3,000,000,000	3.10%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type II)	21 GF 11	149634	2021-09-15	2021-09-16	2026-09-16	2,000,000,000	3.50%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fourth Tranche) (Type III)	21 GF 12	149635	2021-09-15	2021-09-16	2031-09-16	2,000,000,000	3.90%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Fifth Tranche) (Type I)	21 GF 13	149658	2021-10-14	2021-10-15	2024-10-15	3,000,000,000	3.30%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE





BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Sixth Tranche) (Type I)	21 GF 16	149650	2021-10-28	2021-10-29	2023-10-29	4,200,000,000	3.10%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Sixth Tranche) (Type II)	21 GF 17	149687	2021-10-28	2021-10-29	2024-10-29	4,800,000,000	3.30%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type I)	21 GF 19	149702	2021-11-16	2021-11-17	2024-11-17	4,000,000,000	3.15%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type II)	21 GF 20	149703	2021-11-16	2021-11-17	2026-11-17	3,500,000,000	3.50%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE



BONDS

SECTION 11 BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2021 (Seventh Tranche) (Type III)	21 GF 21	149704	2021-11-16	2021-11-17	2031-11-17	1,000,000,000	3.85%	Bonds use simple interest to accrue interest on an annual basis without compound interest. Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional investors who comply with the Management Measures on Corporate Bond Issuance and Trading and open an eligible securities account with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

BONDS



5. Non-public Issuance of Corporate Bonds in 2021

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2021 (Fourth Tranche) (Type II)	21 GF 25	133143	2021-11-30	2021-12-01	2023-05-25	800,000,000	3.05%	The principal shall be fully repaid upon maturity, while the interest shall be paid with the settlement of principal.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and transferred on the integrated agreement trading platform of SZSE and traded for professional institutional investors.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

6. Non-public Issuance of Perpetual Subordinated Bonds in 2021

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Non-public Issuance of Perpetual Subordinated Bonds by GF Securities Co., Ltd. in 2021 (First Tranche)	21 GF Y1	115125	2021-09-03	2021-09-06	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	1,000,000,000	3.95%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and transferred on the integrated agreement trading platform of SZSE and traded for professional institutional investors.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

7. Public Issuance of Corporate Bonds in 2022

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type I)	22 GF 01	149989	2022-07-14	2022-07-15	2025-07-15	3,400,000,000	2.85%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type II)	22 GF 02	149990	2022-07-14	2022-07-15	2027-07-15	2,000,000,000	3.24%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type III)	22 GF 03	149991	2022-07-14	2022-07-15	2032-07-15	600,000,000	3.70%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type I)	22 GF 04	148009	2022-08-03	2022-08-04	2025-08-04	2,500,000,000	2.59%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type II)	22 GF 05	148010	2022-08-03	2022-08-04	2027-08-04	3,000,000,000	3.03%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE



BONDS

SECTION 11 BONDS

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type III)	22 GF 06	148011	2022-08-03	2022-08-04	2032-08-04	1,500,000,000	3.59%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type I)	22 GF 07	148026	2022-08-15	2022-08-16	2025-08-16	800,000,000	2.68%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type II)	22 GF 08	148027	2022-08-15	2022-08-16	2027-08-16	2,500,000,000	3.12%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche) (Type III)	22 GF 09	148028	2022-08-15	2022-08-16	2032-08-16	1,200,000,000	3.60%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fourth Tranche)	22 GF 10	148041	2022-08-26	2022-08-29	2025-08-29	1,000,000,000	2.60%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE





BONDS

8. Public Issuance of Subordinated Bonds in 2022

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type I)	22 GF C1	148085	2022-10-14	2022-10-17	2025-10-17	3,000,000,000	2.85%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche) (Type II)	22 GF C2	148086	2022-10-14	2022-10-17	2027-10-17	500,000,000	3.20%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type I)	22 GF C3	148121	2022-11-11	2022-11-14	2025-11-14	2,000,000,000	2.86%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche) (Type II)	22 GF C4	148122	2022-11-11	2022-11-14	2027-11-14	500,000,000	3.20%	Interests shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



9. Public Issuance of Perpetual Subordinated Bonds in 2022

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (First Tranche)	22 GF Y1	149967	2022-06-29	2022-06-30	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	2,700,000,000	3.75%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Second Tranche)	22 GF Y2	148004	2022-07-26	2022-07-27	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	5,000,000,000	3.53%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Third Tranche)	22 GF Y3	148016	2022-08-10	2022-08-11	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	2,300,000,000	3.48%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

10. Public Issuance of Short-term Bonds in 2023

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche)	23 GF D1	148166	2023-01-11	2023-01-12	2024-01-12	3,000,000,000	2.79%	The principal and interest shall be fully repaid upon maturity.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

11. Non-public Issuance of Corporate Bonds in 2023

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (First Tranche)	23 GF 01	133424	2023-02-15	2023-02-16	2025-02-16	3,800,000,000	3.20%	Interest shall be paid annually while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.	SZSE
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Second Tranche) (Type I)	23 GF 02	133442	2023-03-10	2023-03-13	2025-03-13	500,000,000	3.23%		
Non-publicly Issued Corporate Bonds of GF Securities Co., Ltd. in 2023 (Second Tranche) (Type II)	23 GF 03	133443	2023-03-10	2023-03-13	2026-03-13	2,000,000,000	3.30%		
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



BONDS

12. Public Issuance of Perpetual Subordinated Bonds in 2023

Name of bond	Abbreviation of bond	Code of bond	Issue date	Value date	Maturity date	Balance of Bond (RMB)	Coupon rate	Debt service	Trading place
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche)	23 GF Y1	148192	2023-03-03	2023-03-06	The issuer has an option to redeem the bonds at principal amounts plus any accrued interest (including all deferred interest and its yield) on the fifth interest payment date or any interest payment date afterwards.	500,000,000	4.20%	Interest will be paid annually if the issuer does not exercise the right to defer interest payment.	SZSE
Suitability arrangement of investors (if any)	Target investors are professional institutional investors who hold an A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								

Outstanding Overdue Bonds

N/A

(II) Trigger and Performance of the Issuer or Investor Option Terms and Investor Protection Terms

N/A

BONDS



(III) Information on Intermediaries

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
Principal underwriters or trustee managers					
Public Issuance of Corporate Bonds in 2013	China Merchants Securities Co., Ltd.	China Merchants Securities Tower, No. 111 Fuhua 1st Road, Futian Subdistrict, Futian District, Shenzhen	—	Zhang Huanhuan, Wang Dawei	0755-83081287
Non-public Issuance of Corporate Bonds in 2020	China Merchants Securities Co., Ltd.	China Merchants Securities Tower, No. 111 Fuhua 1st Road, Futian Subdistrict, Futian District, Shenzhen	—	Xu Si, Zhou Jiawen	0755-83081492
Public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Corporate Bonds in 2020	Essence Securities Co., Ltd.	9/F, Essence Financial Building, No. 119 Fuhua 1st Road, Futian Subdistrict, Futian District, Shenzhen	—	Xu Yingjie	0755-81682808
Non-public Issuance of Subordinated Bonds in 2020					
Non-public Issuance of Corporate Bonds in 2023					
Non-public Issuance of Perpetual Subordinated Bonds in 2021	Guosen Securities Co., Ltd.	29/F, Guosen Financial Building, No. 125 Fuhua 1st Road, Futian District, Shenzhen	—	Ke Fangyu	0755-81983098
Public Issuance of Corporate Bonds in 2022	Orient Securities Investment Banking Co., Ltd.	10/F, No. 318 Zhongshan South Road, Huangpu District, Shanghai	—	Song Yanwei, Wang Yibin, He Wanting, Zhang Zhixiao	021-23153888
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Public Issuance of Corporate Bonds in 2022	Ping An Securities Co., Ltd.	22-25/F, Tower B, Pingan Finance Tower, No. 5023 Yitian Road, Futian Subdistrict, Futian District, Shenzhen	—	Zhou Shunqiang, Guo Jinzhi, Gao Tong	0755-22101049
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Public Issuance of Corporate Bonds in 2022	Great Wall Securities Co., Ltd.	10-19/F, South Tower, Shenzhen Energy Mansion, No. 2026 Jintian Road, Futian Subdistrict, Futian District, Shenzhen	—	Jiang Tingyu, Hu Hairan, Jia Zhizhong	010-88366060
Public Issuance of Short-term Corporate Bonds in 2023					



BONDS

SECTION 11 BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
Accounting Offices					
Public Issuance of Corporate Bonds in 2013	Deloitte Touche Tohmatsu Certified Public Accountants LLP	No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province	Wang Mingjing, Chen Xiaoying, Hu Xiaojun	Zhou Hanlin	020-28311377
Non-public Issuance of Corporate Bonds in 2020	Deloitte Touche Tohmatsu Certified Public Accountants LLP	No. 28 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province	Hong Ruiming, Hu Xiaojun	Zhou Hanlin	020-28311377
Non-public Issuance of Corporate Bonds in 2020	Ernst & Young Hua Ming LLP	16th Floor, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing, China	Zhao Ya, He Yanyi	He Yanyi	020-28812888
Public Issuance of Corporate Bonds in 2021	Ernst & Young Hua Ming LLP	16th Floor, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing, China	Chang Hua, Zhao Ya, He Yanyi	He Yanyi	020-28812888
Non-public Issuance of Corporate Bonds in 2021			He Yanyi		
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Non-public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					
Law Offices					
Public Issuance of Corporate Bonds in 2013	Jurisino Law Group	Room 1, 2, 10, 11, 12, 6/F, Office Tower W2, The Towers, Oriental Plaza, No. 1 East Chang'an Avenue, Dongcheng District, Beijing	—	Jiao Yanlong	010-56162288



BONDS



SECTION 11 BONDS

Name of bond	Name of intermediary	Business address	Name of signing accountant	Contact person of intermediary	Contact number
Non-public Issuance of Corporate Bonds in 2020	Jia Yuan Law Offices	F408 Ocean Plaza, No. 158 Fuxingmennei Avenue, Xicheng District, Beijing	—	Su Dunyuan, Wang Hao	0755-82789766
Non-public Issuance of Subordinated Bonds in 2020					
Public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Non-public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					

Rating Agencies

Public Issuance of Corporate Bonds in 2013	China Cheng Xin International Credit Rating Co. Ltd.	Building 5, Galaxy SOHO, Chaoyangmennei Avenue, Dongcheng District, Beijing	—	Zhang Yuan, Zhu Tianchang	010-66428877-613、463
Non-public Issuance of Corporate Bonds in 2020					
Non-public Issuance of Subordinated Bonds in 2020					
Public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Corporate Bonds in 2021					
Non-public Issuance of Perpetual Subordinated Bonds in 2021					
Public Issuance of Corporate Bonds in 2022					
Public Issuance of Subordinated Bonds in 2022					
Public Issuance of Perpetual Subordinated Bonds in 2022					
Public Issuance of Short-term Corporate Bonds in 2023					
Non-public Issuance of Corporate Bonds in 2023					
Public Issuance of Perpetual Subordinated Bonds in 2023					

Whether there was any change in above intermediaries during the Reporting Period

No



BONDS

(IV) Use of Proceeds

						Unit: RMB
Name of bond	Total amount of proceeds	Amount of proceeds utilized	Amount of proceeds not utilized	Operation of special account for the proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus
13 GF 03	9,000,000,000	9,000,000,000	—	The Company designated a special account for the collection of the proceeds according to the requirements in the prospectus; as of the date of this report, the proceeds have been used according to the plan set forth in the prospectus.	There was no non-compliant use of proceeds.	Yes
20 GF 04	3,700,000,000	3,700,000,000	—			
21 GF 03	4,500,000,000	4,500,000,000	—			
21 GF 04	1,000,000,000	1,000,000,000	—			
21 GF 05	3,000,000,000	3,000,000,000	—			
21 GF 06	4,500,000,000	4,500,000,000	—			
21 GF 07	1,500,000,000	1,500,000,000	—			
21 GF 09	3,400,000,000	3,400,000,000	—			
21 GF 10	3,000,000,000	3,000,000,000	—			
21 GF 11	2,000,000,000	2,000,000,000	—			
21 GF 12	2,000,000,000	2,000,000,000	—			
21 GF 13	3,000,000,000	3,000,000,000	—			
21 GF 16	4,200,000,000	4,200,000,000	—			
21 GF 17	4,800,000,000	4,800,000,000	—			
21 GF 19	4,000,000,000	4,000,000,000	—			
21 GF 20	3,500,000,000	3,500,000,000	—			
21 GF 21	1,000,000,000	1,000,000,000	—			
21 GF 25	800,000,000	800,000,000	—			
22 GF 01	3,400,000,000	3,400,000,000	—			
22 GF 02	2,000,000,000	2,000,000,000	—			
22 GF 03	600,000,000	600,000,000	—			
22 GF 04	2,500,000,000	2,500,000,000	—			
22 GF 05	3,000,000,000	3,000,000,000	—			
22 GF 06	1,500,000,000	1,500,000,000	—			
22 GF 07	800,000,000	800,000,000	—			
22 GF 08	2,500,000,000	2,500,000,000	—			

BONDS



SECTION 11 BONDS

Name of bond	Total amount of proceeds	Amount of proceeds utilized	Amount of proceeds not utilized	Operation of special account for the proceeds (if any)	Rectification of non-compliant use of proceeds (if any)	Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus
22 GF 09	1,200,000,000	1,200,000,000	—			
22 GF 10	1,000,000,000	1,000,000,000	—			
22 GF 11	1,000,000,000	1,000,000,000	—			
22 GF 12	500,000,000	500,000,000	—			
23 GF 01	3,800,000,000	3,800,000,000	—			
23 GF 02	500,000,000	500,000,000	—			
23 GF 03	2,000,000,000	2,000,000,000	—			
23 GF D1	3,000,000,000	3,000,000,000	—			
20 GF C2	2,500,000,000	2,500,000,000	—			
22 GF C1	3,000,000,000	3,000,000,000	—			
22 GF C2	500,000,000	500,000,000	—			
22 GF C3	2,000,000,000	2,000,000,000	—			
22 GF C4	500,000,000	500,000,000	—			
21 GF Y1	1,000,000,000	1,000,000,000	—			
22 GF Y1	2,700,000,000	2,700,000,000	—			
22 GF Y2	5,000,000,000	5,000,000,000	—			
22 GF Y3	2,300,000,000	2,300,000,000	—			
23 GF Y1	500,000,000	500,000,000	—			

Use of proceeds for construction projects

N/A

Change by the Company of the use of proceeds from issuance of bonds as mentioned above during the Reporting Period

N/A



BONDS

(V) Adjustments to Credit Rating during the Reporting Period

In accordance with the Tracking and Rating Report on Non-public Issuance of Corporate Bonds by Guangfa Securities Co., Ltd. (2022) (Xin Ping Wei Han Zi [2022] Gen Zong No. 0195) issued by China Chengxin International Credit Rating Co., Ltd., the credit rating of “20 GF C1” and “20 GF C2” was raised from AA+ to AAA. The rating adjustment will not have any negative impact on the Company’s solvency, nor will it adversely affect the appropriateness management of bond investors, bond-pledged repurchase and listing method.

Except for “20 GF C1” and “20 GF C2”, during the Reporting Period, there was no adjustment in the credit rating of the bonds of the Company and its other subsidiaries.

(VI) Performance of and Changes in Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and the Effects on the Interests of Bond Investors

The above corporate bonds bear no warranties.

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

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

During the Reporting Period, the above corporate bonds’ credit enhancement mechanism, debt repayment plan and the other debt repayment supporting measures were not changed.

BONDS



III. OTHER OUTSTANDING DEBT FINANCING INSTRUMENTS OF THE COMPANY

As of the approval date of this annual report, the details of other outstanding debt financing instruments of the Company are as follows:

Name of debt financing instruments	Type	Code of debt financing instruments	Value date	Maturity date	Balance (RMB' 0,000)	Coupon rate
22 GF Securities CP006	Short-term financing bills	072210067	2022/4/28	2023/4/28	150,000	2.42%
22 GF Securities CP009	Short-term financing bills	072210169	2022/10/14	2023/4/14	300,000	1.88%
22 GF Securities CP010	Short-term financing bills	072210175	2022/10/21	2023/4/21	300,000	1.90%
22 GF Securities CP012	Short-term financing bills	072210187	2022/11/23	2023/5/23	300,000	2.46%
22 GF Securities CP013	Short-term financing bills	072210193	2022/12/5	2023/4/11	400,000	2.36%
22 GF Securities CP014	Short-term financing bills	072210212	2022/12/14	2023/7/4	300,000	2.65%
23 GF Securities CP001	Short-term financing bills	072310001	2023/1/9	2023/8/9	300,000	2.48%
23 GF Securities CP002	Short-term financing bills	072310023	2023/2/10	2023/9/8	300,000	2.58%
23 GF Securities CP003	Short-term financing bills	072310038	2023/2/23	2023/11/23	300,000	2.72%
23 GF Securities CP004	Short-term financing bills	072310045	2023/3/9	2024/3/8	300,000	2.81%
23 GF Securities CP005	Short-term financing bills	072310064	2023/3/20	2023/12/20	300,000	2.68%

IV. DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL BUSINESSES

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

V. CONVERTIBLE CORPORATE BONDS

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

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

N/A

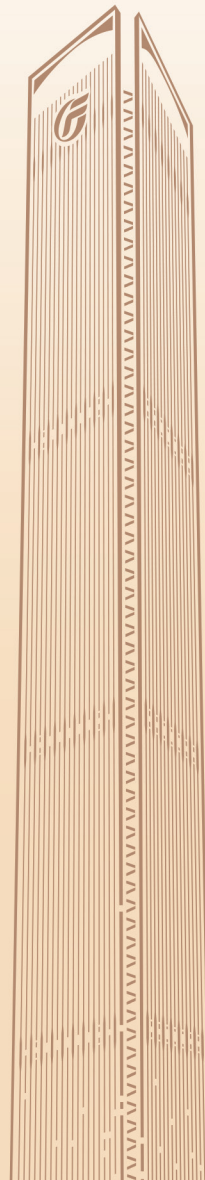
VII. INTEREST-BEARING DEBTS OTHER THAN BONDS OVERDUE AT THE END OF THE REPORTING PERIOD

N/A

VIII. WHETHER THERE WAS ANY NON-COMPLIANCE OF RULES AND REGULATIONS DURING THE REPORTING PERIOD

During the Reporting Period, the Company had no non-compliance of laws and regulations, the Articles of Association, the management system for information disclosure, as well as the breach of agreements or undertakings in the bond prospectus.

DOCUMENTS
AVAILABLE
FOR
INSPECTION

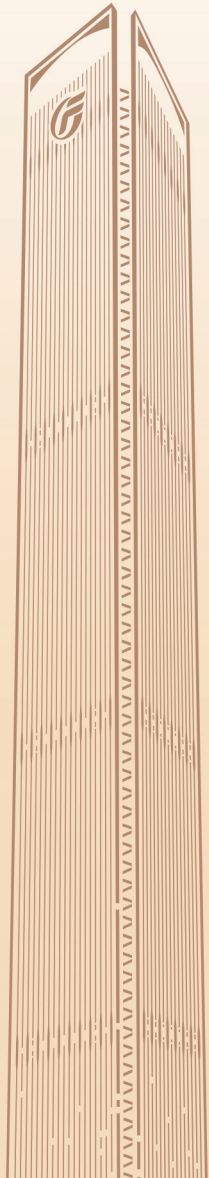


DOCUMENTS AVAILABLE FOR INSPECTION

- (1) Text of the annual financial report (H Share).
- (2) The original text of the auditor's report issued by Ernst & Young.
- (3) The original copies of all corporate documents and announcements publicly disclosed during the Reporting Period.
- (4) Annual reports published at other securities markets.



INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES





INDEPENDENT AUDITOR'S REPORT



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

To the Shareholders of GF Securities Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of GF Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 275 to 448, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT



KEY AUDIT MATTERS – *continued*

Key audit matters

How our audit addressed the key audit matter

Valuation of financial instruments

The Group has applied valuation techniques to determine the fair value of financial instruments that are not quoted in active markets. These valuation techniques, particularly those require significant unobservable inputs, usually involve subjective judgement and assumptions. With different valuation techniques and assumptions applied, the valuation results can vary significantly.

As at 31 December 2022, financial assets and financial liabilities measured at fair value amounted to RMB305.11 billion and RMB14.08 billion respectively, representing 49.4% and 2.9% of total assets and total liabilities respectively. Financial instruments which require significant unobservable inputs in estimating fair value, and hence are categorised within Level 3 of the fair value hierarchy, involve higher uncertainty in their valuation. As at 31 December 2022, 7.6% of financial assets and 43.4% of financial liabilities measured at fair value were categorised within Level 3. Due to the significance of financial instruments measured at fair value and the uncertainty in the valuation involving significant judgements for unlisted equity, private equity fund investments and over-the-counter derivatives, valuation of financial instruments is considered a key audit matter.

Relevant disclosures are included in notes 4 and 71 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key controls relating to the valuation of financial instruments.

We evaluated the valuation techniques, inputs and assumptions through comparison with the valuation techniques commonly used in the markets, assessment of observable inputs using external market data, and comparison with valuation outcomes obtained from various pricing sources.

For valuations which used significant unobservable inputs, such as unlisted equity investments, private equity fund investments and derivatives instruments, we involved our internal valuation specialists in assessing the models used, and re-performing independent valuations.

We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of fair value.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS – continued

Key audit matters

How our audit addressed the key audit matter

Impairment assessment of debt instruments at amortised cost, debt instruments at fair value through other comprehensive income, advances to customers, financial assets held under resale agreements and lease receivables

According to IFRS 9 *Financial instruments*, the Group adopts the “expected credit loss model” to measure the impairment of financial assets.

The financial instruments applicable to expected credit loss model mainly include the debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, advances to customers, financial assets held under resale agreements and lease receivables, which amounted to RMB246.31 billion as at 31 December 2022, representing 39.9% of total assets, and the aggregate impairment allowance for the above financial assets amounted to RMB2.43 billion. Since impairment assessment involves significant judgement and assumptions, and in view of the significance of the amount, the impairment assessment of the above financial instruments is considered a key audit matter.

Relevant disclosures are included in notes 4, 27, 28, 30, 32(ii), 33, and 35 to the consolidated financial statements.

We evaluated and tested the effectiveness of the design and implementation of the key internal controls relating to the investment approval process, post approval management, credit rating, collateral monitoring and financial instrument impairment assessment, including the testing of relevant data quality and information systems.

We involved our internal specialists in assessing the model used, parameters and assumptions, which include staging, possibility of default, loss given default and exposure at default, and assessed the reasonableness of key management judgements involved.

We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of the expected credit impairment losses.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS – *continued*

Key audit matters

How our audit addressed the key audit matter

Consolidation assessment of structured entities

The Group has interests in various structured entities, such as wealth management products, funds and trust plans, in conducting financial investment and asset management. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control taking into consideration power arising from rights, variable returns, and the link between power and returns.

The assessment of the Group's control over structured entities involves significant judgement on factors such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, and the performance fee and remuneration. Due to the significance of the unconsolidated structured entities and the complexity of judgement exercised by management, consolidation or non-consolidation of structured entities is considered a key audit matter.

Relevant disclosures are included in notes 4 and 26 to the consolidated financial statements.

We evaluated and tested the design and operating effectiveness of the key controls related to the Group's assessment of whether it controls a structured entity.

We assessed the Group's analysis and conclusions on whether it controls the structured entities based on the Group's analysis on its power over the structured entities, and the magnitude and variability of variable returns from its involvement with the structured entities. We also assessed whether the Group has legal or constructive obligation to absorb any loss of the structured entities by reviewing relevant term sheets, as well as the fairness of transactions between the Group and the structured entities.

We evaluated and tested the design and operating effectiveness of internal controls related to the disclosures of unconsolidated structured entities.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – *continued*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ng Chi Keung.

Ernst & Young

Certified Public Accountants

Hong Kong

30 March 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

Annual Report 2022

	Notes	2022 RMB' 000	2021 RMB' 000
Revenue			
Commission and fee income	6	16,670,137	19,141,175
Interest income	7	12,855,140	13,659,072
Net investment gains	8	603,485	6,060,183
Total revenue		30,128,762	38,860,430
Other income and gains or losses	9	3,127,130	3,054,323
Total revenue and other income		33,255,892	41,914,753
Depreciation and amortisation	10	(819,394)	(759,598)
Staff costs	11	(8,880,262)	(10,930,686)
Commission and fee expenses	12	(306,946)	(356,602)
Interest expenses	13	(8,754,030)	(8,728,151)
Other operating expenses	14	(5,407,330)	(6,619,398)
Credit loss expense	15	372,062	(980,923)
Impairment losses	16	(12,017)	(3,347)
Total expenses		(23,807,917)	(28,378,705)
Share of results of associates and joint ventures		939,813	1,427,798
Profit before income tax		10,387,788	14,963,846
Income tax expense	17	(1,489,785)	(2,908,940)
Profit for the year		8,898,003	12,054,906
Attributable to:			
Owners of the Company		7,929,282	10,854,116
Non-controlling interests		968,721	1,200,790
		8,898,003	12,054,906
Earnings per share (Expressed in RMB Yuan per share)			
– Basic/Diluted	18	1.02	1.42



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

Annual Report 2022

	2022 RMB' 000	2021 RMB' 000
Profit for the year	8,898,003	12,054,906
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Revaluation losses on equity instruments at fair value through other comprehensive income	(145,010)	(441,986)
Income tax related to the above	38,372	108,101
Share of other comprehensive gains/(losses) of an associate	40	(319)
Total items that will not be reclassified to profit or loss in subsequent periods	(106,598)	(334,204)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	506,258	(154,445)
Debt instruments at fair value through other comprehensive income:		
– Net fair value changes during the year	(384,256)	911,625
– Reclassification to profit or loss on disposal	(554,903)	(289,025)
– Reclassification to profit or loss on impairment	(11,930)	(42,182)
– Income tax related to the above	234,943	(144,888)
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(716,146)	435,530
Share of other comprehensive income of associates and joint ventures:		
– Share of fair value (losses)/gains on financial assets of associates and joint ventures	(213)	1,730
– Share of exchange differences arising on translation of associates	6,560	(2,207)
Net gains/(losses) on other comprehensive income of associates and joint ventures	6,347	(477)
Total items that may be reclassified to profit or loss in subsequent periods	(203,541)	280,608
Other comprehensive income for the year, net of tax	(310,139)	(53,596)
Total comprehensive income for the year	8,587,864	12,001,310
Attributable to:		
Owners of the Company	7,604,705	10,807,430
Non-controlling interests	983,159	1,193,880
	8,587,864	12,001,310



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Annual Report 2022

	Notes	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current assets			
Property and equipment	19	3,206,420	3,080,732
Right-of-use assets	20	1,873,785	1,977,816
Investment properties	21	187,433	60,742
Goodwill	22	2,318	2,122
Other intangible assets	23	437,828	329,956
Investments in associates	24	6,435,901	5,946,763
Investments in joint ventures	25	2,321,689	2,309,857
Debt instruments at amortised cost	27	142,088	58,779
Equity instruments at fair value through other comprehensive income	29	727,783	872,792
Other accounts receivable, other receivables and prepayments	32	1,912	266,155
Financial leasing receivables	33	—	88,782
Financial assets held under resale agreements	35	149,281	1,411,423
Financial assets at fair value through profit or loss	36	9,824,524	8,036,844
Deferred tax assets	42	2,582,609	2,118,832
Total non-current assets		27,893,571	26,561,595
Current assets			
Debt instruments at amortised cost	27	212,047	45,909
Debt instruments at fair value through other comprehensive income	28	143,937,772	110,475,096
Advances to customers	30	82,822,991	97,230,768
Accounts receivable	31	13,646,992	4,795,249
Other accounts receivable, other receivables and prepayments	32	1,767,324	918,699
Financial leasing receivables	33	244,053	645,530
Amounts due from joint ventures and associates	34	136,490	107,294
Financial assets held under resale agreements	35	18,791,008	18,580,809
Financial assets at fair value through profit or loss	36	147,962,544	116,427,568
Derivative financial assets	37	2,642,474	564,493
Deposits with exchanges and non-bank financial institutions	38	20,342,292	12,495,113
Clearing settlement funds	39	27,680,241	27,694,381
Bank balances	40	129,176,483	119,312,820
Total current assets		589,362,711	509,293,729
Total assets		617,256,282	535,855,324

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Current liabilities			
Borrowings	44	4,491,782	916,545
Short-term financing payables	45	37,308,357	27,876,760
Financial liabilities at fair value through profit or loss	46	9,713,427	8,577,682
Due to banks and other financial institutions	47	19,071,426	11,617,488
Accounts payable to brokerage clients	48	137,585,256	126,731,097
Accounts payable to underwriting clients		149,300	–
Accrued staff costs	49	4,614,991	5,812,580
Other accounts payable, other payables and accruals	50	26,121,911	12,592,000
Contract liabilities		93,691	111,173
Amounts due to joint ventures and associates		16,639	14,758
Provisions	51	439,511	405,872
Current tax liabilities		580,594	1,009,499
Other liabilities	52	460,607	1,130,498
Derivative financial liabilities	37	2,098,281	981,099
Financial assets sold under repurchase agreements	53	125,057,826	81,230,200
Bonds payable	54	36,976,821	62,302,836
Long-term loans	55	64,670	274,848
Lease liabilities	20	287,530	278,111
Total current liabilities		405,132,620	341,863,046
Net current assets		184,230,091	167,430,683
Total assets less current liabilities		212,123,662	193,992,278



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current liabilities			
Financial liabilities at fair value through profit or loss	46	666,066	—
Accrued staff costs	49	5,532,077	4,305,899
Other accounts payable, other payables and accruals	50	1,750	20,879
Deferred tax liabilities	42	574,491	741,364
Bonds payable	54	78,910,208	76,380,096
Long-term loans	55	—	63,827
Lease liabilities	20	501,186	563,647
Other liabilities	52	1,145,044	1,115,223
Total non-current liabilities		87,330,822	83,190,935
Net assets		124,792,840	110,801,343
Capital and reserves			
Share capital	56	7,621,088	7,621,088
Other equity instruments	57	10,990,000	1,000,000
Capital reserve		31,286,181	31,283,732
Treasury shares	58	(233,609)	—
Investment revaluation reserve	59	329,599	1,153,511
Translation reserve		405,336	(93,999)
General reserves	60	30,480,844	27,520,090
Retained profits	61	39,266,193	38,140,088
Equity attributable to owners of the Company		120,145,632	106,624,510
Non-controlling interests		4,647,208	4,176,833
Total equity		124,792,840	110,801,343

Approved and authorised for issue by the Board of Directors on 30 March 2023.

Lin Chuanhui
Chairman, Executive Director and President

Sun Xiaoyan
Executive Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal	Non-controlling interests
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
	(Note 56)	(Note 57)		(Note 58)	(Note 59)		(Note 60)	(Note 61)		
At 1 January 2022	7,621,088	1,000,000	31,283,732	—	1,153,511	(93,999)	27,520,090	38,140,088	106,624,510	4,176,833
Profit for the year	—	—	—	—	—	—	—	7,929,282	7,929,282	968,721
Other comprehensive income for the year	—	—	—	—	(823,912)	499,335	—	—	(324,577)	14,438
Total comprehensive income for the year	—	—	—	—	(823,912)	499,335	—	7,929,282	7,604,705	983,159
Issue of perpetual bonds	—	9,990,000	—	—	—	—	—	—	9,990,000	—
Acquisition of treasury shares	—	—	—	(233,609)	—	—	—	—	(233,609)	—
Appropriation to general reserves	—	—	—	—	—	—	2,960,754	(2,960,754)	—	—
Ordinary shares' dividends recognised as distribution (Note 62)	—	—	—	—	—	—	—	(3,802,923)	(3,802,923)	(512,784)
Distribution to other equity instrument holders (Note 62)	—	—	—	—	—	—	—	(39,500)	(39,500)	—
Others	—	—	2,449	—	—	—	—	—	2,449	—
At 31 December 2022	7,621,088	10,990,000	31,286,181	(233,609)	329,599	405,336	30,480,844	39,266,193	120,145,632	4,647,208

	Equity attributable to owners of the Company									
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
	(Note 56)	(Note 57)		(Note 59)		(Note 60)	(Note 61)			
At 1 January 2021	7,621,088	—	31,199,360	1,048,326	57,872	24,282,969	33,952,582	98,162,197	4,111,389	102,273,586
Profit for the year	—	—	—	—	—	—	10,854,116	10,854,116	1,200,790	12,054,906
Other comprehensive income for the year	—	—	—	105,185	(151,871)	—	—	(46,686)	(6,910)	(53,596)
Total comprehensive income for the year	—	—	—	105,185	(151,871)	—	10,854,116	10,807,430	1,193,880	12,001,310
Issue of perpetual bonds	—	1,000,000	—	—	—	—	—	1,000,000	—	1,000,000
Appropriation to general reserves	—	—	—	—	—	3,237,121	(3,237,121)	—	—	—
Ordinary shares' dividends recognised as distribution (Note 62)	—	—	—	—	—	—	(3,429,489)	(3,429,489)	(905,382)	(4,334,871)
Others	—	—	84,372	—	—	—	—	84,372	(223,054)	(138,682)
At 31 December 2021	7,621,088	1,000,000	31,283,732	1,153,511	(93,999)	27,520,090	38,140,088	106,624,510	4,176,833	110,801,343



CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 RMB' 000	2021 RMB' 000
OPERATING ACTIVITIES		
Profit before income tax	10,387,788	14,963,846
Adjustments for:		
Interest expenses	8,754,030	8,728,151
Share of results of associates and joint ventures	(939,813)	(1,427,798)
Depreciation and amortisation	819,394	759,598
Impairment losses	12,017	3,347
Credit loss expense	(372,062)	980,923
Gains on disposal of property and equipment and other intangible assets	(99)	(1,944)
Losses/(gains) on disposal of subsidiaries, associates and joint ventures	4,258	(17,841)
Foreign exchange losses/(gains), net	47,043	(4,265)
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	(554,903)	(289,025)
Dividend income and interest income from financial instruments at fair value through other comprehensive income	(3,049,476)	(4,071,596)
Interest income from debt instruments at amortised cost	(6,134)	(28,897)
Unrealised fair value changes in financial assets at fair value through profit or loss	4,345,951	(625,194)
Unrealised fair value changes in financial liabilities at fair value through profit or loss	(432,414)	(145,407)
Unrealised fair value changes in derivatives	(1,350,341)	234,639

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022



CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 RMB' 000	2021 RMB' 000
Operating cash flows before movements in working capital	17,665,239	19,058,537
Decrease/(Increase) in advances to customers	14,816,330	(11,444,423)
Decrease/(Increase) in financial assets held under resale agreements	1,360,620	(3,811,940)
Increase in financial assets at fair value through profit or loss	(36,306,003)	(53,434,248)
Increase in deposits with exchanges and non-bank financial institutions	(7,840,868)	(1,451,633)
(Increase)/Decrease in restricted bank deposits	(1,699,076)	1,101,991
(Increase)/Decrease in other current assets	(9,311,745)	295,464
Increase in clearing settlement funds – clients	(251,318)	(6,441,981)
Increase in cash held on behalf of customers	(10,109,507)	(17,027,065)
Increase in financial liabilities at fair value through profit or loss	1,964,672	5,191,127
Increase in accounts payable to brokerage clients	10,376,858	23,909,661
Increase in accrued staff costs	20,188	1,991,826
Increase in other accounts payable, other payables and accruals and other liabilities	14,761,214	5,549,337
Increase/(Decrease) in financial assets sold under repurchase agreements	43,548,319	(13,218,834)
Increase in amounts due to banks and other financial institutions	7,227,413	5,546,526
(Decrease)/Increase in provision	(757)	1,687
Cash from/(used in) operations	46,221,579	(44,183,968)
Income taxes paid	(2,580,528)	(3,192,201)
Interest paid	(3,477,713)	(3,459,781)
Net cash from/(used in) operating activities	40,163,338	(50,835,950)



CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

Annual Report 2022

	2022 RMB' 000	2021 RMB' 000
INVESTING ACTIVITIES		
Dividends and interest received from investments	3,662,483	5,302,777
Purchases of property and equipment and other intangible assets	(717,791)	(670,947)
Proceeds from disposal of property and equipment and other intangible assets	2,279	6,699
Capital injection to associates and joint ventures	(865,858)	(721,561)
Proceeds from disposal of interests in associates and joint ventures	488,974	272,179
Proceeds from disposal of subsidiaries	—	485,643
Purchase or proceeds from disposal of financial instruments at fair value through other comprehensive income, net	(33,754,728)	16,323,701
Purchase or proceeds from disposal of debt instruments at amortised cost, net	(215,889)	241,592
Net cash (used in)/from investing activities	(31,400,530)	21,240,083
FINANCING ACTIVITIES		
Proceeds from perpetual subordinated bonds issued	9,997,700	1,000,000
Dividends paid to shareholders and non-controlling interests	(4,412,130)	(4,277,944)
Repayment of interest of borrowings	(47,353)	(79,067)
Repayment of short-term financing payables and bond interest	(5,814,186)	(4,543,512)
Repayment of interest of long-term loans	(17,012)	(64,565)
Capital reduction by non-controlling shareholders	—	(143,322)
Proceeds from short-term financing payables and bonds issued	100,805,264	120,928,232
Repayment of short-term financing payables and bonds	(113,509,658)	(79,709,445)
Proceeds from borrowings	3,836,043	535,455
Repayment of borrowings	(475,911)	(2,140,364)
Repayment of long-term loans	(269,588)	(1,823,599)
Payment of principal and interest on lease liabilities	(340,702)	(302,044)
Proceeds from other financing activities	—	1,648,025
Payment of acquisition of treasury shares	(233,609)	—
Repayment of other financing activities	(686,474)	(9,161)
Net cash (used in)/from financing activities	(11,167,616)	31,018,689
Net (decrease)/increase in cash and cash equivalents	(2,404,808)	1,422,822
Cash and cash equivalents at the beginning of the year	21,281,276	19,907,205
Effect of foreign exchange rate changes	195,584	(48,751)
Cash and cash equivalents at the end of the year	19,072,052	21,281,276



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF THE GROUP

With the approval of the People's Bank of China, Guangdong Development Bank (廣東發展銀行) (now known as China Guangfa Bank) established a securities department on 9 April 1991. With the approval of the Guangdong Administration for Industry and Commerce, GF Securities Co., Ltd. (the "Company") was duly established as the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部) on 21 May 1993. On 25 January 1994, the Company was converted into Guangdong Guangfa Securities Company (廣東廣發証券公司) 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 (廣發証券有限責任公司). 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. (廣發証券股份有限公司). On 12 February 2010, the Company was listed on the Shenzhen Stock Exchange by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) ("Yan Bian Road"), with the stock code 000776. On 10 April 2015, the Company issued H Shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.2 BASIS OF CONSOLIDATION – *continued*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Group serves as the manager of asset management schemes and funds. These asset management schemes and funds invest mainly in equities, debt securities and monetary market instruments. The Group's percentage ownership in these structured entities can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such asset management schemes and funds, with control determined based on an analysis of the guidance in IFRS 10 *Consolidated Financial Statements*, they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units in such asset management schemes and funds for cash. These are presented as "Third-party interests in consolidated structured entities" within other liabilities in the consolidated statement of financial position.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied the following revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for the current year:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The application of the revised IFRSs has had no significant impact on the Group’s consolidated financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1,4}
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> ⁵
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ²
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁵ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

The application of the new and revised IFRSs will not have a significant impact on the Group’s consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within a group of cash-generating units in which the Group monitors goodwill).

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investments in associates and joint ventures – *continued*

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investments in associates and joint ventures – *continued*

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Revenue from contracts with customers – continued

(a) Securities brokerage and investment consulting business

Income from the securities brokerage is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from the brokerage business is recognised when the related services are rendered.

Income from the investment consulting business is recognised when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Underwriting and sponsorship business

Income from the underwriting and sponsorship business is recognised when the obligation of underwriting or sponsoring is completed.

(c) Asset management business

Income from regular management fees is recognised periodically based on a predetermined fixed percentage of the asset value under the asset management agreement. Income from performance fees is recognised when the performance fee is determinable based on actual performance measurement, as and when the associated contingent criteria are met.

(d) Other business

Income from other business is recognised when control of goods or services is transferred to the customers.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods and services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Leases – continued

Group as a lessee – continued

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Leases – *continued*

Group as a lessee – continued

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property and equipment

Property and equipment including buildings and leasehold land (classified as finance leases) for use in the supply of services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
Properties and buildings	nil	30 – 50 years
Electronic and communication equipment	nil	3 – 5 years
Motor vehicles	nil	4 – 6 years
Office equipment	nil	5 – 11 years
Improvements	nil	5 – 10 years



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives (i.e. trading seats) that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

The estimated useful lives of each class of intangible assets with finite useful lives are as follows:

Classes	Useful lives
Computer software	5 years
Others	5 years



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible assets – continued

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill and financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of tangible and intangible assets other than goodwill and financial assets – continued

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss is subsequently reversed, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Related parties – *continued*

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefit expenses for those services in profit or loss.

Short-term social welfare

Short-term social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on a certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the reporting period.

Defined contribution plans

Payments to defined contribution plans which include the mandatory the social pension insurance plan and unemployment insurance plan managed by the mainland government, the Mandatory Provident Fund Scheme to the employees in Hong Kong and the annuity scheme for qualified employees, are recognised as expenses when employees have rendered service entitling them to the contributions.

Early retirement benefits

The Group provides early retirement benefits to those employees in Mainland China who accepted an early retirement arrangement.

The liability related to early retirement benefits is recognised when the employees voluntarily retired before the normal retirement date, as approved by management. The early retirement benefits represented the liability at the end of the reporting period with the changes recognised in profit or loss.

Other long-term benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before income tax’ as reported in the consolidated statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation – *continued*

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Other equity instruments

The perpetual subordinated bonds issued by the Group have no fixed maturity dates. The Group has the option to defer interest payment, the Group contain no contractual obligation to deliver cash or another financial asset, classified as equity instruments.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value changes recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to impairment assessment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Subsequent measurement – continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as net investment gains in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for Expected Credit Loss (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Impairment of financial assets – continued

General approach – continued

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired (“POCI”) assets are financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted effective interest rate. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Impairment of financial assets – continued

Simplified approach

For accounts receivable, contract assets and other receivables and prepayments that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies a simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For accounts receivable, contract assets and other receivables and prepayments that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include loans and borrowings, short-term financing payables, amounts due to banks and other financial institutions, accounts payable to brokerage customers, financial liabilities at fair value through profit or loss, financial assets sold under repurchase agreements, derivative financial liabilities, bonds payable, other current liabilities and other non-current liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities – continued

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Other financial liabilities

After initial recognition, interest-bearing other financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets held under resale agreements and financial assets sold under repurchase agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognised in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognised as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Accounts payable to brokerage customers

Accounts payable to brokerage customers are all deposited in the bank accounts designated by the Group. The Group recognises the funds as liabilities for settlement to the customers.

The Group executes trade orders through stock exchanges on behalf of the customers. If the total amount of the purchased securities exceeds that of the sold securities, accounts payable to brokerage customers decrease by the difference in addition to the withholding stamp duty and commission. If the total amount of the sold securities exceeds that of the purchased securities, accounts payable to brokerage customers increase by the difference after deducting the withholding stamp duty and commission.

Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for short-selling of securities, for which the customers provide the Group with collateral.

Margin financing services

The Group recognises margin financing services to customers as margin accounts receivable, and recognises the commission as interest income accordingly.

The policy of provision for impairment of margin accounts receivable is determined with reference to the policy of provision for impairment of financial assets measured at amortised cost.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Margin financing and securities lending services – continued

Securities lending services

The Group lends securities to their customers with agreed expiry dates and interest rates, and the same amount of similar securities received on the expiry date. Commission is recognised as interest income according to the margin financing agreement. The securities lending services are not derecognised. The financial assets are recognised as securities lending services in financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, and are subsequently measured according to financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as investment manager and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Fair values of financial assets and derivative financial instruments determined using valuation techniques

If the market for a financial instrument is not active, the Group estimates fair value by using valuation techniques, such as the discounted cash flow analysis model. In practice, the discounted cash flow analysis model makes the maximum use of observable inputs, but management still needs to make estimations on counterparty credit risk, the volatility of the market interest rate and correlation factors. If there is a change in any assumption of the above factors, the assessment of the fair value of financial instruments will be affected.

Impairment of financial instruments

The Group assesses the impairment of financial instruments using the ECL model. The application of the ECL model requires significant judgement and estimation, and consideration of all reasonable and relevant information including forward-looking information. When making such judgement and estimation, the Group estimates the expected changes of the debtor's credit risk based on historical repayment data along with economic policies, macro-economic indicators, and industrial risk.

Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realisation of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in note 42.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING

Information reported to the chief operating decision maker (hereinafter referred to as the “CODM”), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of services provided by the Group, which is also consistent with the Group’s basis of organisation, whereby the businesses are organised and managed separately as individual strategic business units that offer different services and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors of the Company, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group’s operating segments are as follows:

- (a) Investment banking, which primarily includes underwriting commissions and sponsorship and advisory fees from equity and debt underwriting and financial advisory services;
- (b) Wealth management, which primarily includes fees and commissions earned from providing brokerage and investment advisory services to retail clients, as well as interest income earned from margin financing and securities lending activities, reverse repurchase transactions, financial leasing, cash held on behalf of clients and fees earned from selling financial products developed by the Group and other financial institutions;
- (c) Trading and institution, which primarily includes investment gains and interest income earned from investment trading of, and market-making in equity, fixed income, derivative securities and other financial products, as well as investment gains from alternative investments, and fees and commissions earned from providing investment research and prime brokerage services to institutional clients;
- (d) Investment management, which primarily includes management and advisory fees earned from providing asset management, mutual fund management, private fund management services to clients and etc;
- (e) Others, which primarily includes income from head office operations.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the year.

Segment profit or loss represents the profit earned or loss incurred by each segment without the allocation of income tax expenses as well as the share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets or liabilities. Inter-segment balances mainly resulted from branches’ operating funds injected by the head office are eliminated on consolidation. The segment results exclude income tax expense and share of results of associates and joint ventures, while the segment assets and liabilities include prepaid taxes, current tax liabilities as well as interests in associates and joint ventures, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING – continued

The operating and reportable segment information provided to the chief operating decision maker for the years ended 31 December 2022 and 2021 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
For the year ended 31 December 2022								
Segment revenue and results								
Segment revenue	615,685	13,369,875	8,346,465	7,681,421	115,316	30,128,762	–	30,128,762
Segment other income and gains or losses	(525)	1,168,757	(31,088)	1,369,094	620,892	3,127,130	–	3,127,130
Segment revenue and other income	615,160	14,538,632	8,315,377	9,050,515	736,208	33,255,892	–	33,255,892
Segment expenses	(861,656)	(7,859,965)	(7,077,298)	(6,046,310)	(1,962,688)	(23,807,917)	–	(23,807,917)
Segment results	(246,496)	6,678,667	1,238,079	3,004,205	(1,226,480)	9,447,975	–	9,447,975
Share of results of associates and joint ventures	–	(27)	23,673	954,387	(38,220)	939,813	–	939,813
Profit/(loss) before income tax	(246,496)	6,678,640	1,261,752	3,958,592	(1,264,700)	10,387,788	–	10,387,788
As at 31 December 2022								
Segment assets and liabilities								
Segment assets	328,053	146,415,378	277,254,511	36,216,948	156,029,783	616,244,673	(1,571,000)	614,673,673
Deferred tax assets								2,582,609
Group's total assets								617,256,282
Segment liabilities	252,083	123,173,313	143,534,152	13,035,958	211,893,445	491,888,951	–	491,888,951
Deferred tax liabilities								574,491
Group's total liabilities								492,463,442
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	4,636	327,965	26,191	123,027	337,575	819,394	–	819,394
Credit loss expense	5,850	(368,116)	(17,170)	8,484	(1,110)	(372,062)	–	(372,062)
Impairment losses	–	4,381	7,586	–	50	12,017	–	12,017
Capital expenditure	4,765	184,746	43,180	313,699	307,668	854,058	–	854,058



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING – continued

	Investment banking RMB ' 000	Wealth management RMB ' 000	Trading and institution RMB ' 000	Investment management RMB ' 000	Others RMB ' 000	Segment total RMB ' 000	Elimination RMB ' 000	Consolidated total RMB ' 000
For the year ended 31 December 2021								
Segment revenue and results								
Segment revenue	440,141	15,494,569	11,903,207	10,940,956	81,557	38,860,430	–	38,860,430
Segment other income and gains or losses	1,383	2,152,376	(59,534)	403,289	556,809	3,054,323	–	3,054,323
Segment revenue and other income	441,524	17,646,945	11,843,673	11,344,245	638,366	41,914,753	–	41,914,753
Segment expenses	(662,408)	(10,956,859)	(6,580,591)	(6,517,812)	(3,661,035)	(28,378,705)	–	(28,378,705)
Segment results	(220,884)	6,690,086	5,263,082	4,826,433	(3,022,669)	13,536,048	–	13,536,048
Share of results of associates and joint ventures	–	460	(14,911)	1,362,876	79,373	1,427,798	–	1,427,798
Profit/(loss) before income tax	(220,884)	6,690,546	5,248,171	6,189,309	(2,943,296)	14,963,846	–	14,963,846
As at 31 December 2021								
Segment assets and liabilities								
Segment assets	132,347	133,713,664	201,177,279	35,695,419	164,501,783	535,220,492	(1,484,000)	533,736,492
Deferred tax assets								2,118,832
Group's total assets								<u>535,855,324</u>
Segment liabilities	99,455	112,350,692	104,188,583	14,791,642	192,882,245	424,312,617	–	424,312,617
Deferred tax liabilities								741,364
Group's total liabilities								<u>425,053,981</u>
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	4,128	315,842	19,231	109,114	311,283	759,598	–	759,598
Credit loss expense	(12,069)	935,019	37,544	15,348	5,081	980,923	–	980,923
Impairment losses	–	3,297	–	–	50	3,347	–	3,347
Capital expenditure	4,562	144,459	56,503	44,718	223,765	474,007	–	474,007

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue is substantially derived from its operations in the PRC. The Group's inter-segment revenue is not material and is not included in the report to the CODM.

There are no sales to a single customer from which the revenue amounted to over 10% to the Group's revenue for the years ended 31 December 2022 and 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. COMMISSION AND FEE INCOME

	2022 RMB' 000	2021 RMB' 000
Asset management and fund management fee income	8,939,142	9,945,693
Securities brokerage business commission and fee income	6,119,633	7,724,171
Underwriting and sponsorship fee income	556,850	381,207
Futures brokerage business commission and fee income	541,626	580,895
Consultancy and financial advisory fee income	174,734	180,437
Others	338,152	328,772
	16,670,137	19,141,175

7. INTEREST INCOME

	2022 RMB' 000	2021 RMB' 000
Margin financing and securities lending	5,724,477	6,351,931
Deposits with exchanges and financial institutions	3,197,574	2,959,565
Debt instruments at fair value through other comprehensive income	3,036,482	3,424,860
Financial assets held under resale agreements	751,665	807,769
Leasing business	41,325	83,854
Debt instruments at amortised cost	6,134	28,897
Others	97,483	2,196
	12,855,140	13,659,072



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. NET INVESTMENT GAINS

	2022 RMB ' 000	2021 RMB ' 000
Net realised gains from disposal of financial instruments at fair value through other comprehensive income	554,903	289,025
Net realised (losses)/gains from disposal of financial instruments at fair value through profit or loss	(3,290,640)	1,560,239
Dividend income and interest income from financial instruments at fair value through profit or loss	3,819,220	2,370,486
Dividend income from financial instruments at fair value through other comprehensive income	12,994	646,736
Net realised gains from derivatives	2,355,224	468,671
Unrealised fair value changes of financial instruments at fair value through profit or loss		
– Financial assets at fair value through profit or loss	(4,345,951)	625,194
– Financial liabilities at fair value through profit or loss	432,414	145,407
– Derivatives	1,065,321	(45,575)
	603,485	6,060,183

9. OTHER INCOME AND GAINS OR LOSSES

	2022 RMB ' 000	2021 RMB ' 000
Government grants ⁽ⁱ⁾	1,364,717	1,178,005
Commodity trading income	1,056,311	2,057,656
Third-party interests in consolidated structured entities	661,285	(281,207)
Commission from tax withholding and remitting	67,766	50,114
(Losses)/gains on disposal of subsidiaries, associates and joint ventures	(4,258)	17,841
Others	(18,691)	31,914
	3,127,130	3,054,323

- (i) The government grants were received unconditionally by the Group from the local government to support operations in the designated locations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DEPRECIATION AND AMORTISATION

	2022 RMB' 000	2021 RMB' 000
Depreciation of property and equipment	352,909	334,437
Depreciation of right-of-use assets	338,788	315,600
Amortisation of other intangible assets	121,563	106,261
Depreciation of investment properties	6,134	3,300
	819,394	759,598

11. STAFF COSTS

	2022 RMB' 000	2021 RMB' 000
Salaries, bonuses and allowances and other long-term benefits	7,374,720	9,418,698
Defined contribution plans	591,049	628,036
Short-term social welfares	417,119	365,021
Others	497,374	518,931
	8,880,262	10,930,686

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, unemployment insurance, health care insurance, housing funds and other social welfare plan operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. The social pension insurance and unemployment insurance are defined contribution plans.

In addition to the above social welfare plans, the Group also provides annuity schemes for certain qualified employees in the PRC. The employees' and the Group's contributions for the annuity schemes are calculated based on a certain percentage of employees' salaries and recognised in profit or loss as expenses. These annuity schemes are defined contribution plans.

The Group also operates the Mandatory Provident Fund Scheme, also a defined contribution plan, for all qualified employees in Hong Kong. The Group contributes a certain percentage of relevant payroll costs to the scheme, and the contribution is matched by employees but subject to a maximum amount for each employee. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

The contributions to the defined contribution plans are expensed as incurred. The Group cannot withdraw or utilise its fund contributions made to the defined contribution plans under any circumstance.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. COMMISSION AND FEE EXPENSES

	2022 RMB ' 000	2021 RMB ' 000
Securities and futures brokerage business expenses	274,407	334,655
Underwriting and sponsorship fee expenses	6,296	1,606
Other service expenses	26,243	20,341
	306,946	356,602

Note: Distribution expenses for the fund and asset management business amounting to RMB2,045.68 million (2021: RMB2,218.93 million) are classified under other operating expenses as described in note 14.

13. INTEREST EXPENSES

	2022 RMB ' 000	2021 RMB ' 000
Bonds payable	3,954,879	4,069,723
Financial assets sold under repurchase agreements	2,220,184	2,232,015
Short-term financing payables	1,012,935	1,133,983
Due to banks and other financial institutions	705,398	540,388
Accounts payable to brokerage clients	600,692	465,795
Borrowings	60,116	77,701
Lease liabilities	33,392	34,883
Long-term loans	8,992	55,651
Others	157,442	118,012
	8,754,030	8,728,151





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. OTHER OPERATING EXPENSES

	2022 RMB' 000	2021 RMB' 000
Distribution expenses for fund and asset management business	2,045,682	2,218,934
Commodity trading costs	1,053,623	2,054,293
General and administrative expenses	988,709	914,301
Post and telecommunications expenses	267,664	248,087
Advertisement and business development expenses	205,773	246,424
Taxes and surcharges	175,114	222,684
Rents and utilities	146,682	146,335
Securities and futures investor protection funds	74,779	145,823
Auditors' remuneration	8,366	8,547
Sundry expenses	440,938	413,970
	5,407,330	6,619,398

15. CREDIT LOSS EXPENSE

	2022 RMB' 000	2021 RMB' 000
Debt instruments at amortised cost	(22,341)	102,601
Debt instruments at fair value through other comprehensive income	(11,930)	(42,182)
Advances to customers	(211,304)	285,389
Accounts receivable	41,664	(9,773)
Lease receivables	22,385	71,514
Financial assets held under resale agreements	(199,947)	585,189
Others	9,411	(11,815)
	(372,062)	980,923

16. IMPAIRMENT LOSSES

	2022 RMB' 000	2021 RMB' 000
Other intangible assets	50	50
Others	11,967	3,297
	12,017	3,347



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE

	2022 RMB' 000	2021 RMB' 000
Current tax:		
PRC Enterprise Income Tax	1,825,359	3,313,365
Hong Kong Profits Tax and other jurisdictions	21,616	78,631
	<u>1,846,975</u>	<u>3,391,996</u>
Deferred income tax (Note 42)	(357,190)	(483,056)
	<u>1,489,785</u>	<u>2,908,940</u>

Under the Enterprise Income Tax of the PRC (the “EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the Company and its main subsidiaries in the PRC is 25% (2021: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for both years. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	2022 RMB' 000	2021 RMB' 000
Profit before income tax	10,387,788	14,963,846
Tax at the statutory tax rate of 25%	2,596,947	3,740,962
Tax effect of share of profits of associates and joint ventures	(225,419)	(260,824)
Tax effect of costs, expenses and losses not deductible for tax purpose	42,706	37,886
Tax effect of income not taxable for tax purposes	(967,587)	(632,967)
Tax effect of tax losses and temporary differences not recognised	68,009	27,221
Utilisation of tax losses and temporary differences previously not recognised	(1,058)	(12,086)
Effect of different tax rates of subsidiaries	(16,784)	6,799
Others	(7,029)	1,949
Income tax expense for the year	<u>1,489,785</u>	<u>2,908,940</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EARNINGS PER SHARE

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

	2022	2021
Earnings for the purpose of basic earnings per share:		
Profit attributable to owners of the Company (RMB in thousand)	7,929,282	10,854,116
Less: Profit attributable to other equity instrument holders of the Company (RMB in thousand)	198,579	12,662
Profit attributable to ordinary shareholders of the Company (RMB in thousand)	7,730,703	10,841,454
Weighted average number of ordinary shares in issue (in thousands of shares) (i)	7,612,196	7,621,088
Earnings per share (RMB)		
– Basic	1.02	1.42
– Diluted	1.02	1.42
(i) Weighted average number of ordinary shares in issue (in thousands of shares)		
Number of ordinary shares as at the beginning of the year	7,621,088	7,621,088
Less: Weighted average number of ordinary shares repurchased	8,892	—
Weighted average number of ordinary shares as at the end of the year	7,612,196	7,621,088

There were no potential dilutive ordinary shares outstanding for 2022 and 2021.

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. PROPERTY AND EQUIPMENT

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Construction in progress RMB' 000	Total RMB' 000
Cost							
As at 1 January 2022	2,819,136	1,056,698	124,709	252,151	938,376	–	5,191,070
Additions	–	250,836	19,690	29,362	79,485	246,301	625,674
Transfers during the year	(121,174)	–	–	–	–	–	(121,174)
Disposals/write-off	(31,871)	(74,708)	(11,682)	(11,281)	(45,169)	–	(174,711)
Effect of foreign currency exchange differences	–	3,491	113	348	2,165	–	6,117
As at 31 December 2022	<u>2,666,091</u>	<u>1,236,317</u>	<u>132,830</u>	<u>270,580</u>	<u>974,857</u>	<u>246,301</u>	<u>5,526,976</u>
Accumulated depreciation and impairment							
As at 1 January 2022	567,152	715,828	83,276	172,077	572,005	–	2,110,338
Charge for the year	76,417	143,450	14,299	32,637	90,302	–	357,105
Transfers during the year	(9,492)	–	–	–	–	–	(9,492)
Disposals/write-off	(355)	(74,573)	(11,599)	(11,144)	(45,082)	–	(142,753)
Effect of foreign currency exchange differences	–	2,970	101	280	2,007	–	5,358
As at 31 December 2022	<u>633,722</u>	<u>787,675</u>	<u>86,077</u>	<u>193,850</u>	<u>619,232</u>	<u>–</u>	<u>2,320,556</u>
Net carrying amount							
As at 31 December 2022	<u>2,032,369</u>	<u>448,642</u>	<u>46,753</u>	<u>76,730</u>	<u>355,625</u>	<u>246,301</u>	<u>3,206,420</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. 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
Cost						
As at 1 January 2021	2,860,832	960,058	119,862	246,525	926,668	5,113,945
Additions	–	187,462	21,397	16,685	72,422	297,966
Transfers during the year	(19,420)	–	–	–	–	(19,420)
Disposals/write-off	(22,276)	(89,625)	(16,509)	(10,935)	(59,955)	(199,300)
Effect of foreign currency exchange differences	–	(1,197)	(41)	(124)	(759)	(2,121)
As at 31 December 2021	2,819,136	1,056,698	124,709	252,151	938,376	5,191,070
Accumulated depreciation and impairment						
As at 1 January 2021	487,688	688,158	85,682	149,658	538,562	1,949,748
Charge for the year	80,647	117,921	14,021	33,199	92,545	338,333
Transfers during the year	(1,183)	–	–	–	–	(1,183)
Disposals/write-off	–	(89,252)	(16,396)	(10,672)	(58,453)	(174,773)
Effect of foreign currency exchange differences	–	(999)	(31)	(108)	(649)	(1,787)
As at 31 December 2021	567,152	715,828	83,276	172,077	572,005	2,110,338
Net carrying amount						
As at 31 December 2021	2,251,984	340,870	41,433	80,074	366,371	3,080,732

As at 31 December 2022, the Group's properties and buildings amounting to RMB322.25 million (31 December 2021: RMB349.39 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 RMB25.69 million as at 31 December 2022 (31 December 2021: RMB27.82 million) and GF Securities Tower with a carrying amount of RMB1,837.53 million, of which RMB1,710.12 million were classified as property and equipment and RMB127.41 million were classified as investment properties. The Group expects that the aforesaid matter would not affect its rights over the assets or have no significant impact on its operation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. LEASES

The Group as a lessee

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

(1) *Right-of-use assets*

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

	Properties and buildings RMB ' 000	Land use rights RMB ' 000	Total RMB ' 000
Cost			
As at 1 January 2022	1,356,248	1,324,150	2,680,398
Additions	274,131	—	274,131
Disposals/write-off	(179,434)	—	(179,434)
Transfers during the year	—	(30,494)	(30,494)
Effect of foreign currency exchange differences	11,096	—	11,096
As at 31 December 2022	1,462,041	1,293,656	2,755,697
Accumulated depreciation and impairment			
As at 1 January 2022	538,457	164,125	702,582
Charge for the year	308,220	30,568	338,788
Disposals/write-off	(155,981)	—	(155,981)
Transfers during the year	—	(9,351)	(9,351)
Effect of foreign currency exchange differences	5,874	—	5,874
As at 31 December 2022	696,570	185,342	881,912
Net carrying amount			
As at 31 December 2022	765,471	1,108,314	1,873,785



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. LEASES – continued

The Group as a lessee – continued

(1) Right-of-use assets – continued

	Properties and buildings RMB ' 000	Land use rights RMB ' 000	Total RMB ' 000
Cost			
As at 1 January 2021	1,052,794	1,325,949	2,378,743
Additions	495,376	3,000	498,376
Disposals/write-off	(189,174)	–	(189,174)
Transfers during the year	–	(4,799)	(4,799)
Effect of foreign currency exchange differences	(2,748)	–	(2,748)
As at 31 December 2021	1,356,248	1,324,150	2,680,398
Accumulated depreciation and impairment			
As at 1 January 2021	408,225	134,901	543,126
Charge for the year	284,984	30,616	315,600
Disposals/write-off	(152,150)	–	(152,150)
Transfers during the year	–	(1,392)	(1,392)
Effect of foreign currency exchange differences	(2,602)	–	(2,602)
As at 31 December 2021	538,457	164,125	702,582
Net carrying amount			
As at 31 December 2021	817,791	1,160,025	1,977,816

(2) Lease liabilities

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

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Properties and buildings		
Current	287,530	278,111
Non-current	501,186	563,647
Total	788,716	841,758

Details of the maturity analysis of lease liabilities are disclosed in Note 70.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. LEASES – continued

The Group as a lessee – continued

(3) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB ' 000	2021 RMB ' 000
Interest on lease liabilities	33,392	34,883
Depreciation of right-of-use assets	338,788	315,600
Expense relating to short-term leases (included in other operating expenses)	21,980	20,382
Total amount recognised in profit or loss	394,160	370,865

As at 31 December 2022 and 31 December 2021, the future cash outflows relating to leases that have not yet commenced are insignificant.

21. INVESTMENT PROPERTIES

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Cost		
At the beginning of the year	117,084	92,866
Transfers during the year	151,668	24,218
At the end of the year	268,752	117,084
Accumulated depreciation		
At the beginning of the year	56,342	50,468
Charge for the year	6,134	3,300
Transfers during the year	18,843	2,574
At the end of the year	81,319	56,342
Net carrying amount		
At the end of the year	187,433	60,742



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. GOODWILL

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Cost		
Unit A – securities brokerage branches	76,574	76,574
Unit B – GF Financial Markets (UK) Limited	2,040	2,040
At the beginning and the end of the year	<u>78,614</u>	<u>78,614</u>
Accumulated impairment losses		
Unit A – securities brokerage branches	76,574	76,574
Unit B – GF Financial Markets (UK) Limited	–	–
At the beginning and the end of the year	<u>76,574</u>	<u>76,574</u>
Net carrying amount		
Unit A – securities brokerage branches	–	–
Unit B – GF Financial Markets (UK) Limited	2,040	2,040
Unit B – effect of foreign currency exchange differences	278	82
At the end of the year	<u>2,318</u>	<u>2,122</u>

Unit A is the securities brokerage CGU acquired, the acquisition cost of which exceeds the fair value of the net identifiable assets. The commercial registration of these securities brokerage branches in the prior year was changed. As the CGU no longer generated future cash flows, Unit A was fully impaired in the prior year.

Unit B is the CGU of GF Financial Markets (UK) Limited by GF Futures (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company. As at 31 December 2022, the management of the Group determined that there was no impairment of the CGU as the recoverable amount of the CGU exceeded its carrying amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. OTHER INTANGIBLE ASSETS

	Trading seats RMB' 000	Computer software RMB' 000	Others RMB' 000	Total RMB' 000
Cost				
As at 1 January 2021	76,476	856,248	1,968	934,692
Additions	—	173,907	9	173,916
Disposals/write-off	—	(1,777)	—	(1,777)
Effect of foreign currency exchange differences	(21)	(915)	—	(936)
As at 31 December 2021	76,455	1,027,463	1,977	1,105,895
Additions	—	228,385	—	228,385
Disposals/write-off	(500)	(1,098)	—	(1,598)
Effect of foreign currency exchange differences	67	3,189	—	3,256
As at 31 December 2022	76,022	1,257,939	1,977	1,335,938
Accumulated amortisation and impairment				
As at 1 January 2021	74,165	596,953	768	671,886
Charge for the year	—	106,261	—	106,261
Disposals/write-off	—	(1,727)	—	(1,727)
Effect of foreign currency exchange differences	—	(531)	—	(531)
Impairment loss recognised in the year	50	—	—	50
As at 31 December 2021	74,215	700,956	768	775,939
Charge for the year	—	121,562	1	121,563
Disposals/write-off	(500)	(1,098)	—	(1,598)
Effect of foreign currency exchange differences	—	2,156	—	2,156
Impairment loss recognised in the year	50	—	—	50
As at 31 December 2022	73,765	823,576	769	898,110
Net carrying amount				
As at 31 December 2022	2,257	434,363	1,208	437,828
As at 31 December 2021	2,240	326,507	1,209	329,956



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INVESTMENTS IN ASSOCIATES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Cost of unlisted investments in associates	2,591,596	2,624,483
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,830,867	3,314,078
	6,422,463	5,938,561
Unlisted investment in an associate at fair value through profit or loss (Note)	13,438	8,202
	6,435,901	5,946,763

Note: The Group elects to measure its investment in GEJIE Corporation of RMB13.44 million (31 December 2021: RMB8.20 million) held through GF Beacon Capital Management Limited, a venture capital organisation and an indirectly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this associate on a fair value basis as at 31 December 2022. The valuation determination, including valuation techniques, key inputs and fair value information, for the associate measured at fair value through profit or loss is set out in note 71.

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

Name of associate	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at 31.12.2022	As at 31.12.2021	
易方達基金管理有限公司 E Fund Management Co., Limited ("E Fund")	PRC 17 April 2001	22.65%	22.65%	Publicly offered securities investment fund management, fund sale, asset management for specific customers

Summarised financial information of the material associate

Summarised financial information of the Group's material associate is set out below. The summarised financial information below represents the amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INVESTMENTS IN ASSOCIATES – *continued*

Summarised financial information of the material associate – *continued*

E Fund

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Total assets	24,301,603	23,069,287
Total liabilities	9,661,926	10,573,998
Net assets	14,639,677	12,495,289
	2022 RMB ' 000	2021 RMB ' 000
Total revenue	13,908,259	14,538,719
Profit for the year	3,836,996	4,534,593
Other comprehensive income/(expense)	29,138	(11,164)
Total comprehensive income	3,866,134	4,523,429
Dividend received from the associate during the year	390,000	690,000

The reconciliation of the above summarised financial information to the carrying amount of the interest in E Fund recognised in the consolidated financial statements:

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net assets attributable to equity holders of the associate	14,617,448	12,492,480
Proportion of the Group's ownership interest	22.65%	22.65%
Proportion of equity interest held by the Group	3,310,852	2,829,547
Other adjustments	(2,879)	(1,887)
Carrying amount of the Group's interest	3,307,973	2,827,660



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INVESTMENTS IN ASSOCIATES – *continued*

Aggregate information of associates that are not individually material

	2022 RMB' 000	2021 RMB' 000
The Group's share of profits	240,693	319,373
The Group's share of other comprehensive income	(213)	246
The Group's share of total comprehensive income	<u>240,480</u>	<u>319,619</u>
	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Aggregate carrying amount of the Group's interests in these associates	<u>3,127,928</u>	<u>3,119,103</u>

25. INVESTMENTS IN JOINT VENTURES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Cost of unlisted investments in joint ventures	2,637,480	2,380,720
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>(315,791)</u>	<u>(70,863)</u>
	<u>2,321,689</u>	<u>2,309,857</u>

Aggregate information of joint ventures that are not individually material

	2022 RMB' 000	2021 RMB' 000
The Group's share of profit	(164,592)	80,378
The Group's share of other comprehensive income	—	1,484
The Group's share of total comprehensive income	<u>(164,592)</u>	<u>81,862</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities managed or held by the Group mainly include investment funds, asset management plans, etc. The objectives of the structured entities are to manage investors' assets and to collect management fees, and they are financed through the issue of investment products to investors. The interests held by the Group in these unconsolidated structured entities mainly involve the investments held by the Group or management fees and performance fees collected from managing structured entities.

At the end of 2022, the net assets of the unconsolidated structured entities which were sponsored and whose financial interest held by the Group were RMB705,651.77 million. The carrying amounts of the interests held by the Group were RMB19,474.57 million, which were classified as financial assets at fair value through profit or loss in the consolidated statement of financial position. The carrying amounts are approximate to the maximum loss exposure.

At the end of 2022, the carrying amounts of the interests held by the Group from unconsolidated structured entities sponsored by third parties were RMB61,428.99 million, of which RMB61,356.61 million were classified as financial assets at fair value through profit or loss, and RMB72.38 million were classified as debt instruments at amortised cost in the consolidated statement of financial position. The carrying amounts are approximate to the maximum loss exposure.

During the year, the management fee income earned from the unconsolidated structured entities managed by the Group in which the Group held no interests was RMB5,810.68 million (2021: RMB7,106.36 million).





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEBT INSTRUMENTS AT AMORTISED COST

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Debt securities	88,384	—
Others	312,420	319,810
Less: Allowance for ECLs	258,716	261,031
	142,088	58,779
Analysed as:		
Unlisted	142,088	58,779
Current		
Debt securities	139,394	—
Entrusted loans	14,470	15,515
Others	288,269	276,597
Less: Allowance for ECLs	230,086	246,203
	212,047	45,909
Analysed as:		
Unlisted	212,047	45,909
Total	354,135	104,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEBT INSTRUMENTS AT AMORTISED COST – continued

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	507,234	517,227
Charge for the year ⁽ⁱ⁾	21,092	131,152
Reversal	(43,433)	(28,551)
Amounts written off as uncollectible	–	(91,364)
Effect of foreign currency exchange differences and others	3,909	(21,230)
At the end of the year	488,802	507,234

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

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	254	–	488,548	488,802
As at 31 December 2021	–	–	507,234	507,234

In the current year, the debt instruments at amortised cost were not transferred among stages.

Debt securities are analysed by external rating as follows:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
External rating grade		
AAA	185,079	–
AA+ ~A-	42,445	–
Total	227,524	–



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Current		
Debt securities	143,937,772	110,475,096
Analysed as:		
Listed outside Hong Kong ⁽ⁱ⁾	45,958,639	46,398,597
Unlisted	97,979,133	64,076,499
	143,937,772	110,475,096

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

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	295,924	608,233
Charge for the year ⁽ⁱⁱ⁾	124,358	231,087
Reversal	(136,288)	(273,269)
Amounts written off as uncollectible	—	(268,683)
Effect of foreign currency exchange differences	3,170	(1,444)
At the end of the year	287,164	295,924

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

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	137,350	19	149,795	287,164
As at 31 December 2021	165,896	—	130,028	295,924

In the current year, the debt instruments at fair value through other comprehensive income were not transferred among stages.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – *continued*

Debt securities are analysed by external rating as follows:

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
External rating grade		
AAA	89,790,092	70,122,134
AA+ ~ A-	3,921,214	699,523
BBB+ ~ B-	97,803	108,018
Unrated ⁽ⁱⁱⁱ⁾	50,128,663	39,545,421
Total	<u>143,937,772</u>	<u>110,475,096</u>

(iii) Unrated bonds are mainly local government bonds, policy financial bonds and government bonds.

Fair values of the Group's debt instruments at fair value through other comprehensive income ("FVTOCI") are determined in the manner described in note 71.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Jilin Aodong Pharmaceutical Group Co., Ltd.	649,254	799,982
Others	78,529	72,810
	727,783	872,792
Analysed as:		
Listed outside Hong Kong (i)	649,254	799,982
Unlisted	78,529	72,810
	727,783	872,792

- (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.

During the year ended 31 December 2022, the Group received dividends in the amounts of RMB12.99 million from Jilin Aodong Pharmaceutical Group Co., Ltd..

Fair values of the Group's equity instruments at FVTOCI are determined in the manner described in note 71.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. ADVANCES TO CUSTOMERS

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Current		
Loans to margin clients	83,197,235	97,825,668
Restricted equity incentive financing	42,989	14,758
Less: Allowance for ECLs	417,233	609,658
Total	82,822,991	97,230,768

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

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
At the beginning of the year	609,658	340,788
Charge for the year ⁽ⁱ⁾	39,833	317,019
Reversal	(251,137)	(31,630)
Amounts written off as uncollectible	(4,296)	(8,762)
Effect of foreign currency exchange differences	23,175	(7,757)
At the end of the year	417,233	609,658

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. ADVANCES TO CUSTOMERS – continued

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	123,417	11,464	282,352	417,233
As at 31 December 2021	179,350	–	430,308	609,658

In the current year, advances to customers with gross carrying amount of RMB146.80 million was transferred from Stage 1 to Stage 3, and the corresponding impairment allowance was RMB0.96 million. Advances to customers with gross carrying amount of RMB176.29 million was transferred from Stage 1 to Stage 2, and the corresponding impairment allowance was RMB6.76 million. Advances to customers with gross carrying amount of RMB237.04 million was transferred from Stage 3 to Stage 2, and the corresponding impairment allowance was RMB53.33 million. Other transfers among stages were not significant.

The credit facility limits to margin clients and restricted equity incentive financing clients are determined by the discounted market value of the collateral securities accepted by the Group.

Loans to margin clients and restricted equity incentive financing clients which are secured by the underlying pledged securities and cash collateral as disclosed in note 48 are interest-bearing. The Group maintains a list of approved stocks at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call where the customers have to make up the difference.

Advances to customers as at 31 December 2022 were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral with an undiscounted market value of approximately RMB246,696.09 million (31 December 2021: RMB344,336.45 million).

As at 31 December 2022 and 2021, the overall advances to customers have been assessed for impairment using a forward-looking approach in accordance with the policies as set out in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. ACCOUNTS RECEIVABLE

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Accounts receivable from/related to:		
Current		
Commission and fee	1,748,046	1,872,719
Brokers	1,367,035	972,903
Cash clients	85,933	191,898
Clearing house	81,753	106,883
Deposits for OTC business	9,608,604	1,210,281
Others	985,021	626,097
Less: Allowance for ECLs	229,400	185,532
	13,646,992	4,795,249

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Current		
Within 1 year	13,031,504	4,399,343
Between 1 and 2 years	439,228	297,918
Between 2 and 3 years	104,784	54,997
More than 3 years	71,476	42,991
	13,646,992	4,795,249

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	185,532	200,573
Charge for the year ⁽ⁱ⁾	43,860	8,005
Reversal	(2,196)	(17,778)
Amounts written off as uncollectible	(49)	(4,695)
Effect of foreign currency exchange differences	2,253	(573)
At the end of the year	229,400	185,532

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

The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management and most of them were impaired as at 31 December 2022 and 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Receivables arising from sale and leaseback arrangements ⁽ⁱⁱ⁾	1,936	3,523
Other receivables	—	262,779
Less: Allowance for impairment	24	147
	1,912	266,155
Current		
Investment prepayments	890,405	205,000
Receivables arising from sale and leaseback arrangements ⁽ⁱⁱ⁾	43,026	75,969
Other receivables	775,151	558,764
Others	173,710	184,658
Less: Allowance for impairment	114,968	105,692
	1,767,324	918,699
Total	1,769,236	1,184,854

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	105,839	121,983
Charge for the year ⁽ⁱ⁾	13,002	6,467
Reversal	(2,059)	(21,478)
Amounts written off as uncollectible	(1,811)	(1,081)
Effect of foreign currency exchange differences and others	21	(52)
At the end of the year	114,992	105,839

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – continued

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

	As at 31 December 2022		As at 31 December 2021	
	Minimum lease payments RMB ' 000	Present value RMB ' 000	Minimum lease payments RMB ' 000	Present value RMB ' 000
Within 1 year (including 1 year)	43,834	43,026	77,019	75,969
Between 1 and 2 years (including 2 years)	2,100	1,936	2,362	1,587
Between 2 and 3 years (including 3 years)	–	–	2,100	1,936
Total	45,934	44,962	81,481	79,492
Less: Unrealised finance income	972	N/A	1,989	N/A
Balance of receivables arising from sale and leaseback arrangements	44,962	44,962	79,492	79,492
Less: Allowance for ECLs	39,492	39,492	38,977	38,977
Receivables arising from sale and leaseback arrangements, net	5,470	5,470	40,515	40,515

As at 31 December 2022, the effective interest rates ranged from 6% to 9% (31 December 2021: 6% to 13%) per annum.

Movements of ECLs during the year are as follows:

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
At the beginning of the year	38,977	42,593
Charge for the year ⁽ⁱⁱⁱ⁾	2,476	6,315
Reversal	(1,961)	(9,931)
At the end of the year	39,492	38,977

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS – continued

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	44	–	39,448	39,492
As at 31 December 2021	778	–	38,199	38,977

In the current year, the receivables arising from sale and leaseback arrangements were not transferred between stages.

33. FINANCIAL LEASING RECEIVABLES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Analysed as:		
Non-current assets	–	88,782
Current assets	244,053	645,530
	244,053	734,312

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

	As at 31 December 2022		As at 31 December 2021	
	Minimum lease payments RMB' 000	Present value RMB' 000	Minimum lease payments RMB' 000	Present value RMB' 000
Within 1 year (including 1 year)	829,718	825,005	1,231,426	1,203,565
Between 1 and 2 years (including 2 years)	–	–	92,691	89,829
Total	829,718	825,005	1,324,117	1,293,394
Less: Unrealised finance income	4,713	N/A	30,723	N/A
Balance of financial leasing receivables	825,005	825,005	1,293,394	1,293,394
Less: Allowance for ECLs	580,952	580,952	559,082	559,082
Financial leasing receivables, net	244,053	244,053	734,312	734,312

As at 31 December 2022, the effective interest rate ranged from 6% to 17%(31 December 2021: 5% to 17%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL LEASING RECEIVABLES – continued

Movements of ECLs during the year are as follows:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	559,082	483,952
Charge for the year ⁽ⁱ⁾	32,615	86,207
Reversal	(10,745)	(11,077)
At the end of the year	580,952	559,082

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

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	208	–	580,744	580,952
As at 31 December 2021	2,977	62	556,043	559,082

During the current year, the financial leasing receivables were not transferred between stages.

34. AMOUNTS DUE FROM JOINT VENTURES AND ASSOCIATES

As at 31 December 2022, amounts due from joint ventures and associates are unsecured, repayable on demand, and non-interest-bearing. The Group expected that the amounts due from joint ventures and associates can be recovered within one year from the end of the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Analysed by collateral type:		
Stocks ⁽ⁱ⁾	150,000	1,457,150
Less: Allowance for ECLs	719	45,727
	149,281	1,411,423
Analysed by market:		
Stock exchanges	149,281	1,411,423
Current		
Analysed by collateral type:		
Stocks ⁽ⁱ⁾	9,550,320	11,482,678
Bonds ⁽ⁱⁱ⁾	9,851,122	7,863,504
Less: Allowance for ECLs	610,434	765,373
	18,791,008	18,580,809
Analysed by market:		
Stock exchanges	9,250,028	10,727,309
Interbank bond market	7,670,246	7,296,819
Over the counter	1,870,734	556,681
	18,791,008	18,580,809
Total	18,940,289	19,992,232

- (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 RMB31,508.92 million as at 31 December 2022 (31 December 2021: RMB46,719.34 million).
- (ii) The financial assets (pledged by bonds) held under resale agreements are mainly for inter-bank pledged resale agreements and inter-bank outright resale agreements, and the fair value of collateral collected and underlying assets transferred to Group amounted to RMB11,961.69 million as at 31 December 2022 (31 December 2021: RMB9,041.74 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS – continued

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	811,100	225,911
Charge for the year ⁽ⁱⁱⁱ⁾	92,663	646,361
Reversal	(292,610)	(61,172)
At the end of the year	<u>611,153</u>	<u>811,100</u>

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

Analysis of the stages of allowance for ECLs:

	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
As at 31 December 2022	<u>175,996</u>	<u>–</u>	<u>435,157</u>	<u>611,153</u>
As at 31 December 2021	<u>279,987</u>	<u>–</u>	<u>531,113</u>	<u>811,100</u>

In the current year, the financial assets held under resale agreements were not transferred among stages.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
At fair value through profit or loss ⁽ⁱ⁾ :		
Listed equity securities	36,677	35,470
Unlisted equity instruments	9,148,117	7,180,796
Mutual funds	154,533	132,147
Convertible preference shares	161,228	138,843
Asset management schemes launched by securities companies ^{(ii),(iii)}	166,403	406,231
Other investments ⁽ⁱⁱⁱ⁾	157,566	143,357
	9,824,524	8,036,844
Analysed as:		
Listed outside Hong Kong ^(iv)	36,677	35,470
Unlisted ^(v)	9,787,847	8,001,374
	9,824,524	8,036,844
Current		
At fair value through profit or loss ⁽ⁱ⁾ :		
Debt securities	44,544,302	35,288,216
Listed equity securities	25,147,925	21,088,727
Unlisted equity instruments	275	702
Mutual funds	62,913,757	50,232,685
Asset management schemes launched by securities companies ^{(ii),(iii)}	1,921,278	1,731,752
Collective trusts	84,033	288,964
Wealth management products launched by banks ⁽ⁱⁱⁱ⁾	1,133,361	799,521
Other investments ⁽ⁱⁱⁱ⁾	12,217,613	6,997,001
	147,962,544	116,427,568
Analysed as:		
Listed in Hong Kong	2,362,366	1,250,662
Listed outside Hong Kong ^(iv)	43,911,843	40,872,230
Unlisted ^(v)	101,688,335	74,304,676
	147,962,544	116,427,568
Total	157,787,068	124,464,412



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (i) During the year, the Group classified the following financial assets at fair value through profit or loss: debt instruments that do not qualify for measurement at either amortised cost or FVTOCI; equity instruments that are held for trading, and equity instruments for which the Group has not elected to recognise fair value gains and losses through OCI.
- (ii) The Group has committed to hold some of its investments in asset management schemes managed by the Group for specified periods due to contractual or regulatory requirements, the amount of which was RMB2.00 million as at 31 December 2022 (31 December 2021: RMB400.64 million).
- (iii) The investments represent investments in asset management schemes and other wealth management products launched and managed by the Group and other financial institutions. The Group's interests in these asset management schemes managed by the Group are not individually significant.
- (iv) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.
- (v) Unlisted securities mainly comprise unlisted funds, debt securities traded on the Interbank Bond Market, unlisted equity instruments, convertible debt instruments, redeemable convertible preference shares and asset management schemes and other wealth management products launched by financial institutions.

As at 31 December 2022, the listed equity securities of the Group included restricted shares of approximately RMB7,216.27 million (31 December 2021: RMB3,977.00 million). The restricted shares are listed with a legally enforceable restriction on these securities that prevents the Group to dispose of them within the specified period.

As at 31 December 2022, the Group has entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss ("FVTPL") (including equity securities and exchange traded funds) with a total fair value of RMB528.88 million (31 December 2021: RMB664.15 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 71.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31.12.2022			As at 31.12.2021		
	Notional amounts RMB' 000	Assets RMB' 000	Liabilities RMB' 000	Notional amounts RMB' 000	Assets RMB' 000	Liabilities RMB' 000
Interest rate derivatives						
– Interest rate swaps ⁽ⁱ⁾	924,228,219	231	10,506	386,685,000	674	1,574
– Standard bond forward ⁽ⁱ⁾	278,911	–	–	645,010	–	–
– Interest rate options	–	–	–	3,000,000	1,002	174
– Treasury bond futures ⁽ⁱ⁾	13,776,239	2,338	101,130	5,213,609	–	4,728
Currency derivatives						
– Currency swaps	428,313	896	2,660	232,844	272	892
– Currency forward	3,476,512	23,224	36,410	313,487	4,347	402
– Currency futures	756,396	10,381	–	782,288	9,018	–
Equity derivatives						
– Stock index futures ⁽ⁱ⁾	28,599,589	60,704	53,815	17,423,444	16,506	33
– Exchange-traded options	7,528,401	60,530	89,167	6,103,153	53,082	88,816
– Over-the-counter equity derivatives transactions	81,789,638	2,068,733	1,530,915	29,575,522	469,687	643,548
Credit derivatives						
– Credit risk mitigation warrants	–	–	–	20,000	–	–
Others						
– Commodity futures ⁽ⁱ⁾	9,321,130	571	109,391	5,173,976	–	–
– Others	26,335,914	414,866	164,287	8,346,950	9,905	240,932
Total	1,096,519,262	2,642,474	2,098,281	463,515,283	564,493	981,099

- (i) Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC futures contracts, standard bond forward contracts, and interest rate swaps contracts traded in the Shanghai Clearing House were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 31 December 2022 and 31 December 2021. Accordingly, the net position of the above contracts was nil at the year-end date. Balances as at year end were the unrealised profits and losses from contracts in Hong Kong or other overseas areas.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Deposits with stock exchanges:		
Shanghai Stock Exchange	648,015	768,645
Shenzhen Stock Exchange	386,543	335,048
Hong Kong Stock Exchange	39,316	83,217
Deposits with futures and commodity exchanges:		
Hong Kong Futures Exchange Limited	1,055,584	211,363
Shanghai Futures Exchange	2,356,189	1,665,831
Zhengzhou Commodity Exchange	882,758	624,475
Dalian Commodity Exchange	1,945,878	1,583,867
China Financial Futures Exchange	6,820,028	4,858,568
Intercontinental Exchange, Inc.	289,721	270,453
China Securities Finance Corporation Limited	2,385,783	619,667
Shanghai Clearing House	295,520	147,433
Guarantee fund paid to China Financial Futures Exchange	41,719	67,011
LME Clear Limited	582,474	344,111
Brokers	2,417,978	831,185
Shanghai International Energy Exchange Co., Ltd.	184,874	76,632
Others	9,912	7,607
Total	<u>20,342,292</u>	<u>12,495,113</u>

39. CLEARING SETTLEMENT FUNDS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Clearing settlement funds held with clearing houses for:		
House accounts	4,281,897	4,547,355
Clients	23,398,344	23,147,026
	<u>27,680,241</u>	<u>27,694,381</u>

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. BANK BALANCES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Bank balances:		
House accounts	21,569,629	21,815,947
Cash held on behalf of customers ⁽ⁱ⁾	107,606,854	97,496,873
	<u>129,176,483</u>	<u>119,312,820</u>

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

As at 31 December 2022, the Group's bank balances of RMB5,173.38 million (31 December 2021: RMB4,303.88 million) were restricted.

- (i) The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The Group had recognised the corresponding amount in accounts payable to brokerage clients (note 48).

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Bank balances – house accounts	14,793,137	16,737,019
Clearing settlement funds – house accounts	4,278,915	4,544,257
	<u>19,072,052</u>	<u>21,281,276</u>

42. DEFERRED TAX

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

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Deferred tax assets	2,582,609	2,118,832
Deferred tax liabilities	(574,491)	(741,364)
	<u>2,008,118</u>	<u>1,377,468</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. DEFERRED TAX – continued

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Financial instruments at fair value through profit or loss/ derivatives RMB '000	Financial instruments at fair value through other comprehensive income RMB '000	Accrued staff cost RMB '000	Allowance for impairment losses RMB '000	Properties and equipment RMB '000	Others RMB '000	Total RMB '000
At 1 January 2021	(283,390)	(217,551)	1,013,354	375,457	(16,182)	33,629	905,517
Charge/(credit) to profit or loss (Note 17)	(38,125)	(70,250)	461,669	231,455	984	(102,677)	483,056
Charge/(credit) to other comprehensive income	378	(36,787)	–	(3)	–	(314)	(36,726)
Transferred out	25,545	–	–	–	–	76	25,621
At 31 December 2021	<u>(295,592)</u>	<u>(324,588)</u>	<u>1,475,223</u>	<u>606,909</u>	<u>(15,198)</u>	<u>(69,286)</u>	<u>1,377,468</u>
Charge/(credit) to profit or loss (Note 17)	355,306	(3,064)	104,578	(83,046)	984	(17,568)	357,190
Charge/(credit) to other comprehensive income	<u>(177)</u>	<u>273,315</u>	<u>–</u>	<u>7</u>	<u>–</u>	<u>315</u>	<u>273,460</u>
At 31 December 2022	<u>59,537</u>	<u>(54,337)</u>	<u>1,579,801</u>	<u>523,870</u>	<u>(14,214)</u>	<u>(86,539)</u>	<u>2,008,118</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

As at 31 December 2022, the Group has unused tax losses of approximately RMB1,570.38 million (31 December 2021: RMB1,349.95 million) available for offset against future profits. No deferred tax asset has been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. Most of these tax losses may be carried forward indefinitely.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. RESTRICTED ASSET RIGHTS

	As at 31.12.2022 RMB' 000	Reason of restrictions
Bank balances	5,173,385	Risk reserves
Financial assets at fair value through profit or loss	7,329,496	Pledged or transferred for repurchase business
Financial assets at fair value through profit or loss	528,884	Transferred for margin financing and securities lending business
Financial assets at fair value through profit or loss	11,175,208	Pledged or transferred for bond lending business
Financial assets at fair value through profit or loss	1,078,856	Pledged for due to banks and other financial institutions business
Financial assets at fair value through profit or loss	2,174,423	Pledged for compensation of deposits for futures business
Financial assets held under resale agreements	1,585,235	Pledged or transferred for repurchase business
Financial assets held under resale agreements	1,380,561	Pledged for due to banks and other financial institutions business
Financial assets held under resale agreements	90,823	Pledged for bond lending business
Equity instruments at fair value through other comprehensive income	464,874	Pledged for refinancing business
Debt instruments at fair value through other comprehensive income	86,778,882	Pledged or transferred for repurchase business
Debt instruments at fair value through other comprehensive income	2,430,725	Pledged for refinancing business
Debt instruments at fair value through other comprehensive income	20,206,067	Pledged for bond lending business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. RESTRICTED ASSET RIGHTS – continued

	As at 31.12.2022 RMB '000	Reason of restrictions
Debt instruments at fair value through other comprehensive income	127,852	Pledged for due to banks and other financial institutions business
Debt instruments at fair value through other comprehensive income	2,495,849	Pledged for compensation of deposits for futures business
Debt instruments at amortized cost	31,108	Transferred for repurchase business
Debt instruments at amortized cost	108,026	Pledged for due to banks and other financial institutions business
Lease receivables	36,675	Due to long-term loans
Total	143,196,929	

44. BORROWINGS

	As at 31.12.2022 RMB '000	As at 31.12.2021 RMB '000
Secured short-term loans ⁽ⁱ⁾	422,238	622,814
Unsecured short-term loans ⁽ⁱⁱ⁾	4,069,544	293,731
Total	4,491,782	916,545

- (i) GF Securities (Hong Kong) Brokerage Limited pledges its margin financing clients' securities to banks in order to get credit facilities which allow it to get revolving loans from the banks. As at 31 December 2022, the total market value of securities pledged amounted to RMB2,853.19 million (31 December 2021: RMB3,048.33 million) and the credit facilities utilised amounted to RMB422.20 million (31 December 2021: RMB622.80 million) which bear interest rates of HIBOR+0.9% or cost of fund rate+1.10% (31 December 2021: HIBOR+0.8% to HIBOR+0.95% or FDTRMID+0.9% or cost of fund rate+1.10%) per annum.
- (ii) As at 31 December 2022, the Group's unsecured short-term bank loans bear fixed interest rate of 4.98% (31 December 2021: 5.20%), or variable interest rate of HIBOR+0.75% to HIBOR+1.00% or LIBOR+0.40% to LIBOR+1.70% (31 December 2021: LIBOR+0.75%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. SHORT-TERM FINANCING PAYABLES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Short-term financing bills (Note 1)	29,718,507	18,104,558
Structured notes (Note 2)	7,589,850	9,772,202
Total	37,308,357	27,876,760

Note 1: Short-term financing bills

The details of short-term financing bills as at 31 December 2022 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
22GFCP001	3,000,000	2022/02/11	2023/02/10	2.47%
22GFCP002	3,000,000	2022/03/14	2023/02/28	2.62%
22GFCP006	1,500,000	2022/04/28	2023/04/28	2.42%
22GFCP008	2,000,000	2022/09/08	2023/03/08	1.79%
22GFCP009	3,000,000	2022/10/14	2023/04/14	1.88%
22GFCP010	3,000,000	2022/10/21	2023/04/21	1.90%
22GFCP011	4,000,000	2022/11/07	2023/02/07	1.90%
22GFCP012	3,000,000	2022/11/23	2023/05/23	2.46%
22GFCP013	4,000,000	2022/12/05	2023/04/11	2.36%
22GFCP014	3,000,000	2022/12/14	2023/07/04	2.65%

Note 2: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interest. As at 31 December 2022, the undue structured notes bear interest at fixed rates ranging from 1.75% to 6.80% per annum (31 December 2021: 2.25% to 7.20%) or variable rate linked to a certain subjects. The principal and interest are repayable upon maturity within one year. The structured notes with a variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the consolidated financial statements after being bifurcated from their respective host contracts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Designated at fair value through profit or loss:		
Structured notes	666,066	—
Analysed as:		
Unlisted	666,066	—
Current		
At fair value through profit or loss:		
Bonds	781,610	207,121
Designated at fair value through profit or loss:		
Structured notes	8,931,817	8,370,561
	9,713,427	8,577,682
Analysed as:		
Unlisted	9,713,427	8,577,682
Total	10,379,493	8,577,682

As at 31 December 2022, the fair value of the Group's financial liabilities designated at fair value through profit or loss had no significant change related to the changes in the credit risk of the Group.

Fair values of the Group's financial liabilities at fair value through profit or loss are determined in the manner described in note 71.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Due to banks and other financial institutions	19,071,426	11,617,488

As at 31 December 2022, the effective interest rates on amounts due to banks ranged from 2.07% to 3.25% (31 December 2021: 2.43% to 3.10%) per annum. Included in the balance was an amount of RMB1,682.87 million (31 December 2021: RMB1,799.65 million) which was secured by the Group's securities amounting to RMB2,695.29 million as at 31 December 2022 (31 December 2021: RMB2,054.31 million).

48. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balances are repayable on demand except where certain balances represent margin deposits and cash collateral received from clients for their trading activities under the normal course of business. Only the excessive amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

The directors of the Company are of the opinion that the ageing analysis does not give additional value in view of the nature of these businesses. As a result, no ageing analysis is disclosed.

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

As at 31 December 2022, accounts payable to brokerage clients of approximately RMB9,848.88 million (31 December 2021: RMB9,141.42 million) were related to cash collateral received from clients for margin financing and securities lending arrangements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

49. ACCRUED STAFF COSTS

	As at 31.12.2022 RMB '000	As at 31.12.2021 RMB '000
Non-current		
Other long-term benefits	5,532,077	4,305,899
Current		
Salaries, bonuses and allowances	4,391,053	5,529,592
Short-term social welfares	373	967
Defined contribution plans ⁽ⁱ⁾	121,294	194,935
Others	102,271	87,086
	4,614,991	5,812,580
Total	10,147,068	10,118,479

- (i) The defined contribution plans refer to the social pension insurance plan and the unemployment insurance plan required by the government, and the annuity schemes launched by the Group. The Group participates in the social pension insurance plan and unemployment insurance plan pursuant to pertinent regulations and contributes to the funds set up by the Government on a monthly basis. Besides, the Group sets up the annuity schemes and Mandatory Provident Fund Scheme for qualified employees in Mainland China and Hong Kong and contributes to the schemes which are managed by third parties on an annual basis or on a monthly basis. Except for the amounts contributed, the Group will assume no further payment obligations. The amounts accrued have been paid in subsequent periods.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

50. OTHER ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Deposits of financial leasing business	1,750	20,879
Current		
Business margin payable to clients	19,821,668	5,754,641
Payables for open-ended fund clearing and other clearing	1,197,240	970,500
Notes payable	1,165,009	1,680,394
Commission payable and related accrued expenses for the sale of funds	804,269	1,271,458
Accrued expenses	341,627	246,391
Other taxes	319,525	635,643
Payable for property and equipment purchases	248,204	323,986
Futures risk reserve	194,954	176,575
Fund risk reserve	113,980	80,816
Block trade deposits	100,000	100,000
Interest payable	53,549	59,874
Payables for securities investor protection fund and futures investor protection fund	31,548	72,312
Others ⁽ⁱ⁾	1,730,338	1,219,410
	26,121,911	12,592,000
Total	26,123,661	12,612,879

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

51. PROVISIONS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	405,872	415,058
Addition	35,836	2,896
Reduction	2,197	12,082
At the end of the year (Note)	439,511	405,872

Note: As at 31 December 2022, the Group recognised a provision of USD58.27 million (31 December 2021: USD58.27 million), approximately RMB405.84 million, in connection with a potential litigation that may arise relating to the matters of GTEC Pandion Multi-Strategy Fund SP as mentioned in the 2019 annual report.

52. OTHER LIABILITIES

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Third-party interests in consolidated structured entities	1,145,044	1,115,223
Current		
Third-party interests in consolidated structured entities	460,607	1,130,498
Total	1,605,651	2,245,721

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Current		
Analysed by collateral type:		
Bonds ⁽ⁱ⁾	116,084,589	73,317,348
Gold ⁽ⁱⁱ⁾	7,571,602	7,383,843
Others	1,401,635	529,009
	125,057,826	81,230,200
Analysed by market:		
Stock exchanges	31,481,473	35,203,126
Interbank bond market	82,983,467	37,091,365
Shanghai gold exchange	7,622,833	7,430,376
Over the counter	2,970,053	1,505,333
	125,057,826	81,230,200
Total	125,057,826	81,230,200

- (i) As at 31 December 2022, included in the balance was an amount of RMB28,702.97 million (31 December 2021: RMB11,724.10 million) which was secured by bonds borrowed from the interbank bond market, which were not recognised in the consolidated financial statements as it is the banks rather than the Group that are subject to all the risks and returns of the bonds, and the fair value of such bonds was RMB30,990.97 million (31 December 2021: RMB12,550.04 million).
- (ii) As at 31 December 2022, the fair value of gold transferred, which was from leasing and is not recognised in the consolidated financial statements, was RMB7,881.41 million (31 December 2021: RMB7,346.15 million).

Repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these securities, and the carrying amount of assets transferred is disclosed in note 63.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

54. BONDS PAYABLE

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Non-current		
Corporate bonds (Note 1)	59,840,363	71,561,984
Subordinated bonds (Note 1)	8,494,330	4,500,000
Structured notes (Note 2)	10,575,515	318,112
	78,910,208	76,380,096
Current		
Corporate bonds (Note 1)	33,252,013	51,681,873
Subordinated bonds (Note 1)	2,165,687	4,291,830
Structured notes (Note 2)	1,559,121	1,249,507
Financial bond	—	5,079,626
	36,976,821	62,302,836
Total	115,887,029	138,682,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



54. BONDS PAYABLE – continued

Note 1: Details of the bonds as of 31 December 2022 are as follows:

Name	Issue amount ' 000	Value date	Maturity date	Coupon rate
Corporate bonds				
13GF03	8,983,700	2013/06/17	2023/06/17	5.10%
20GF01	5,000,000	2020/01/20	2023/01/20	3.65%
20GF02	5,800,000	2020/03/16	2023/03/16	3.20%
20GF04	3,699,908	2020/09/07	2023/09/07	4.00%
21GF03	4,495,500	2021/06/08	2024/06/08	3.40%
21GF04	999,000	2021/06/08	2026/06/08	3.68%
21GF05	2,997,000	2021/07/23	2024/07/23	3.13%
21GF06	4,495,500	2021/07/23	2026/07/23	3.45%
21GF07	1,498,500	2021/07/23	2031/07/23	3.77%
21GF09	3,396,600	2021/08/13	2023/08/13	2.90%
21GF10	2,997,000	2021/09/16	2024/09/16	3.10%
21GF11	1,998,000	2021/09/16	2026/09/16	3.50%
21GF12	1,998,000	2021/09/16	2031/09/16	3.90%
21GF13	2,997,000	2021/10/15	2024/10/15	3.30%
21GF16	4,195,800	2021/10/29	2023/10/29	3.10%
21GF17	4,795,200	2021/10/29	2024/10/29	3.30%
21GF19	3,996,000	2021/11/17	2024/11/17	3.15%
21GF20	3,496,500	2021/11/17	2026/11/17	3.50%
21GF21	999,000	2021/11/17	2031/11/17	3.85%
21GF25	799,980	2021/12/01	2023/05/25	3.05%
22GF01	3,396,600	2022/07/15	2025/07/15	2.85%
22GF02	1,998,000	2022/07/15	2027/07/15	3.24%
22GF03	599,400	2022/07/15	2032/07/15	3.70%
22GF04	2,497,500	2022/08/04	2025/08/04	2.59%
22GF05	2,997,000	2022/08/04	2027/08/04	3.03%
22GF06	1,498,500	2022/08/04	2032/08/04	3.59%
22GF07	799,200	2022/08/16	2025/08/16	2.68%
22GF08	2,497,500	2022/08/16	2027/08/16	3.12%
22GF09	1,198,800	2022/08/16	2032/08/16	3.60%
22GF10	999,000	2022/08/29	2025/08/29	2.60%
22GF11	999,000	2022/09/19	2025/09/19	2.55%
22GF12	499,500	2022/09/19	2027/09/19	2.95%
GF HOLD B2409	USD298,441	2021/09/15	2024/09/15	1.125%
Subordinated bonds				
20GFC1	2,000,000	2020/03/03	2023/03/03	3.35%
20GFC2	2,500,000	2020/03/03	2025/03/03	3.80%
22GFC1	2,997,000	2022/10/17	2025/10/17	2.85%
22GFC2	499,500	2022/10/17	2027/10/17	3.20%
22GFC3	1,998,000	2022/11/14	2025/11/14	2.86%
22GFC4	499,500	2022/11/14	2027/11/14	3.20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

54. BONDS PAYABLE – continued

Note 2: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interest. As at 31 December 2022, the undue structured notes bear interest at fixed rates ranging from 2.38% to 3.80% per annum (31 December 2021: 2.70% to 3.95%) or variable rate linked to a certain subjects. The structured notes with a variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the consolidated financial statements after being bifurcated from their respective host contracts.

55. LONG-TERM LOANS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current		
Unsecured long-term loans ⁽ⁱ⁾	—	22,879
Secured long-term loans ⁽ⁱⁱ⁾	—	40,948
	<u>—</u>	<u>63,827</u>
Current		
Unsecured long-term loans ⁽ⁱ⁾	23,642	22,813
Secured long-term loans ⁽ⁱⁱ⁾	41,028	252,035
	<u>64,670</u>	<u>274,848</u>
Total	<u>64,670</u>	<u>338,675</u>

(i) As at 31 December 2022, the remaining unsecured loans amounted to RMB23.64 million (31 December 2021: RMB45.69 million). The loans bear interest at fixed interest rates of 7.09% (31 December 2021: 7.09%) per annum, with the principal amounting to RMB22.88 million (31 December 2021: RMB21.34 million) due within one year, the principal amounting to nil (31 December 2021: RMB22.88 million) due within two years.

(ii) As at 31 December 2022, the long-term loans amounting to RMB41.03 million (31 December 2021: RMB292.98 million) are secured by rights and interests in financial leasing receivables. The loans bear interest at fixed interest rates ranging from 5.18% to 6.65% (31 December 2021: 4.80% to 7.13%) per annum, with the principal amounting to RMB40.95 million (31 December 2021: RMB248.25 million) due within one year, the principal amounting to nil (31 December 2021: RMB40.95 million) due within two years.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

56. SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at 31.12.2022	As at 31.12.2021
Number of registered, issued and fully paid ordinary shares of RMB1 each (in thousands):		
Domestic shares	5,919,291	5,919,291
H shares	1,701,797	1,701,797
	7,621,088	7,621,088
Share capital (in RMB' 000)		
Domestic shares	5,919,291	5,919,291
H shares	1,701,797	1,701,797
Total	7,621,088	7,621,088

57. OTHER EQUITY INSTRUMENTS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Perpetual subordinated bonds	10,990,000	1,000,000

As approved by the CSRC, the Company issued four batches of perpetual subordinated bonds ("21 GF Y1", "22 GF Y1", "22 GF Y2" and "22 GF Y3") amounting to RMB1 billion, RMB2.7 billion, RMB5 billion and RMB2.3 billion with initial interest rates of 3.95%, 3.75%, 3.53% and 3.48% in September 2021, June 2022, July 2022 and August 2022, respectively. The Company has options to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

The coupon rates for the perpetual subordinated bonds are fixed in the first 5 years. If the Company does not use the right of redemption, the coupon rates will be repriced every 5 years from the 6th year. The coupon rates will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on the China Bond website 5 working days before the interest repricing date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

57. OTHER EQUITY INSTRUMENTS – *continued*

The issuer has the right to defer interest payments, unless “mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interests thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital 12 months before the interest payment date. When the mandatory interest payment events occur, the Company cannot defer the current interest as well as any previously deferred interest and accreted interests thereon.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the consolidated statement of financial position of the Group.

In 2022, the Company has paid the interest of the perpetual subordinated bonds amounting to RMB39.50 million as described in note 62.

58. TREASURY SHARES

	As at 31.12.2021 RMB' 000	Increase RMB' 000	Decrease RMB' 000	As at 31.12.2022 RMB' 000
Treasury shares	–	233,609	–	233,609

On 30 March 2022, the 23rd meeting of the 10th session of the Board of Directors of the Company approved the Resolution on the Company's Proposed Repurchase of A Shares by Way of Centralised Price Bidding. Up to 31 December 2022, a total of 15,242,153 of A shares had been repurchased from the Shenzhen Stock Exchange by centralised price bidding for the restricted share incentive scheme. The total repurchasing cost was RMB233.61 million (transaction expenses included).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

59. INVESTMENT REVALUATION RESERVE

The movements of the investment revaluation reserve of the Group are set out below:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	1,153,511	1,048,326
Equity instruments at fair value through other comprehensive income		
Revaluation losses on equity instruments at fair value through other comprehensive income	(145,965)	(439,857)
Income tax impact	38,372	108,101
Debt instruments at fair value through other comprehensive income		
Net fair value changes during the year	(384,256)	911,625
Reclassification to profit or loss	(554,903)	(289,025)
Changes in allowance for expected credit losses	(11,930)	(42,182)
Income tax impact	234,943	(144,888)
Share of fair value (losses)/gains on financial assets of associates and joint ventures	(173)	1,411
At the end of the year	329,599	1,153,511



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

60. GENERAL RESERVES

General reserves comprise the statutory reserve, discretionary reserve, reserve for general risk and transaction risk reserve.

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalisation. If the statutory reserve is capitalised into share capital, the remaining reserve is required to be no less than 25% of the Company's registered capital before capitalisation.

The Company may also make appropriations from its net profit to the discretionary reserve provided the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit before distribution, determined in accordance with PRC GAAP, to the reserve for general risk; and in accordance with *Interim Measures for the Supervision and Administration of Risk Reserve of the Public Offering of Securities Investment Fund*, the Company, as a custodian of securities investment fund, is required to appropriate no less than 2.5% of fund custodian revenue as reserve for general risk.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit before distribution, determined in accordance with PRC GAAP, to the transaction risk reserve.

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to the statutory reserve, the reserve for general risk and the transaction risk reserve.

The movements of general reserves of the Group are set out below:

As at 31 December 2022

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	7,778,538	784,812	8,563,350
Discretionary reserve	169,428	—	169,428
Reserve for general risk	10,973,338	1,366,058	12,339,396
Transaction risk reserve	8,598,786	809,884	9,408,670
	<u>27,520,090</u>	<u>2,960,754</u>	<u>30,480,844</u>





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

60. GENERAL RESERVES – continued

As at 31 December 2021

	Opening RMB' 000	Addition RMB' 000	Closing RMB' 000
Statutory reserve	6,909,370	869,168	7,778,538
Discretionary reserve	169,428	–	169,428
Reserve for general risk	9,508,423	1,464,915	10,973,338
Transaction risk reserve	7,695,748	903,038	8,598,786
	<u>24,282,969</u>	<u>3,237,121</u>	<u>27,520,090</u>

61. RETAINED PROFITS

The movements of retained profits of the Group are set out below:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
At the beginning of the year	38,140,088	33,952,582
Profit for the year	7,929,282	10,854,116
Appropriation to general reserve	(2,960,754)	(3,237,121)
Ordinary shares' dividends recognised as distribution	(3,802,923)	(3,429,489)
Distribution to other equity instrument holders	<u>(39,500)</u>	<u>–</u>
At the end of the year	<u>39,266,193</u>	<u>38,140,088</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

62. DIVIDENDS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Ordinary shares' dividends recognised as distribution ⁽ⁱ⁾	3,802,923	3,429,489
Distribution to other equity instrument holders ⁽ⁱⁱ⁾	39,500	—
Total	3,842,423	3,429,489

- (i) Pursuant to the resolution the shareholders' meeting held on 20 May 2022, the Company distributed cash dividends of RMB5.0 for every 10 shares (tax included) based on 7.61 billion shares held amounting to RMB3.80 billion in total for the year ended 31 December 2021.
- (ii) The dividend distributions by the Company triggered the mandatory interest payments event for perpetual subordinated bonds. In 2022, the Company has paid the interest of the perpetual subordinated bonds amounting to RMB39.50 million.

63. TRANSFER OF FINANCIAL ASSETS

Repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells securities, rights and interests in financial leasing receivables (collectively as “the transferred assets”) and simultaneously agrees to repurchase them (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of the transferred assets. The transferred assets are not derecognised from the financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of the transferred assets.

The proceeds from selling the transferred assets are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights of the cash flows of the transferred assets, it does not have the ability to use the transferred assets during the term of the arrangements.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

63. TRANSFER OF FINANCIAL ASSETS – continued

Repurchase agreements – continued

The following tables provide a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2022

	Financial assets at fair value through profit or loss RMB' 000	Debt instruments at amortised cost RMB' 000	Debt instruments at fair value through other comprehensive income RMB' 000	Financial assets held under resale arrangements RMB' 000	Total RMB' 000
Carrying amount of transferred assets	7,329,496	31,108	86,778,882	1,585,235	95,724,721
Carrying amount of associated liabilities	6,039,803	26,618	81,361,888	1,303,711	88,732,020
Net position	1,289,693	4,490	5,416,994	281,524	6,992,701

As at 31 December 2021

	Financial assets at fair value through profit or loss RMB' 000	Debt instruments at amortised cost RMB' 000	Debt instruments at fair value through other comprehensive income RMB' 000	Financial assets held under resale arrangements RMB' 000	Total RMB' 000
Carrying amount of transferred assets	8,776,343	–	57,915,030	783,081	67,474,454
Carrying amount of associated liabilities	7,804,196	–	53,727,169	544,360	62,075,725
Net position	972,147	–	4,187,861	238,721	5,398,729



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

63. TRANSFER OF FINANCIAL ASSETS – continued

Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss with a carrying amount totalling RMB528.88 million as at 31 December 2022 (31 December 2021: RMB664.15 million), which are secured by client's securities and deposits held as collateral. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates and the maximum covered period is 182 days. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised these securities in the consolidated financial statements.

Securities borrowing from banks

As at 31 December 2022 and 2021, the type and fair values of securities borrowed through the inter-bank securities market trading platform and the Shanghai Stock Exchange fixed income trading platform are as follows:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Type of securities		
Government bonds	18,738,124	8,999,958
Financial bond	10,900,429	1,991,434
Local government bonds	2,405,163	1,943,436
	32,043,716	12,934,828

As at 31 December 2022 and 2021, the above securities were due to return to banks before 6 March 2023 and 15 March 2022, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

63. TRANSFER OF FINANCIAL ASSETS – continued

Securities borrowing from banks – continued

In order to borrow the securities mentioned above from banks, the Group has pledged its assets to banks. The type and fair values of the assets pledged to banks as at 31 December 2022 and 2021 are as follows:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Type of assets		
Debt instruments at fair value through other comprehensive income	20,206,067	10,577,070
Financial assets at fair value through profit or loss	8,962,085	609,633
Financial assets held under resale agreements	90,823	–
	29,258,975	11,186,703

64. CAPITAL COMMITMENTS

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided for	110,614	110,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year is as follows:

For the year ended 31 December 2022

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
A) EXECUTIVE DIRECTORS					
Lin Chuanhui	–	2,308	86	1,460	3,854
Ge Changwei ^(iv)	–	1,792	57	1,810	3,659
Sun Xiaoyan	–	2,364	86	1,210	3,660
Qin Li	–	2,236	86	1,160	3,482
Subtotal	–	8,700	315	5,640	14,655

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
B) NON-EXECUTIVE DIRECTORS:					
Li Xiulin	180	–	–	–	180
Shang Shuzhi	180	–	–	–	180
Guo Jingyi	–	–	–	–	–
Subtotal	360	–	–	–	360

The non-executive directors' emoluments shown above were for their services as directors of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – continued

For the year ended 31 December 2022 – continued

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS:					
Fan Lifu	270	–	–	–	270
Hu Bin	270	–	–	–	270
Leung Shek Ling Olivia	270	–	–	–	270
Li Wenjing	270	–	–	–	270
Subtotal	<u>1,080</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,080</u>

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Name	Supervisors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
D) SUPERVISORS:					
Zhou Xitai ⁽ⁱⁱⁱ⁾	–	2,068	58	1,111	3,237
Lai Jianhuang	150	–	–	–	150
Xie Shisong	150	–	–	–	150
Lu Xin	150	–	–	–	150
Yi Xinyu ^(iv)	–	298	–	–	298
Cheng Huaiyuan ^(v)	–	882	75	2,220	3,177
Zhang Shaohua ⁽ⁱⁱ⁾	–	148	–	–	148
Subtotal	<u>450</u>	<u>3,396</u>	<u>133</u>	<u>3,331</u>	<u>7,310</u>

The supervisors' emoluments shown above were for their services as supervisors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – continued

For the year ended 31 December 2021

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
A) EXECUTIVE DIRECTORS					
Lin Chuanhui	–	1,292	81	605	1,978
Sun Xiaoyan	–	1,385	67	2,217	3,669
Qin Li	–	1,293	67	2,132	3,492
Sun Shuming ^(vii)	–	885	53	2,783	3,721
Subtotal	–	4,855	268	7,737	12,860

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
B) NON-EXECUTIVE DIRECTORS:					
Li Xiulin	180	–	–	–	180
Shang Shuzhi	180	–	–	–	180
Guo Jingyi	–	–	–	–	–
Subtotal	360	–	–	–	360

The non-executive directors' emoluments shown above were for their services as directors of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – continued

Directors' and chief executive's remuneration for the year is as follows: – continued

For the year ended 31 December 2021 – continued

Name	Directors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS:					
Fan Lifu	270	–	–	–	270
Hu Bin	270	–	–	–	270
Leung Shek Ling Olivia	270	–	–	–	270
Li Wenjing	270	–	–	–	270
Subtotal	<u>1,080</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,080</u>

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Name	Supervisors' fees RMB' 000	Salaries and allowances RMB' 000	Employer's contribution to pension schemes RMB' 000	Bonuses RMB' 000	Total ⁽ⁱ⁾ RMB' 000
D) SUPERVISORS:					
Zhang Shaohua ⁽ⁱⁱ⁾	–	1,148	66	2,329	3,543
Lai Jianhuang	150	–	–	–	150
Xie Shisong	150	–	–	–	150
Lu Xin	150	–	–	–	150
Cheng Huaiyuan ^(iv)	–	783	58	2,780	3,621
Subtotal	<u>450</u>	<u>1,931</u>	<u>124</u>	<u>5,109</u>	<u>7,614</u>

The supervisors' emoluments shown above were for their services as supervisors of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

65. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

During the year ended 31 December 2022, no directors or supervisors of the Company waived any emoluments and during the year ended 31 December 2021, no directors or supervisors of the Company waived any emoluments.

During the years ended 31 December 2022 and 31 December 2021, no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

- (i) The Company did not have any share option scheme during the years ended 31 December 2022 and 31 December 2021.
- (ii) Zhang Shaohua resigned as a supervisor in January 2022.
- (iii) Zhou Xitai was appointed as a supervisor in January 2022.
- (iv) Ge Changwei was appointed as an executive director in February 2022.
- (v) Cheng Huaiyuan resigned as a supervisor in August 2022.
- (vi) Yi Xinyu was appointed as a supervisor in August 2022.
- (vii) Sun Shuming resigned as an executive director in July 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

66. FIVE HIGHEST PAID EMPLOYEES

No directors or supervisors (2021: No directors or supervisors) are included in the five highest paid employees during the year and the details of directors' and supervisors' remuneration are set out in note 65 above. Details of the remuneration for the year of the five (2021: five) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2022 RMB' 000	2021 RMB' 000
Basic salaries and allowances	8,281	4,314
Bonuses	41,021	43,870
Employer's contribution to pension schemes	385	245
	<u>49,687</u>	<u>48,429</u>

Bonuses are discretionary and determined with reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2022 and 31 December 2021.

There are five (2021: five) highest paid employees who are not directors nor supervisors of the Company, among which, no (2021: no) employee's remuneration is more than HKD25.00 million and the remuneration of the five (2021: five) employees are below HKD25.00 million. The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows: five between HKD10.00 million to HKD15.00 million.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS

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

Holding interest in shareholders and their subsidiaries

	As at 31.12.2022		As at 31.12.2021	
	Number of shares/bonds ' 000	Carrying amount RMB ' 000	Number of shares/bonds ' 000	Carrying amount RMB ' 000
Financial assets at FVTPL – stocks				
遼寧成大生物股份有限公司				
– Liaoning Cheng Da Biotechnology Co., Ltd.* (Note)	3,996	121,549	3,996	290,724
遼寧成大股份有限公司				
– Liaoning Cheng Da Co., Ltd.*	396	4,979	65	1,271
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	343	5,142	166	3,064
中山公用事業集團股份有限公司				
– Zhongshan Public Utilities Group Co., Ltd.*	33	229	86	764
Financial assets at FVTPL – bonds				
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	899	105,356	899	109,409
Financial assets at FVTOCI – stocks				
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	43,312	649,254	43,312	799,982

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

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

Cash dividends arising from equity interests in shareholders and their subsidiaries

	2022 RMB' 000	2021 RMB' 000
吉林敖東藥業集團股份有限公司		
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	13,028	8,685
遼寧成大生物股份有限公司		
– Liaoning Cheng Da Biotechnology Co., Ltd.*	3,996	–
遼寧成大股份有限公司		
– Liaoning Cheng Da Co., Ltd.*	1	1
中山公用事業集團股份有限公司		
– Zhongshan Public Utilities Group Co., Ltd.	1	1

Transaction with shareholders and their subsidiaries

	2022 RMB' 000	2021 RMB' 000
Commission and fee income	4,616	1,027
Other income and gains or losses	355	–
Other operating expenses	–	2,434

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

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

Balances with shareholders and their subsidiaries

	2022 RMB '000	2021 RMB '000
Receivables and prepayments	262	–
Other payables	129	–

(2) Other related parties

Transactions with associates/joint ventures

	2022 RMB '000	2021 RMB '000
Commission and fee income		
易方達基金管理有限公司及其子公司		
– E Fund Management Co., Ltd. and its subsidiaries	100,755	136,285
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industry Investment Fund Partnership L.P.*	29,915	68,291
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.*	11,625	10,631
廣州廣發信德健康創業投資基金合夥企業(有限合夥)		
– Guangzhou GF Xinde Health Venture Capital Fund Partnership L.P.*	9,434	8,891
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	9,434	9,434



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Transactions with associates/joint ventures – continued

	2022 RMB' 000	2021 RMB' 000
Commission and fee income – continued		
珠海格金廣發信德三期科技創業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Phase III Technology Venture Capital Fund L.P.*	8,502	–
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. *	8,491	8,491
廣州南沙區信德厚威創業投資基金合夥企業(有限合夥)		
– Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	8,050	2,338
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.*	7,561	8,909
廣發信德中恒匯金(龍巖)股權投資合夥企業(有限合夥)		
– GF Xinde Zhongheng Huijin (Longyan) Equity Investment Partnership L.P.*	7,293	16,509
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. *	7,201	7,585
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.*	7,075	4,389
廣發信德嵐湖二期(蘇州)健康產業創業投資合夥企業(有限合夥)		
– GF Xinde Lanhu Phase II (Suzhou) Health Industry Venture Capital Partnership L.P.*	5,830	–
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.*	5,716	7,547

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Transactions with associates/joint ventures – continued

	2022 RMB ' 000	2021 RMB ' 000
Commission and fee income – continued		
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.*	5,660	3,520
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. *	5,660	5,660
珠海廣發信德智能創新升級股權投資基金(有限合夥)		
– Zhuhai GF Xinde Upgraded Intelligent		
Innovation Equity Fund L.P.*	3,184	3,184
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry		
Equity Investment Fund L.P. *	2,931	3,656
中山公用廣發信德新能源產業投資基金(有限合夥)		
– Zhongshan Public Guangfa Xinde New Energy		
Industry Investment Fund L.P.*	2,772	–
珠海廣發信德中鼎創業投資基金(有限合夥)		
– Zhuhai GF Xinde Zhongding Venture Capital Fund L.P.*	2,579	1,139
廣州南鑫珠海港股權投資合夥企業(有限合夥)		
– Guangzhou Nanxin Zhuhai Port Equity		
Investment Partnership L.P.*	2,488	2,783
潮州市廣發信德創業投資基金合夥企業(有限合夥)		
– Chaozhou GF Xinde Venture Capital Fund Partnership L.P.*	2,264	199
廣東新動能股權投資合夥企業(有限合夥)		
– Guangdong New Kinetic Energy Equity		
Investment Partnership L.P.*	2,108	–
珠海廣發信德新州一號創業投資基金(有限合夥)		
– Zhuhai GF Xinde Xinzhou No.1 Venture Capital Fund L.P.*	1,871	1,384

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Transactions with associates/joint ventures – continued

	2022 RMB' 000	2021 RMB' 000
Commission and fee income – continued		
杭州廣發信德兵鴻鵠股權投資基金合夥企業(有限合夥)		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	1,564	1,564
珠海廣發信德厚疆創業投資基金(有限合夥)		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	1,229	883
廣州廣發信德厚倫創業投資基金合夥企業(有限合夥)		
– Guangzhou GF Xinde Houlun Venture Capital Fund Partnership L.P.*	825	81
高投信德(廣東)創新創業投資基金合夥企業(有限合夥)		
– Gaotou Xinde(Guangdong) Innovation Venture Capital Fund Partnership L.P.*	755	480
珠海廣發信德厚合股權投資合夥企業(有限合夥)		
– Zhuhai GF Xinde Houhe Equity Investment Partnership L.P.*	700	527
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	491	830
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	433	1,254
廣發信德(漳州薌城區)數字產業投資發展合夥企業(有限合夥)		
– GF Xinde (Zhangzhou Xiangcheng District) Digital Industry Investment Development Partnership L.P.*	414	–
廣州南沙區信德厚泮創業投資基金合夥企業(有限合夥)		
– Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	27	2
珠海廣發信德康延創業投資基金(有限合夥)		
– Zhuhai Guangfa Xinde Kangyan Venture Capital Fund L.P.*	16	–
Others	–	33

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Transactions with associates/joint ventures – continued

	2022 RMB ' 000	2021 RMB ' 000
Interest income		
– GHS Investment Management (Cayman) Company Limited	<u>446</u>	<u>403</u>
Other income and gains or losses		
– Horizon Partners Fund L.P.	<u>–</u>	<u>814</u>
Interest expenses		
– Global Health Science Fund II, L.P.	<u>–</u>	<u>2,406</u>
Other operating expenses		
珠海盈米基金销售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	<u>18,015</u>	<u>13,830</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Balances with associates/joint ventures

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Commission receivable from exchange trading units and distributing financial products		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	29,423	36,590
Receivables for custodian fee		
易方達基金管理有限公司		
– E Fund Management Co., Ltd.	16	428
Receivables for asset and fund management fee income		
珠海廣發信德科技文化產業股權投資基金(有限合夥)		
– Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	23,073	15,059
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.*	22,060	16,000

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Receivables for asset and fund management fee income – continued		
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.*	11,750	8,375
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Fund L.P. *	10,857	7,750
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin GF Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	7,534	5,041
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	5,871	1,424
廣州廣發信德一期健康產業投資企業(有限合夥)		
– Guangzhou GF Xinde Healthcare industrial investment Partnership L.P. No.1*	3,806	3,806
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. *	3,095	–
廣州南鑫珠海港股權投資合夥企業(有限合夥)		
– Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	2,638	–
廣州廣發信德一期互聯網改造傳統產業投資企業(有限合夥)		
– Guangzhou GF Xinde Internet Reforming Traditional Industry Investment Partnership L.P. No.1*	1,668	1,668

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Receivables for asset and fund management fee income – continued		
珠海廣發信德厚合股權投資合夥企業(有限合夥)		
– Zhuhai Guangfa Xinde Houhe Equity Investment Partnership L.P.*	1,301	558
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industry Investment Fund Partnership L.P.*	968	–
廣發信德(漳州薌城區)數字產業投資發展合夥企業(有限合夥)		
– Guangfa Xinde (Zhangzhou Xiangcheng District) Digital Industry Investment Development Partnership L.P.*	438	–
珠海格金廣發信德三期科技創業投資基金(有限合夥)		
– Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund L.P. *	218	–
廣州南沙區信德厚源創業投資基金合夥企業(有限合夥)		
– Guangzhou Nansha District Xinde Houpai Venture Capital Fund Partnership L.P.*	31	2
珠海廣發信德康延創業投資基金(有限合夥)		
– Zhuhai Guangfa Xinde Kangyan Venture Capital Fund L.P.*	17	–
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	–	727
廣州廣發信德厚倫創業投資基金合夥企業(有限合夥)		
– Guangzhou Guangfa Xinde Houlun Venture Capital Fund Partnership L.P.*	–	86

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Amounts due from joint ventures and associates – other receivables		
– GHS Investment Management (Cayman) Company Limited	11,680	9,780
– Horizon Partners Fund L.P.	46	–
Amounts due to joint ventures and associates-advance from customers and other payables		
珠海廣發信德厚疆創業投資基金(有限合伙)		
– Zhuhai GF Xinde Houjiang Venture Capital Fund L.P.*	6,891	8,194
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	5,421	3,966
– Horizon Partners Fund L.P.	2,310	706
高投信德(廣東)創新創業投資基金合夥企業(有限合伙)		
– Gaotou Xinde(Guangdong) Innovation Venture Capital Fund Partnership L.P.*	1,092	1,892
廣發信德中恒匯金(龍岩)股權投資合夥企業(有限合伙)		
– GF Xinde Zhongheng Huijin (Longyan) Equity Investment Partnership L.P.*	668	–
宿遷智能製造產業投資基金(有限合伙)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	257	–

* English names are translated for identification purposes only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

67. RELATED PARTY TRANSACTIONS – continued

(3) Key management personnel

During the year, the remuneration paid for key management personnel is RMB47.17 million, among which, salaries, allowance and bonuses is RMB46.22 million, employer's contribution to pension schemes and annuity schemes is RMB0.95 million.

68. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December 2022			
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss
Financial assets		Debt investments	Equity investments	
	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000
Bank balances	129,176,483	–	–	–
Clearing settlement funds	27,680,241	–	–	–
Advances to customers	82,822,991	–	–	–
Financial assets at fair value through profit or loss	–	–	–	157,787,068
Derivative financial assets	–	–	–	2,642,474
Financial assets held under resale agreements	18,940,289	–	–	–
Accounts receivable	13,646,992	–	–	–
Deposits with exchanges and non-bank financial institutions	20,342,292	–	–	–
Debt instruments at amortised cost	354,135	–	–	–
Debt instruments at fair value through other comprehensive income	–	143,937,772	–	–
Equity instruments at fair value through other comprehensive income	–	–	727,783	–
Financial leasing receivables	244,053	–	–	–
Other financial assets	1,477,524	–	–	–
Total	294,685,000	143,937,772	727,783	160,429,542



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

68. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

Financial liabilities	As at 31 December 2022		
	Financial liabilities at fair value		
	through profit or loss		
	Classified at	Designated at	
	fair value through	fair value through	
Financial liabilities	profit or loss	profit or loss	
at amortised cost			
RMB ' 000	RMB ' 000	RMB ' 000	
Borrowings	4,491,782	–	–
Short-term financing payables	37,308,357	–	–
Due to banks and other financial institutions	19,071,426	–	–
Financial liabilities at fair value through profit or loss	–	781,610	9,597,883
Derivative financial liabilities	–	2,098,281	–
Financial assets sold under repurchase agreements	125,057,826	–	–
Accounts payable to brokerage clients	137,585,256	–	–
Accounts payable to underwriting clients	149,300	–	–
Other liabilities	–	1,605,651	–
Long-term loans	64,670	–	–
Bonds payable	115,887,029	–	–
Lease liabilities	788,716	–	–
Other financial liabilities	25,479,148	–	–
Total	465,883,510	4,485,542	9,597,883



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

68. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

	As at 31 December 2021			
	Financial	Financial assets at fair value through other		Financial
	assets at	comprehensive income		assets at fair
	amortised cost	Debt investments	Equity investments	value through
Financial assets	RMB '000	RMB '000	RMB '000	profit or loss
				RMB '000
Bank balances	119,312,820	–	–	–
Clearing settlement funds	27,694,381	–	–	–
Advances to customers	97,230,768	–	–	–
Financial assets at fair value through profit or loss	–	–	–	124,464,412
Derivative financial assets	–	–	–	564,493
Financial assets held under resale agreements	19,992,232	–	–	–
Accounts receivable	4,795,249	–	–	–
Deposits with exchanges and non-bank financial institutions	12,495,113	–	–	–
Debt instruments at amortised cost	104,688	–	–	–
Debt instruments at fair value through other comprehensive income	–	110,475,096	–	–
Equity instruments at fair value through other comprehensive income	–	–	872,792	–
Financial leasing receivables	734,312	–	–	–
Other financial assets	638,064	–	–	–
Total	282,997,627	110,475,096	872,792	125,028,905



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

68. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

	As at 31 December 2021		
	Financial liabilities at fair value		
		through profit or loss	
Financial liabilities	Financial liabilities at amortised cost	Classified at fair value through profit or loss	Designated at fair value through profit or loss
	RMB ' 000	RMB ' 000	RMB ' 000
Borrowings	916,545	–	–
Short-term financing payables	27,876,760	–	–
Due to banks and other financial institutions	11,617,488	–	–
Financial liabilities at fair value through profit or loss	–	207,121	8,370,561
Derivative financial liabilities	–	981,099	–
Financial assets sold under repurchase agreements	81,230,200	–	–
Accounts payable to brokerage clients	126,731,097	–	–
Other liabilities	–	2,245,721	–
Long-term loans	338,675	–	–
Bonds payable	138,682,932	–	–
Lease liabilities	841,758	–	–
Other financial liabilities	11,745,602	–	–
Total	399,981,057	3,433,941	8,370,561



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realise the balances simultaneously.

Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customers on the same settlement date are settled on a net basis.

Under the continuous net settlement, money obligations receivable and payable with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement date are settled on a net basis.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	As at 31 December 2022					
	Gross amounts of recognised financial liabilities	Gross set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
Type of financial assets	RMB' 000	RMB' 000	RMB' 000	Financial instruments	Collateral received	RMB' 000
Advances to customers	2,200,292	(1,286,523)	913,769	–	–	913,769
Accounts receivable from clearing houses, brokers and cash clients	1,838,129	(303,317)	1,534,812	–	–	1,534,812
Deposits with exchanges and non-bank financial institutions	41,179,128	(39,720,277)	1,458,851	(14,950)	(78,200)	1,365,701
Total	45,217,549	(41,310,117)	3,907,432	(14,950)	(78,200)	3,814,282



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – continued

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – continued

	As at 31 December 2022					
	Gross amounts of financial assets set off in the consolidated statement of financial liabilities	Gross amounts of financial liabilities presented in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position	Financial instruments	Collateral received
Type of financial liabilities	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	Net amount RMB ' 000
Accounts payable to brokerage clients	46,043,962	(41,006,799)	5,037,163	(93,150)	–	4,944,013
Payables for open-ended fund clearing and other clearing	384,247	(303,317)	80,930	–	–	80,930
Total	46,428,209	(41,310,116)	5,118,093	(93,150)	–	5,024,943

	As at 31 December 2021					
	Gross amounts of financial liabilities set off in the consolidated statement of financial assets	Gross amounts of financial assets presented in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position	Financial instruments	Collateral received
Type of financial assets	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	Net amount RMB ' 000
Advances to customers	3,464,890	(536,367)	2,928,523	–	–	2,928,523
Accounts receivable from clearing houses, brokers and cash clients	1,737,784	(467,102)	1,270,682	–	–	1,270,682
Deposits with exchanges and non-bank financial institutions	24,458,458	(23,529,172)	929,286	(21,282)	(18,450)	889,554
Total	29,661,132	(24,532,641)	5,128,491	(21,282)	(18,450)	5,088,759



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – continued

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – continued

	As at 31 December 2021					
	Gross amounts of financial assets set off in the consolidated statement of financial liabilities	Gross amounts of financial liabilities presented in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
Type of financial liabilities	RMB ' 000	RMB ' 000	RMB ' 000	Financial instruments	Collateral received	RMB ' 000
Accounts payable to brokerage clients	28,881,341	(24,065,540)	4,815,801	(33,944)	(5,788)	4,776,069
Payables for open-ended fund clearing and other clearing	529,731	(467,102)	62,629	–	–	62,629
Total	<u>29,411,072</u>	<u>(24,532,642)</u>	<u>4,878,430</u>	<u>(33,944)</u>	<u>(5,788)</u>	<u>4,838,698</u>

The tables below reconcile the “Net amount of financial assets and financial liabilities presented in the consolidated statement of financial position” as set out above, to the line items presented in the consolidated statement of financial position:

Advances to customers

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net amount of advances to customers as stated above	913,769	2,928,523
Amount not in the scope of offsetting disclosures	81,909,222	94,302,245
Total amount of advances to customers as stated in note 30	<u>82,822,991</u>	<u>97,230,768</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

69. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – continued

Accounts receivable

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net amount of accounts receivable as stated above	1,534,812	1,270,682
Amount not in the scope of offsetting disclosures	12,112,180	3,524,567
Total amount of accounts receivable as stated in note 31	13,646,992	4,795,249

Deposits with exchanges and non-bank financial institutions

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net amount of deposits with exchanges and non-bank financial institutions as stated above	1,458,851	929,286
Amount not in the scope of offsetting disclosures	18,883,441	11,565,827
Total amount of deposits with exchanges and non-bank financial institutions as stated in note 38	20,342,292	12,495,113

Accounts payable to brokerage clients

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net amount of accounts payable to brokerage clients as stated above	5,037,163	4,815,801
Amount not in the scope of offsetting disclosures	132,548,093	121,915,296
Total amount of accounts payable to brokerage clients as stated in note 48	137,585,256	126,731,097

Other accounts payable, other payables and accruals

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Net amount of payables for open-ended fund clearing and other clearing as stated above	80,930	62,629
Amount not in the scope of offsetting disclosures	1,116,310	907,871
Total amount of payables for open-ended fund clearing and other clearing as stated in note 50	1,197,240	970,500



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT

70.1 Risk management policies and organisation structure

(1) *Risk management policies*

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.1 Risk management policies and organisation structure – *continued*

(2) *Structure of the risk-management organisation – continued*

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

70.2 Credit risk

Credit risk is the probability that the market value of debts may change due to the fact that the issuer or counterparty fails to perform the obligations specified in the contract or due to the change in credit rating and performance capability, thereby causing loss to the Group. The credit risk the Group is exposed to mainly relates to the following assets: 1) fixed income financial assets; 2) financing businesses such as advances to customers, financial leasing receivables and financial assets held under resale agreements (mainly refer to securities transactions with repurchase agreements and stock-pledged repos); 3) over-the-counter derivative financial assets.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.2 Credit risk – *continued*

In terms of the financing business, the credit risk exposure of margin financing and securities lending, securities transactions with repurchase agreements, stock-pledged repos and financial leasing arises from the default risk of counterparties due to their failure to repay the principal and interest of debts when due. As at 31 December 2022 and 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 were 262.72% and 286.66% respectively. As at 31 December 2022 and 2021, the average coverage ratios of contract performance for clients of security transactions with repurchase agreements were 211.13% and 274.86%, respectively, and the average coverage ratios of contract performance securities for clients of the stock-pledged repos were 298.42% and 330.54%, respectively. 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.

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 the internal credit rating management; 2) controlling the credit risk exposure of counterparty through credit limit, single transaction size, total business scale and identical client management; 3) mitigating counterparty risk through collateral, guarantees, netting agreements, etc., for over-the-counter derivative transactions not using Central Counterparty (CCP) settlement; and 4) timely monitoring changes in counterparty credit exposure based on market changes and stress testing results and preventing the excess or further deterioration of counterparty credit risk exposure through mark-to-market monitoring, margin calls, margin closeout and loss recovery measures.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.2 Credit risk – *continued*

During the year, 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.

Criteria for judging significant increases in credit risk

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.2 Credit risk – *continued*

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 the 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 defaults on interest or becoming overdue on interest or principal payments;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- 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.

Parameters of ECL measurement

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.2 Credit risk – *continued*

Parameters of ECL measurement – continued

Relative definitions are listed as follows:

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

Forward-looking information

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

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group applies 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 CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.2 Credit risk – continued

Taking no account of collateral or other credit enhancements, the maximum credit exposure is the carrying amount of financial assets, which is net of impairment allowance. The maximum credit risk exposure of the Group is as follows:

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Advances to customers	82,822,991	97,230,768
Accounts receivable	13,646,992	4,795,249
Other accounts receivable and other receivables	1,341,034	530,770
Financial leasing receivables	244,053	734,312
Amounts due from joint ventures and associates	136,490	107,294
Financial assets held under resale agreements	18,940,289	19,992,232
Financial assets at fair value through profit or loss ⁽ⁱ⁾	100,525,132	77,633,902
Including: Monetary funds	47,119,390	33,287,840
Including: Securities lent to customers	528,884	664,147
Debt instruments at fair value through other comprehensive income	143,937,772	110,475,096
Debt instruments at amortised cost	354,135	104,688
Derivative financial assets ⁽ⁱⁱ⁾	4,123,666	2,237,894
Deposits with exchanges and non-bank financial institutions	20,342,292	12,495,113
Clearing settlement funds	27,680,241	27,694,381
Bank balances	129,176,483	119,312,820
	543,271,570	473,344,519

(i) Financial assets at fair value through profit or loss contain only debt securities, monetary funds, bond fund, debt financing products, notes and securities lent to customers. Securities lent to customers are mainly equity securities, and are therefore listed above separately to show the credit risk exposure.

(ii) Maximum exposure for credit derivatives in extreme cases excluding collaterals and other credit enhancements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.2 Credit risk – continued

Overall, the Group monitors and manages credit risk at all times, and takes every possible measure to mitigate and control credit risk exposure to an acceptable level.

Analysis of the stages of significant credit risk exposure of the Group is as follows:

	As at 31 December 2022			
	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
Advances to customers	82,439,227	255,303	128,461	82,822,991
Financial assets held under resale agreements	18,906,850	–	33,439	18,940,289
Debt instruments at amortised cost	227,524	–	126,611	354,135
Debt instruments at fair value through other comprehensive income	143,821,628	13,954	102,190	143,937,772
Lease receivables	91,348	–	158,175	249,523

	As at 31 December 2021			
	Stage 1 RMB' 000	Stage 2 RMB' 000	Stage 3 RMB' 000	Total RMB' 000
Advances to customers	96,683,243	2,068	545,457	97,230,768
Financial assets held under resale agreements	19,880,323	–	111,909	19,992,232
Debt instruments at amortised cost	–	–	104,688	104,688
Debt instruments at fair value through other comprehensive income	110,362,920	–	112,176	110,475,096
Lease receivables	554,273	2,332	218,222	774,827

70.3 Market risks

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued (Continued)*

70.3 Market risks (*Continued*)

In order to manage market risks effectively, the Group determines the policy for the maximum market exposure the Group is willing to assume, based on the risk preference, capital position and risk tolerance. Taking business development plan, business scale and other factors into account, the Group disaggregates risk limits into different investment units through risk limits authorisation management system and each investment unit operates business within the range of risk limits authorisation. When concretely operating the business, the Group comprehensively manage market risks faced by various types of business by means of admission management, size control, concentration, Value at Risk (VaR), sensitivity analysis, stress testing, risk assessment and monitoring of profit and loss. The front desk serves as the first line management directly responsible for market risks, which dynamically manages the market risks resulted from the portion of positions held and actively takes actions to reduce risk exposure or performs risk hedging when the risk exposure is high.

The Risk Management Department is independent of business departments when performing market risk management duty and it sustainably optimises the Group's market risk framework, comprehensively evaluates and dynamically monitors the market risk exposure and changes of the Group and business departments and continuously communicate risk information directly with teams of business departments to discuss risk status and extreme loss scenarios. Meanwhile, market risk conditions and their changes of the Company as a whole and each business department are reported in a timely manner to the Company's management through regular risk reporting.

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

Interest rate risk

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

The tables below summarise the Group's interest-bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.3 Market risks – continued

Interest rate risk – continued

	As at 31 December 2022						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
Financial assets							
Advances to customers	12,123,134	21,974,322	47,517,065	–	–	1,208,470	82,822,991
Investment in an associate at fair value through profit or loss	–	–	–	–	–	13,438	13,438
Amounts due from joint ventures and associates	–	–	–	–	–	136,490	136,490
Accounts receivable	1,232,522	–	–	–	–	12,414,470	13,646,992
Debt instruments at fair value through other comprehensive income	3,398,230	14,268,086	29,753,065	94,291,473	312,766	1,914,152	143,937,772
Financial leasing receivables	4,347	8,236	75,285	–	–	156,185	244,053
Debt instruments at amortised cost	6,956	29,205	101,286	86,841	–	129,847	354,135
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	727,783	727,783
Other accounts receivable, other receivables and prepayments	–	–	–	3,480	–	1,337,554	1,341,034
Financial assets held under resale agreements	10,331,393	1,074,227	7,311,503	149,281	–	73,885	18,940,289
Financial assets at fair value through profit or loss	9,607,650	47,372,232	6,505,264	29,745,231	3,367,138	61,189,553	157,787,068
Derivative financial assets	–	–	–	–	–	2,642,474	2,642,474
Deposits with exchanges and non-bank financial institutions	4,766,966	–	–	–	–	15,575,326	20,342,292
Clearing settlement funds	25,748,832	–	–	–	–	1,931,409	27,680,241
Bank balances	103,318,171	4,934,800	20,311,059	–	–	612,453	129,176,483
Total	170,538,201	89,661,108	111,574,527	124,276,306	3,679,904	100,063,489	599,793,535



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.3 Market risks – continued

Interest rate risk – continued

	As at 31 December 2022						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
Financial liabilities							
Borrowings	3,307,025	466,611	703,399	–	–	14,747	4,491,782
Short-term financing payables	1,060,351	14,600,093	21,384,865	–	–	263,048	37,308,357
Due to banks and other financial institutions	8,582,873	1,000,000	9,400,000	–	–	88,553	19,071,426
Accounts payable to brokerage clients	120,963,391	–	–	–	–	16,619,865	137,583,256
Accounts payable to underwriting clients	–	–	–	–	–	149,300	149,300
Other payables and accruals	277,808	177,682	701,077	–	–	24,305,942	25,462,509
Amounts due to joint ventures and associates	–	–	–	–	–	16,639	16,639
Other liabilities	–	–	–	–	–	1,605,651	1,605,651
Financial liabilities at fair value through profit or loss	3,870,215	–	–	–	–	6,509,278	10,379,493
Derivative financial liabilities	–	–	–	–	–	2,098,281	2,098,281
Financial assets sold under repurchase agreements	118,953,521	803,880	5,141,504	–	–	158,921	125,057,826
Lease liabilities	204	675	37,024	624,273	123,352	3,188	788,716
Bonds payable	5,066,460	7,878,070	22,457,394	70,946,964	7,792,920	1,745,221	115,887,029
Long-term loans	14,580	100	49,146	–	–	844	64,670
Total	262,098,428	24,927,111	59,874,409	71,571,237	7,916,272	53,579,478	479,966,935
Net exposure	(91,560,227)	64,733,997	51,700,118	52,705,069	(4,236,368)	46,484,011	119,826,600



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.3 Market risks – continued

Interest rate risk – continued

	As at 31 December 2021						Total RMB' 000
	Less than 1 month RMB' 000	More than 1 month but less than 3 months RMB' 000	More than 3 months but less than 1 year RMB' 000	More than 1 year but less than 5 years RMB' 000	More than 5 years RMB' 000	Non-interest- bearing RMB' 000	
Financial assets							
Advances to customers	14,307,188	24,198,501	57,413,612	–	–	1,311,467	97,230,768
Investment in an associate at fair value through profit or loss	–	–	–	–	–	8,202	8,202
Amounts due from joint ventures and associates	–	–	–	–	–	107,294	107,294
Accounts receivable	964,958	–	–	–	–	3,830,291	4,795,249
Debt instruments at fair value through other comprehensive income	1,097,743	7,626,173	19,752,276	78,363,373	1,769,734	1,865,797	110,475,096
Financial leasing receivables	51,326	118,179	285,093	88,782	–	190,932	734,312
Debt instruments at amortised cost	–	–	–	3,129	–	101,559	104,688
Equity instruments at fair value through other comprehensive income	–	–	–	–	–	872,792	872,792
Other accounts receivable, other receivables and prepayments	5,441	8,048	13,711	3,430	–	500,140	530,770
Financial assets held under resale agreements	8,386,091	1,615,047	8,437,855	1,411,423	–	141,816	19,992,232
Financial assets at fair value through profit or loss	6,076,754	25,710,678	24,793,001	13,046,284	1,423,681	53,414,014	124,464,412
Derivative financial assets	–	–	–	–	–	564,493	564,493
Deposits with exchanges and non-bank financial institutions	2,576,052	–	–	–	–	9,919,061	12,495,113
Clearing settlement funds	27,383,614	–	–	–	–	310,767	27,694,381
Bank balances	101,216,413	5,486,613	12,117,714	–	–	492,080	119,312,820
Total	162,065,580	64,763,239	122,813,262	92,916,421	3,193,415	73,630,705	519,382,622



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.3 Market risks – continued

Interest rate risk – continued

	As at 31 December 2021						Total RMB ' 000
	Less than 1 month RMB ' 000	More than 1 month but less than 3 months RMB ' 000	More than 3 months but less than 1 year RMB ' 000	More than 1 year but less than 5 years RMB ' 000	More than 5 years RMB ' 000	Non-interest- bearing RMB ' 000	
Financial liabilities							
Borrowings	865,067	–	50,000	–	–	1,478	916,545
Short-term financing payables	1,650,802	7,436,254	18,622,757	–	–	166,947	27,876,760
Due to banks and other financial institutions	5,598,570	6,000,000	–	–	–	18,918	11,617,488
Accounts payable to brokerage clients	112,532,119	–	–	–	–	14,198,978	126,731,097
Other payables and accruals	–	95,633	1,584,327	–	–	10,050,884	11,730,844
Amounts due to joint ventures and associates	–	–	–	–	–	14,758	14,758
Other liabilities	–	–	–	–	–	2,245,721	2,245,721
Financial liabilities at fair value through profit or loss	893,098	1,562,344	–	–	–	6,122,240	8,577,682
Derivative financial liabilities	–	–	–	–	–	981,099	981,099
Financial assets sold under repurchase agreements	73,757,680	1,143,786	6,265,077	–	–	63,657	81,230,200
Lease liabilities	8	2,186	19,347	733,911	83,449	2,857	841,758
Bonds payable	10,901,503	24,708,704	23,984,970	71,876,135	4,495,636	2,715,984	138,682,932
Long-term loans	79,814	18,535	171,239	63,827	–	5,260	338,675
Total	<u>206,278,661</u>	<u>40,967,442</u>	<u>50,697,717</u>	<u>72,673,873</u>	<u>4,579,085</u>	<u>36,588,781</u>	<u>411,785,559</u>
Net exposure	<u>(44,213,081)</u>	<u>23,795,797</u>	<u>72,115,545</u>	<u>20,242,548</u>	<u>(1,385,670)</u>	<u>37,041,924</u>	<u>107,597,063</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.3 Market risks – *continued*

Sensitivity analysis

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

	2022 RMB' 000	2021 RMB' 000
Profit before income tax for the year		
Increase by 100bps	(1,176,419)	(556,128)
Decrease by 100bps	1,219,122	571,622
	2022 RMB' 000	2021 RMB' 000
Other comprehensive income before income tax		
Increase by 100bps	(2,122,658)	(1,954,160)
Decrease by 100bps	2,191,590	2,033,554

Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries. Currently, the Group's assets and liabilities denominated in foreign currencies only account for a small proportion of the Group's asset and liability structure, the currency risk of the Group is relatively manageable.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.3 Market risks – continued

Price risk

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

Sensitivity analysis

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

	2022 RMB' 000	2021 RMB' 000
Profit before income tax for the year		
Increase by 10%	1,929,952	2,277,836
Decrease by 10%	(1,945,437)	(1,895,349)

	2022 RMB' 000	2021 RMB' 000
Other comprehensive income before income tax		
Increase by 10%	66,614	81,776
Decrease by 10%	(66,614)	(81,776)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.4 Liquidity risk

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

As at 31 December 2022 and 31 December 2021, cash and bank deposits and clearing settlement funds held by the Group amounted to RMB149.83 billion and RMB141.76 billion, respectively; and financial assets such as monetary funds, government bonds and short-term financing bills amounted to RMB80.04 billion and RMB56.90 billion, respectively, providing a strong capability of quick liquidation to meet the foreseeable demands on financing liabilities and businesses. Therefore, the Group considers the exposure to liquidity risk to be insignificant.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.4 Liquidity risk – *continued*

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

Undiscounted cash flows by contractual maturities

The tables below present the cash flows payable by the Group within the remaining contractual maturities as at 31 December 2022 and 31 December 2021. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is based on the interest rate at the end of the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.4 Liquidity risk – continued

Undiscounted cash flows by contractual maturities – continued

As at 31 December 2022

	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000	RMB ' 000
Borrowings	–	3,781,392	724,302	–	–	4,505,694	4,491,782
Short-term financing payables	–	15,888,794	21,659,571	–	–	37,548,365	37,308,357
Due to banks and other financial institutions	1,689,695	7,969,529	9,499,797	–	–	19,159,021	19,071,426
Accounts payable to brokerage clients	137,471,035	114,221	–	–	–	137,585,256	137,585,256
Accounts payable to underwriting clients	149,300	–	–	–	–	149,300	149,300
Other financial liabilities	21,321,384	3,100,442	1,071,327	1,750	–	25,494,903	25,462,509
Amounts due to joint ventures and associates	16,639	–	–	–	–	16,639	16,639
Financial liabilities at fair value through profit or loss	4,852,914	521,808	4,397,862	606,909	–	10,379,493	10,379,493
Other liabilities	297,686	–	162,924	1,145,041	–	1,605,651	1,605,651
Financial assets sold under repurchase agreements	2,177,527	117,769,422	5,218,089	–	–	125,165,038	125,057,826
Bonds payable	–	13,495,023	25,474,318	76,923,059	9,088,450	124,980,850	115,887,029
Lease liabilities	–	79,944	233,586	485,428	50,304	849,262	788,716
Long-term loans	–	16,074	50,253	–	–	66,327	64,670
Total	167,976,180	162,736,649	68,492,029	79,162,187	9,138,754	487,505,799	477,868,654
Derivative financial liabilities net settlement	–	711,528	1,169,079	217,838	–	2,098,445	2,098,281



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.4 Liquidity risk – continued

Undiscounted cash flows by contractual maturities – continued

As at 31 December 2021

	On demand	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Borrowings	–	865,968	52,446	–	–	918,414	916,545
Short-term financing payables	–	9,195,980	19,016,501	–	–	28,212,481	27,876,760
Due to banks and other financial institutions	1,799,653	9,851,036	–	–	–	11,650,689	11,617,488
Accounts payable to brokerage clients	126,508,667	222,430	–	–	–	126,731,097	126,731,097
Other financial liabilities	7,271,918	2,585,475	1,776,762	104,303	–	11,738,458	11,730,844
Amounts due to joint ventures and associates	14,758	–	–	–	–	14,758	14,758
Financial liabilities at fair value through profit or loss	3,017,658	3,207,172	2,357,366	–	–	8,582,196	8,577,682
Other liabilities	396,660	–	733,838	1,115,223	–	2,245,721	2,245,721
Financial assets sold under repurchase agreements	–	74,959,886	6,325,624	–	–	81,285,510	81,230,200
Bonds payable	–	37,490,612	26,947,583	75,301,034	7,320,954	147,060,183	138,682,932
Lease liabilities	–	79,145	222,428	584,991	30,436	917,000	841,758
Long-term loans	–	104,315	180,146	66,329	–	350,790	338,675
Total	139,009,314	138,562,019	57,612,694	77,171,880	7,351,390	419,707,297	410,804,460
Derivative financial liabilities net settlement	–	391,797	495,086	94,563	–	981,446	981,099



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – *continued*

70.4 Liquidity risk – *continued*

Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC and Hong Kong regulations.

In accordance with the Administrative Measures for Risk Control Indicators of Securities Companies (Revised in 2020) (the "Administrative Measures") issued by the China Securities Regulatory Commission ("CSRC"), the Company is required to meet the following standards for risk indicators on a continual basis:

1. Risk coverage ratio (net capital divided by the total risk capital reserves) shall be no less than 100%;
2. Capital leverage ratio (core net capital divided by total on-and-off-balance sheet and off-balance-sheet assets) shall be no less than 8%;
3. Liquidity coverage ratio (high quality liquidity assets divided by net cash outflow in 30 days) shall be no less than 100%;
4. Net stable funding ratio (the available amount of stable funding divided by the required amount of stable funding) shall be no less than 100%;
5. The ratio of net capital divided by net assets shall be no less than 20%;
6. The ratio of net capital divided by liabilities shall be no less than 8%;
7. The ratio of net assets divided by liabilities shall be no less than 10%;
8. The ratio of the value of proprietary equity securities and securities derivatives held divided by net capital shall not exceed 100% ("equity concentration ratio"); and
9. The ratio of the value of proprietary non-equity securities and securities derivatives divided by net capital shall not exceed 500% ("non-equity concentration ratio").



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

70.4 Liquidity risk – continued

Capital management – continued

Net capital refers to net assets minus risk adjustments on certain types of assets and liabilities, and add supplemented capital and other adjustments as defined in the Administrative Measures.

As at 31 December 2022 and 2021, the Company maintained the above ratios as follows:

	As at 31.12.2022	As at 31.12.2021
Net capital (RMB' 000)	79,847,245	66,166,929
Risk coverage ratio	186.58%	197.71%
Capital leverage ratio	13.04%	16.03%
Liquidity coverage ratio	213.79%	238.90%
Net stable funding ratio	147.26%	163.37%
The ratio of net capital divided by net assets	76.19%	72.02%
The ratio of net capital divided by liabilities	24.29%	23.88%
The ratio of net assets divided by liabilities	31.88%	33.16%
Equity concentration ratio	47.87%	49.57%
Non-equity concentration ratio	311.13%	290.54%

The above ratios are calculated based on the financial statements prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC.

Certain subsidiaries of the Group are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

The capital of the Group mainly comprises its total equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS

(1) Fair value hierarchy

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

- Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities than the entity can access at the measurement date
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs are unobservable inputs for the asset or liability

There were no significant transfers between Level 1 and 2 as at 31 December 2022 and 31 December 2021.





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

(1) Fair value hierarchy – continued

As at 31 December 2022

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets:				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	143,937,772	–	143,937,772
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	649,254	–	71,592	720,846
– Other investments	–	6,937	–	6,937
Financial assets at fair value through profit or loss				
– Equity instruments	17,184,424	4,516,611	12,793,187	34,494,222
– Debt instruments	1,716,510	39,024,345	3,803,447	44,544,302
– Mutual funds	63,068,290	–	–	63,068,290
– Other investments	–	10,619,246	5,061,008	15,680,254
Other investment:				
– Unlisted investment in an associate	–	–	13,438	13,438
Derivative financial assets	135,086	1,156,725	1,350,663	2,642,474
Total	82,753,564	199,261,636	23,093,335	305,108,535
Financial liabilities:				
Financial liabilities at fair value through profit or loss	–	781,610	–	781,610
Financial liabilities designated at fair value through profit or loss	–	5,619,459	3,978,424	9,597,883
Derivative financial liabilities	356,098	803,970	938,213	2,098,281
Other liabilities	268,736	147,629	1,189,286	1,605,651
Total	624,834	7,352,668	6,105,923	14,083,425



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

(1) Fair value hierarchy – *continued*

As at 31 December 2021

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets:				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	110,475,096	–	110,475,096
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	799,982	–	66,881	866,863
– Other investments	–	5,929	–	5,929
Financial assets at fair value through profit or loss				
– Equity instruments	16,195,573	3,264,064	8,984,901	28,444,538
– Debt instruments	2,526,940	28,348,943	4,412,333	35,288,216
– Mutual funds	49,897,152	467,680	–	50,364,832
– Other investments	–	8,124,027	2,242,799	10,366,826
Other investment:				
– Unlisted investment in an associate	–	–	8,202	8,202
Derivative financial assets	78,606	380,385	105,502	564,493
Total	<u>69,498,253</u>	<u>151,066,124</u>	<u>15,820,618</u>	<u>236,384,995</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss	–	207,121	–	207,121
Financial liabilities designated at fair value through profit or loss	–	4,988,742	3,381,819	8,370,561
Derivative financial liabilities	93,577	509,096	378,426	981,099
Other liabilities	55,043	612,982	1,577,696	2,245,721
Total	<u>148,620</u>	<u>6,317,941</u>	<u>5,337,941</u>	<u>11,804,502</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

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

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

Except for the financial liabilities disclosed below, the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximate to their fair values as at 31 December 2022 and 31 December 2021.

	As at 31 December 2022			Fair value hierarchy
	Carrying amount	Fair value	Difference	
	RMB ' 000	RMB ' 000	RMB ' 000	
Bonds payable - corporate bonds	93,092,377	93,170,484	78,107	Level 1
Bonds payable - subordinated bonds	10,660,016	10,519,589	140,427	Level 1

	As at 31 December 2021			Fair value hierarchy
	Carrying amount	Fair value	Difference	
	RMB ' 000	RMB ' 000	RMB ' 000	
Bonds payable - corporate bonds	123,243,857	123,608,515	364,658	Level 1
Bonds payable - subordinated bonds	8,791,830	8,832,055	40,225	Level 1
Bonds payable - financial bond	5,079,626	5,105,145	25,519	Level 2

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

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

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

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

For derivative financial instruments, the fair value are determined by different valuation techniques. For interest rate swaps and currency forward contracts, the fair values are measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. For equity return swaps, commodity options and forwards, the fair values are measured using the bid prices made by market dealers and determined by the value of the underlying investments.

During the year ended 31 December 2022, there were no significant changes of valuation techniques for Level 2.

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

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

During the year ended 31 December 2022, there were no significant changes of valuation techniques for Level 3.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2022 RMB ' 000	31 December 2021 RMB ' 000			
1) Financial assets					
Debt instruments	3,803,447	4,412,333	Discounted cash flows calculated based on the probability of default (the probability of the underlying asset not achieving an agreed result), loss given default and expected loss	Probability of default Future cash flow	The higher the probability, the lower the fair value; The higher the future cash flow, the higher the fair value
Equity instruments	7,216,268	3,976,997	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	3,028,343	2,999,269	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	2,474,162	1,954,120	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	145,806	121,396	Recent transaction price	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity options	1,144,935	92,962	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2022 RMB' 000	31 December 2021 RMB' 000			
Equity return swaps	184,014	-	Net Value Return Model Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Commodity options	3,018	613	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	17,800	11,655	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Other investments	45,365	668,470	Discounted cash flows calculated based on the loss given default	Loss given default	The higher the loss given default, the lower the fair value
Other investments	5,015,643	1,574,329	Net Value Model. Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Currency swaps	896	272	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Unlisted investment in an associate	13,438	8,202	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
	<u>23,093,335</u>	<u>15,820,618</u>			



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	31 December 2022 RMB' 000	31 December 2021 RMB' 000			
2) Financial liabilities					
Equity options	786,657	354,245	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Equity return swaps	141,521	–	Net Value Return Model Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Structured notes	3,911,568	2,333,512	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	70,044	1,055,623	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	4,187	15,973	Black Scholes Model. Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Currency Swaps	2,660	892	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Third-party interests	1,189,286	1,577,696	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
	6,105,923	5,337,941			



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – *continued*

(6) Reconciliation of Level 3 fair value measurements

For the year ended 31 December 2022

	Financial assets at fair value through profit or loss RMB' 000	Financial assets at fair value through other comprehensive income RMB' 000	Financial liabilities at fair value through profit or loss RMB' 000	Derivative financial assets RMB' 000	Derivative financial liabilities RMB' 000	Other liabilities RMB' 000
At 1 January 2022	15,640,033	66,881	(3,381,819)	105,502	(378,426)	(1,577,696)
Total gains/losses	(1,452,158)	4,711	264,610	1,255,368	(157,340)	628,806
– Profit or loss	(1,452,158)	–	264,610	1,255,368	(157,340)	628,806
– Other comprehensive income	–	4,711	–	–	–	–
Additions	12,774,240	–	(3,201,293)	2,938	(415,410)	(293,083)
Settlements/disposals	(3,210,574)	–	1,950,068	(13,145)	12,963	52,687
Transfers into Level 3	1,516,997	–	–	–	–	–
Transfers out of Level 3	(3,610,896)	–	390,010	–	–	–
As at 31 December 2022	<u>21,657,642</u>	<u>71,592</u>	<u>(3,978,424)</u>	<u>1,350,663</u>	<u>(938,213)</u>	<u>(1,189,286)</u>
Total unrealised gains/losses for the year for assets/ liabilities held as at 31 December 2022						
– Included in profit or loss	<u>(521,080)</u>	<u>–</u>	<u>264,610</u>	<u>1,255,368</u>	<u>(157,340)</u>	<u>628,806</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

71. FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

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

For the year ended 31 December 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	1,681,371	(25,347)	176,132	50,975	(172,809)	(210,694)
– Profit or loss	1,681,371	–	176,132	50,975	(172,809)	(210,694)
– Other comprehensive income	–	(25,347)	–	–	–	–
Additions	9,013,328	–	(3,175,892)	14,236	(121,723)	–
Settlements/disposals	(1,998,750)	(283,725)	460,767	(8,540)	7,621	324,224
Transfers into Level 3	1,232,890	–	–	–	–	–
Transfers out of Level 3	(3,850,174)	–	–	–	–	–
As at 31 December 2021	<u>15,640,033</u>	<u>66,881</u>	<u>(3,381,819)</u>	<u>105,502</u>	<u>(378,426)</u>	<u>(1,577,696)</u>
Total unrealised gains/losses for the year for assets/ liabilities held as at 31 December 2021						
– Included in profit or loss	<u>(358,590)</u>	<u>–</u>	<u>176,132</u>	<u>50,975</u>	<u>(172,809)</u>	<u>(210,694)</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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION

72.1 General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the year are set out below:

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held		Share capital/ registered and paid-up capital	Principal activities
			by the Group as		as at 31 December	
			at 31 December		2022	
			2022	2021		
廣發期貨有限公司 GF Futures Co., Ltd.* ⁽¹⁾	有限責任公司 Limited liability company	PRC 23 March 1993	100%	100%	RMB1,900,000,000	Commodity futures brokerage, financial futures brokerage, investment consulting and asset management
廣發商貿有限公司 GF Commodities Co., Ltd.*	有限責任公司 Limited liability company	PRC 3 April 2013	100%	100%	RMB400,000,000	Trading and trading agent
廣發期貨(香港)有限公司 GF Futures (Hong Kong) Co., Limited	有限責任公司 Limited liability company	Hong Kong 8 May 2006	100%	100%	HKD1,021,000,000	Futures brokerage
GF Financial Markets (UK) Limited	有限責任公司 Limited liability company	United Kingdom 2 February 1976	100%	100%	GBP55,969,014	Commodities and futures brokerage
廣發乾和投資有限公司 GF Qianhe Investment Co., Ltd.* ⁽¹⁾	有限責任公司 Limited liability company	PRC 11 May 2012	100%	100%	RMB7,103,500,000	Project investment, investment management



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – continued

72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December	Principal activities
			2022	2021	2022	
廣發融資租賃(廣東)有限公司 Guangfa Financial Leasing (Guangdong) Co., Ltd.* ⁽¹⁾	有限責任公司 Limited liability company	PRC 5 June 2015	100%	100%	RMB800,000,000	Financial leasing
廣發基金管理有限公司 GF Fund Management Co., Ltd.* ⁽¹⁾	有限責任公司 Limited liability company	PRC 5 August 2003	54.53%	54.53%	RMB140,978,000	Fund raising, fund sales and assets management
廣發國際資產管理有限公司 GF International Investment Management Limited	有限責任公司 Limited liability company	Hong Kong 10 December 2010	54.53%	54.53%	HKD500,000,000	Asset management
瑞元資本管理有限公司 Ruiyuan Capital Management Co., Ltd.*	有限責任公司 Limited liability company	PRC 14 June 2013	54.53%	54.53%	RMB75,000,000	Project investment, investment management and investment advisory
廣發控股(香港)有限公司 GF Holdings (Hong Kong) Corporation Limited (1)	有限責任公司 Limited liability company	Hong Kong 14 June 2006	100%	100%	HKD5,600,000,000	Investment holding
廣發投資(香港)有限公司 GF Investments (Hong Kong) Company Limited	有限責任公司 Limited liability company	Hong Kong 21 September 2011	100%	100%	HKD5,000,000	Investment holding
廣發融資(香港)有限公司 GF Capital (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD130,000,000	Advisory services
廣發資產管理(香港)有限公司 GF Asset Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD345,000,000	Asset management
廣發証券(香港)經紀有限公司 GF Securities (Hong Kong) Brokerage Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	100%	100%	HKD2,800,000,000	Securities brokerage
廣發財富管理(香港)有限公司 GF Wealth Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 20 November 2014	100%	100%	HKD25,000,000	Financial management



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – continued

72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2022	Principal activities
			2022	2021		
廣發投資管理(香港)有限公司 GF Investment Management (Hong Kong) Company Limited	有限責任公司 Limited liability company	Hong Kong 7 October 2011	100%	100%	HKD1	Investment advisor
廣發証券(加拿大)有限公司 GF Securities (Canada) Company Limited	有限責任公司 Limited liability company	Canada 10 March 2014	100%	100%	CAD16,400,000	Financial management
廣發信息諮詢服務(深圳)有限公司 GF Information Consulting Services (Shenzhen) Co., Ltd.	有限責任公司 Limited liability company	PRC 1 April 2014	100%	100%	RMB10,000,000	Advisory services
GF Beacon Capital Management Ltd.	有限責任公司 Limited liability company	British Virgin Islands 3 September 2014	100%	100%	USD100	Equity Investment
廣發投資(開曼)有限公司 GF Investments (Cayman) Company Limited	有限責任公司 Limited liability company	Cayman Islands 8 September 2011	100%	100%	USD600,000	Investment advisor
廣發全球資本有限公司 GF Global Capital Limited	有限責任公司 Limited liability company	Hong Kong 26 November 2015	100%	100%	HKD1,600,000,000	Investment trading
Canton Fortune Limited	有限責任公司 Limited liability company	Hong Kong 3 December 2015	100%	100%	USD6,510,410	Investment holding
GF GTEC INVESTMENT MANAGEMENT LIMITED	有限責任公司 Limited liability company	Cayman Islands 13 May 2016	100%	100%	USD100	Asset management
GF Optimus Ltd. ⁽²⁾	有限責任公司 Limited liability company	British Virgin Islands 26 February 2016	100%	100%	USD0	Equity Investment



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – continued

72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held		Share capital/ registered and paid-up capital	Principal activities
			by the Group as		as at 31 December	
			at 31 December		2022	
			2022	2021		
GF Global Partners Ltd	有限責任公司 Limited liability company	Cayman Islands 31 August 2015	100%	100%	USD0.01	Investment holding
GFGI Limited	有限責任公司 Limited liability company	Cayman Islands 23 December 2016	100%	100%	USD0.01	Equity investment
GF Global Investment Fund I, L.P. (Note 1)	有限合夥 Limited partnership	Cayman Islands 25 September 2015	50.50%	50.50%	USD40,678,400	Equity investment
Horizon Holdings	有限責任公司 Limited liability company	Cayman Islands 7 July 2017	36.86%	36.86%	USD1	Investment holding
廣發信德投資管理有限公司	有限責任公司	PRC	100%	100%	RMB2,800,000,000	Equity investment,
GF Xinde Investment Management Co., Ltd.* ⁽¹⁾	Limited liability company	3 December 2008				provide financial advisory services of equity investment to customers
珠海廣發信德新界泵業產業投資基金(有限合夥)	有限合夥 Limited partnership	PRC 11 July 2015	40%	40%	RMB50,204,137.73	Equity investment
GFXD Shimage Pump Industry Fund L.P.* (Note 1)						
珠海廣發信德敖東醫藥產業股權投資中心(有限合夥)	有限合夥 Limited partnership	PRC 28 October 2015	60%	60%	RMB246,556,512.17	Equity investment
Zhuhai GF Xinde Aodong Medical Industry Equity Investment Centre L.P.* (Note 1)						
中山廣發信德公用環保夾層投資企業(有限合夥)	有限合夥 Limited partnership	PRC 30 September 2015	60%	60%	RMB199,963,409.87	Equity investment
Zhongshan GF Xinde Public Utilities Environment Protection Mezzanine Investment Partnership L.P.* (Note 1)						



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – continued

72.1 General information of subsidiaries – continued

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation/ establishment	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2022	Principal activities
			2022	2021		
珠海廣發信德今緣股權投資基金 (有限合夥) Zhuhai GF Xinde Jinyuan Equity Investment Fund L.P.* (Note 1)	有限合夥 Limited partnership	PRC 13 June 2016	50%	50%	RMB182,187,500	Equity investment
廣發證券資產管理(廣東)有限公司 GF Securities Asset Management (Guangdong) Co., Ltd.* ⁽¹⁾	有限責任公司 Limited liability company	PRC 2 January 2014	100%	100%	RMB1,000,000,000	Asset management
GF Canada Holdings Company Limited	Limited liability company	Canada 26 February 2018	100%	100%	CAD4,560,266	Investment holding
Ever Glory Limited	Limited liability company	Cayman Islands 23 January 2018	100%	100%	USD1	Investment trading
Ever Alpha Fund L.P. (Note 1)	Limited partnership	Cayman Islands 23 January 2018	21.43%	21.43%	USD70,000,000	Equity Investment
GF Financial Holdings BVI Ltd.	Limited liability company	British Virgin Islands 21 January 2021	100%	100%	USD1	Financing

* These subsidiaries do not have official English names. English names are translated for identification purposes only.

(1) These subsidiaries are directly held by the Company.

(2) The capital injections are still in the process.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group.

Note 1: The Group holds certain financial interests in such limited partnership and acts as its general partner to exercise control over its operations according to the partnership agreement. The Group's financial interests in the limited partnership expose the Group to significant variable return and such partnership is regarded as a consolidated structured entity of the Group. The effective equity interest in the subsidiary represents the equity interest held directly or indirectly by the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – continued

72.2 Details of a non-wholly owned subsidiary that has material non-controlling interests

The table below shows the details of a non-wholly-owned subsidiary, GF Fund, which was acquired in 2014, and has material non-controlling interests before certain intragroup adjustments:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Non-controlling interests as at	
		2022	2021	2022	2021	31.12.2022	31.12.2021
				RMB' 000	RMB' 000	RMB' 000	RMB' 000
GF Fund ⁽ⁱ⁾	PRC/Mainland China	<u>45.47%</u>	<u>45.47%</u>	<u>970,063</u>	<u>1,176,279</u>	<u>4,627,514</u>	<u>4,156,102</u>

- (i) GF Fund was accounted for as an associate of the Group prior to its acquisition by the Group in 2014.

Summarised financial information in respect of GF Fund that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup adjustments.

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Total assets	<u>16,392,872</u>	<u>14,943,851</u>
Total liabilities	<u>6,215,055</u>	<u>5,803,535</u>
Equity attributable to owners of GF Fund	<u>10,177,817</u>	<u>9,140,316</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – *continued*

72.2 Details of a non-wholly owned subsidiary that has material non-controlling interests – *continued*

	Year ended 31 December 2022 RMB ' 000	Year ended 31 December 2021 RMB ' 000
Total revenue	7,911,460	9,081,816
Expenses	5,599,107	5,943,018
Profit for the year	2,133,571	2,607,339
Profit attributable to owners of GF Fund	2,133,571	2,586,934
Profit attributable to the non-controlling interests of GF Fund	–	20,405
Profit for the year	2,133,571	2,607,339
Other comprehensive income attributable to owners of GF Fund	31,754	(15,304)
Other comprehensive income for the year	31,754	(15,304)
Total comprehensive income attributable to owners of GF Fund	2,165,325	2,571,630
Total comprehensive income attributable to the non-controlling interests of GF Fund	–	20,405
Total comprehensive income for the year	2,165,325	2,592,035
Dividends paid to non-controlling interests of GF Fund	512,784	882,023
Net cash inflow from operating activities	1,584,461	2,098,545
Net cash outflow from investing activities	(150,627)	(37,884)
Net cash outflow from financing activities	(1,244,027)	(2,230,915)
Effect of foreign exchange rate changes	4,720	(2,633)
Net cash inflow	194,527	(172,887)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

72. SCOPE OF CONSOLIDATION – *continued*

72.3 Consolidated structured entities

As at 31 December 2022, except for structured entities mentioned in note 72.1, the Group consolidated 35 structured entities (31 December 2021: 31). For those structured entities where the Group is involved as manager or as investor, the Group has significant variable interests in them and the Group is able to exercise control over their operations.

As at 31 December 2022, the total net assets of the consolidated structured entities were RMB15,464.67 million (31 December 2021: RMB15,735.20 million), the carrying amounts of the interests held by the Group in these consolidated structured entities were RMB13,859.02 million (31 December 2021: RMB13,489.48 million), the carrying amounts of the interests held by third parties in these consolidated structured entities were RMB1,605.65 million (31 December 2021: RMB2,245.72 million). Interests held by third parties in these consolidated structured entities were classified as other liabilities in consolidated financial statements.

72.4 Deconsolidated subsidiaries

During the year, the Group has liquidated Zhuhai Ruiyuan Xianghe Equity Investment Fund Partnership Enterprise L.P., which was a subsidiary of GF Fund Management Co., Ltd..

During the year, the Group has liquidated GF Asset Management (Canada) Company Limited, which was a subsidiary of GF Holdings (Hong Kong) Corporation Limited.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

73. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings	Short-term financing payables	Bonds payable	Long-term loans	Dividends payable
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 44)	(Note 45)	(Note 54)	(Note 55)	
At 1 January 2022	916,545	27,876,760	138,682,932	338,675	56,923
Financing cash flows	3,312,779	8,418,662	(26,937,242)	(286,600)	(4,412,130)
Foreign exchange	202,342	—	176,460	—	—
Interest expenses	60,116	1,012,935	3,954,879	8,992	—
Other non-cash movements	—	—	10,000	3,603	—
Dividend declared	—	—	—	—	4,355,207
At 31 December 2022	<u>4,491,782</u>	<u>37,308,357</u>	<u>115,887,029</u>	<u>64,670</u>	<u>—</u>

	Borrowings	Short-term financing payables	Bonds payable	Long-term loans	Dividends payable
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
	(Note 44)	(Note 45)	(Note 54)	(Note 55)	
At 1 January 2021	2,552,786	35,008,179	89,749,863	2,183,069	—
Financing cash flows	(1,683,976)	(8,265,402)	44,940,677	(1,888,164)	(4,277,944)
Foreign exchange	(38,466)	—	(27,331)	(14,821)	(4)
Interest expenses	77,701	1,133,983	4,069,723	55,651	—
Other non-cash movements	8,500	—	(50,000)	2,940	—
Dividend declared	—	—	—	—	4,334,871
At 31 December 2021	<u>916,545</u>	<u>27,876,760</u>	<u>138,682,932</u>	<u>338,675</u>	<u>56,923</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Non-current assets		
Property and equipment	2,724,683	2,874,467
Right-of-use assets	917,995	951,687
Investment properties	164,356	36,301
Other intangible assets	346,307	254,307
Investments in subsidiaries	20,556,611	19,571,337
Investments in associates	998,948	1,198,948
Investments in joint ventures	788,515	975,495
Equity instruments at fair value through other comprehensive income	687,778	834,379
Financial assets held under resale agreements	149,281	1,411,423
Financial assets at fair value through profit or loss	2,258,292	2,537,851
Deferred tax assets	1,383,323	1,192,623
Total non-current assets	30,976,089	31,838,818
Current assets		
Debt instruments at amortised cost	70,446	43,571
Debt instruments at fair value through other comprehensive income	143,705,133	110,435,962
Advances to customers	81,909,222	94,302,245
Accounts receivable	10,659,691	2,050,781
Other accounts receivable, other receivables and prepayments	1,307,672	312,267
Amounts due from subsidiaries	5,433,897	2,642,889
Amounts due from associates	29,439	37,017
Financial assets held under resale agreements	16,610,140	18,014,127
Financial assets at fair value through profit or loss	119,533,286	88,254,131
Derivative financial assets	2,404,959	543,636
Deposits with exchanges and non-bank financial institutions	3,678,503	1,839,092
Clearing settlement funds	24,256,390	24,614,658
Bank balances	84,704,244	86,438,517
Total current assets	494,303,022	429,528,893
Total assets	525,279,111	461,367,711



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Statement of financial position – *continued*

	As at 31.12.2022 RMB' 000	As at 31.12.2021 RMB' 000
Current liabilities		
Short-term financing payables	37,308,357	27,876,760
Financial liabilities at fair value through profit or loss	6,696,041	6,122,190
Due to banks and other financial institutions	17,381,731	9,817,836
Accounts payable to brokerage clients	94,603,630	95,128,720
Accounts payable to underwriting clients	149,300	–
Accrued staff costs	2,622,302	3,430,891
Other accounts payable, other payables and accruals	21,821,393	7,790,976
Contract liabilities	24,238	31,057
Amounts due to subsidiaries	1,836,208	559,123
Provisions	33,671	34,343
Current tax liabilities	12	447,946
Derivative financial liabilities	1,633,325	951,259
Financial assets sold under repurchase agreements	122,067,534	79,724,867
Bonds payable	36,969,966	62,296,561
Lease liabilities	186,408	184,561
Total current liabilities	<u>343,334,116</u>	<u>294,397,090</u>
Net current assets	<u>150,968,906</u>	<u>135,131,803</u>
Total assets less current liabilities	<u>181,944,995</u>	<u>166,970,621</u>
Non-current liabilities		
Accrued staff costs	2,955,888	2,943,499
Bonds payable	76,827,141	74,476,415
Lease liabilities	421,088	420,648
Total non-current liabilities	<u>80,204,117</u>	<u>77,840,562</u>
Net assets	<u>101,740,878</u>	<u>89,130,059</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Statement of financial position – *continued*

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Capital and reserves		
Share capital	7,621,088	7,621,088
Other equity instruments	10,990,000	1,000,000
Capital reserve	31,681,095	31,681,095
Treasury shares	(233,609)	–
Investment revaluation reserve	421,961	1,236,741
General reserves	26,403,046	24,047,084
Retained profits	24,857,297	23,544,051
Total equity	101,740,878	89,130,059

Movements in the Company's reserves

Capital reserve

As at 31 December 2022

	Opening RMB ' 000	Addition RMB ' 000	Closing RMB ' 000
Share premium	31,679,003	–	31,679,003
Others	2,092	–	2,092
	31,681,095	–	31,681,095

As at 31 December 2021

	Opening RMB ' 000	Addition RMB ' 000	Closing RMB ' 000
Share premium	31,679,003	–	31,679,003
Others	2,092	–	2,092
	31,681,095	–	31,681,095



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Movements in the Company's reserves – *continued*

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
Investment revaluation reserve		
At the beginning of the year	1,236,741	1,126,377
Equity instruments at fair value through other comprehensive income:		
Revaluation losses on equity instruments at fair value through other comprehensive income	(146,601)	(432,403)
Income tax impact	36,650	108,102
Debt instruments at fair value through other comprehensive income:		
Net fair value changes during the year	(364,736)	902,050
Reclassification adjustment to profit or loss on disposal	(562,781)	(310,180)
Changes in allowance for expected credit losses	(12,255)	(12,318)
Income tax impact	234,943	(144,887)
At the end of the year	421,961	1,236,741

General reserve

As at 31 December 2022

	Opening RMB ' 000	Addition RMB ' 000	Closing RMB ' 000
Statutory reserve	7,763,208	784,812	8,548,020
Discretionary reserve	169,428	–	169,428
Reserve for general risk	8,158,714	786,338	8,945,052
Transaction risk reserve	7,955,734	784,812	8,740,546
	24,047,084	2,355,962	26,403,046



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

74. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Movements in the Company's reserves – *continued*

General reserve – continued

As at 31 December 2021

	Opening RMB ' 000	Addition RMB ' 000	Closing RMB ' 000
Statutory reserve	6,894,040	869,168	7,763,208
Discretionary reserve	169,428	–	169,428
Reserve for general risk	7,288,322	870,392	8,158,714
Transaction risk reserve	7,086,566	869,168	7,955,734
	<u>21,438,356</u>	<u>2,608,728</u>	<u>24,047,084</u>

Retained profits

	As at 31.12.2022 RMB ' 000	As at 31.12.2021 RMB ' 000
At the beginning of the year	23,544,051	21,352,564
Profit for the year	7,511,631	8,229,704
Appropriation to general reserves	(2,355,962)	(2,608,728)
Ordinary shares' dividends recognised as distribution	(3,802,923)	(3,429,489)
Distribution to other equity instrument holders	(39,500)	–
At the end of the year	<u>24,857,297</u>	<u>23,544,051</u>

75. OUTSTANDING LITIGATIONS

As at 31 December 2022, the Group was involved as a defendant in certain lawsuits and arbitration with claim amounts of approximately RMB2,040.85 million (31 December 2021: RMB769.21 million) and certain listed company shares for distribution in-kind. Based on the court rulings, advice from legal representatives and management judgement, no provision had been made to the aforesaid claims.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

76. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (1) On 9 January 2023, the Company completed the issuance of short-term financing bill (Security Code: 072310001) amounting to RMB3.00 billion, with an annual interest rate of 2.48% and a term of 212-day.
- (2) On 12 January 2023, the Company completed the issuance of 2023 public offering of short-term corporate bonds to professional investors (Tranche 1) amounting to RMB3.00 billion, with an annual interest rate of 2.79% and a term of 365-day.
- (3) On 10 February 2023, the Company completed the issuance of short-term financing bill (Security Code: 072310023) amounting to RMB3.00 billion, with an annual interest rate of 2.58% and a term of 210-day.
- (4) On 16 February 2023, the Company completed the issuance of 2023 non-public offering of corporate bonds (Tranche 1) amounting to RMB3.80 billion, with an annual interest rate of 3.20% and a term of 2-year.
- (5) On 23 February 2023, the Company completed the issuance of short-term financing bill (Security Code: 072310038) amounting to RMB3.00 billion, with an annual interest rate of 2.72% and a term of 273-day.
- (6) On 6 March 2023, the Company completed the issuance of 2023 public offering of perpetual subordinated bonds to professional investors (Tranche 1) amounting to RMB0.50 billion, with an annual interest rate of 4.20%.
- (7) On 9 March 2023, the Company completed the issuance of short-term financing bill (Security Code: 072310045) amounting to RMB3.00 billion, with an annual interest rate of 2.81% and a term of 365-day.
- (8) On 13 March 2023, the Company completed the issuance of 2023 non-public offering of corporate bonds (Tranche 2) which type 1 amounting to RMB0.50 billion, with an annual interest rate of 3.23% and a term of 2-year, type 2 amounting to RMB2.00 billion, with an annual interest rate of 3.30% and a term of 3-year.
- (9) On 20 March 2023, the Company completed the issuance of short-term financing bill (Security Code: 072310064) amounting to RMB3.00 billion, with an annual interest rate of 2.68% and a term of 275-day.
- (10) In accordance with the 2022 profit distribution plan approved by the board of directors on 30 March 2023, the Company proposed cash dividends of RMB3.50 per 10 shares (inclusive of tax) to shareholders based on the number of shares held as at the record date deducting 15,242,153 shares deposited in the Company's special securities account for repurchase. The proposed profit distribution plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

77. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 March 2023.

