

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**GF SECURITIES CO., LTD.**

**廣發証券股份有限公司**

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

**(Stock Code: 1776)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The board of directors (the “**Board of Directors**”) of GF Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2023. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

The 2023 interim report of the Company and its printed version will be published and despatched to the H shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.gf.com.cn](http://www.gf.com.cn), respectively by the end of September 2023.

By order of the Board of Directors

**GF Securities Co., Ltd.**

**Lin Chuanhui**

*Chairman*

Guangzhou, the PRC

August 30, 2023

*As at the date of this announcement, the Board of Directors 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; 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 interim report and there is no misrepresentation, misleading statement or material omission from this interim report, and they accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

Mr. Lin Chuanhui (person in charge of the Company), 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 statements contained in this interim report.

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

The 2023 interim financial report of the Company prepared in accordance with International Accounting Standards has not been audited but has been reviewed by Ernst & Young. Unless otherwise stated, the financial data stated in this report is denominated in RMB.

The Company has no plan to distribute cash dividends and bonus shares or convert capital reserves into share capital for the first half of 2023.

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

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

## WARNING ABOUT MATERIAL RISK FACTORS

The Company faces various risks in its operations, which mainly include policy risk that may bring uncertainties 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, compliance and a comprehensive risk management system to ensure that the Company operates healthily within an extent of controllable, predictable and tolerable risks. Investors are advised to read the "Management Discussion and Analysis" as set out in Section 3 of this report carefully and to pay particular attention to the above risk factors.

# CONTENTS

	<b>Important Notice</b>	
	<b>Documents Available for Inspection</b>	<b>2</b>
	<b>Definitions</b>	<b>3</b>
Section 1	<b>Company Profile</b>	<b>7</b>
Section 2	<b>Accounting Data and Financial Indicators Summary</b>	<b>10</b>
Section 3	<b>Management Discussion and Analysis</b>	<b>14</b>
Section 4	<b>Corporate Governance</b>	<b>61</b>
Section 5	<b>Environmental and Social Responsibilities</b>	<b>67</b>
Section 6	<b>Significant Events</b>	<b>71</b>
Section 7	<b>Changes in Shareholdings and Particulars about Shareholders</b>	<b>90</b>
Section 8	<b>Preferred Shares</b>	<b>99</b>
Section 9	<b>Bonds</b>	<b>101</b>
Section 10	<b>Financial Statements</b>	<b>120</b>

## DOCUMENTS AVAILABLE FOR INSPECTION

---

- (1) The text of the review report on interim financial information (H Shares).
- (2) The original copies of all corporate documents and announcements which have been publicly disclosed during the Reporting Period.
- (3) The interim reports which have been published on other securities markets.



## DEFINITIONS



Term	Definition
Articles of Association	Articles of Association of GF Securities Co., Ltd.
Reporting Period	first half of 2023 (January 1, 2023 to June 30, 2023)
the Company, Company, parent company, GF Securities	GF Securities Co., Ltd.
the Group, Group	the Company and its subsidiaries which fall within the scope of the consolidated financial statements
Jilin Aodong	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
Liaoning Cheng Da	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)
HKSCC Nominees	HKSCC Nominees Limited
GF Fund	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
GFHK	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
GF Brokerage (Hong Kong)	GF Securities (Hong Kong) Brokerage Limited (廣發證券(香港)經紀有限公司)
GF Asset Management (Hong Kong)	GF Asset Management (Hong Kong) Limited (廣發資產管理(香港)有限公司)
GF Investments (Hong Kong)	GF Investments (Hong Kong) Company Limited (廣發投資(香港)有限公司)
GF Capital (Hong Kong)	GF Capital (Hong Kong) Limited (廣發融資(香港)有限公司)
GF Global Capital	GF Global Capital Limited (廣發全球資本有限公司)
GF Futures	GF Futures Co., Ltd. (廣發期貨有限公司)
GF Futures (Hong Kong)	GF Futures (Hong Kong) Co., Limited (廣發期貨(香港)有限公司)



## DEFINITIONS

Term	Definition
GF Financial Markets (UK)	GF Financial Markets (UK) Limited (廣發金融交易(英國)有限公司)
GF Xinde	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
GF Qianhe	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
GF Asset Management	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
GFFL	Guangfa Financial Leasing (Guangdong) Co., Ltd. (廣發融資租賃(廣東)有限公司)
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
the PRC	Mainland China
CSRC	the China Securities Regulatory Commission
CIRC	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)



## DEFINITIONS



Term	Definition
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFC	the Securities and Futures Commission
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules
margin financing and securities lending	the operating activities engaged by the Company in which loans are provided to customers for purchasing listed securities (margin financing) or listed securities are borrowed by customers for sale (securities lending) with collaterals provided by customers
Stock 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
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as new third board (新三板)
QDII	Qualified Domestic Institutional Investors
QFII	Qualified Foreign Institutional Investors
RQFII	RMB Qualified Foreign Institutional Investors
ETF	Exchange Traded Funds, an open index fund available for trading, commonly known as Exchange Traded Fund, which is an open fund listed for trading on a stock exchange with variable portions of the fund components
FICC	Fixed Income, Currencies & Commodities
ISDA Agreements	the standard agreement text and ancillary documents for international OTC derivatives transactions provided by International Swaps and Derivatives Association



## DEFINITIONS

Term	Definition
GMRA Agreements	Global Master Repurchase Agreement
VaR	Value at Risk
A Share(s)	domestic shares of the Company with a nominal value of RMB1.00 each, which are listed on a domestic stock exchange and traded in Renminbi
H Share(s)	foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
WIND	Wind Information Co., Ltd, a financial terminal which provides the customers with financial data and analytic tools

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







## SECTION 1

### COMPANY PROFILE



## SECTION 1 COMPANY PROFILE



### I. COMPANY PROFILE

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

### II. CONTACT PERSONS AND CONTACT INFORMATION

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

### III. OTHER INFORMATION

#### 1. Company Contact Channels

There was no change in the registered address of the Company, the business address of the Company and its postal code, the Company's website and e-mail during the Reporting Period. Please refer to the 2022 Annual Report for details.





### 2. Information Disclosure and Place of Inspection

There was no change in the website of the stock exchanges and the name and website of the media on which the Company disclosed the interim report and the place where the interim report of the Company was maintained during the Reporting Period. Please refer to the 2022 Annual Report for details.

### 3. Other Relevant Information

N/A





## SECTION 2

# ACCOUNTING DATA AND FINANCIAL INDICATORS SUMMARY

## SECTION 2 ACCOUNTING DATA AND FINANCIAL INDICATORS SUMMARY



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

(The accounting data and financial indicators contained in this report are prepared in accordance with International Accounting Standards)

Unit: RMB million

Item	January to June 2023	January to June 2022	Changes
Total revenue and other income	18,085	16,813	7.57%
Profit before income tax	5,974	5,575	7.16%
Net profit attributable to owners of the Company	4,538	4,198	8.11%
Net cash from operating activities	3,934	12,654	-68.91%
Basic earnings per share (RMB/share)	0.56	0.55	1.82%
Return on weighted average net assets (%)	3.84	3.90	Decrease by 0.06 percentage point
Item	30 June 2023	31 December 2022	Changes
Total assets	678,663	617,256	9.95%
Total liabilities	540,668	492,463	9.79%
Equity attributable to owners of the Company	133,368	120,146	11.00%
Total share capital (million shares)	7,621	7,621	—
Equity per share attributable to owners of the Company (RMB/share) (Note 1)	17.50	15.76	11.04%
Gearing ratio (%) (Note 2)	74.24	73.98	Increase by 0.26 percentage point

Notes: 1. Equity per share attributable to owners of the Company as shown in the above table, including perpetual subordinated bonds issued by the Company. After deducting the effect, equity per share attributable to ordinary shareholders of the Company at the end of the Reporting Period was RMB14.60.

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



## SECTION 2 ACCOUNTING DATA AND FINANCIAL INDICATORS SUMMARY

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

The net profits from January to June 2023 and January to June 2022 and the net assets as of June 30, 2023 and December 31, 2022 as disclosed in the consolidated financial statements of the Company prepared in accordance with the International Accounting Standards are consistent with those in accordance with China's Accounting Standards.

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

Unit: RMB

Item	30 June 2023	31 December 2022	Change
Core net capital	64,389,542,069.97	62,597,245,139.87	2.86%
Supplementary net capital	28,250,000,000.00	17,250,000,000.00	63.77%
Net capital	92,639,542,069.97	79,847,245,139.87	16.02%
Net assets	118,086,128,527.55	104,797,351,217.89	12.68%
Total risk capital reserves	45,434,036,023.35	42,795,474,589.61	6.17%
Total on- and off-balance sheet assets	539,020,551,867.14	487,887,860,986.32	10.48%
Risk coverage ratio	203.90%	186.58%	Increase by 17.32 percentage points
Capital leverage ratio	12.14%	13.04%	Decrease by 0.90 percentage point
Liquidity coverage ratio	265.09%	213.79%	Increase by 51.30 percentage points
Net stable funding ratio	161.58%	147.26%	Increase by 14.32 percentage points
Net capital/net assets	78.45%	76.19%	Increase by 2.26 percentage points
Net capital/liabilities	25.45%	24.29%	Increase by 1.16 percentage points
Net assets/liabilities	32.44%	31.88%	Increase by 0.56 percentage point
Proprietary equity securities and its derivatives/net capital	50.78%	47.87%	Increase by 2.91 percentage points
Proprietary non-equity securities and its derivatives/net capital	309.14%	311.13%	Decrease by 1.99 percentage points

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





### IV. REVIEW OF THE AUDIT COMMITTEE

The Audit Committee under the Board has reviewed and confirmed the review report on the Group's interim financial information disclosed in accordance with International Accounting Standards for the six months ended 30 June 2023, and has no objection against matters including the accounting policies and practices adopted by the Group.





## SECTION 3

# MANAGEMENT DISCUSSION AND ANALYSIS







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

The principle that “efforts shall be made to activate the capital market and boost investor confidence” was proposed at a meeting of the Political Bureau of the Central Committee of the Communist Party of China, reflecting that the Party Central Committee attaches great importance to and has ardent expectation on the capital market. The CSRC will take comprehensive measures and make concerted actions from investment end, financing end and trading end. The high-quality development of the securities industry is at an important stage full of opportunities. (1) The accelerated construction of the national modern industrial system, the enhancement of the functions of the capital market to serve the real economy and support technological innovation, and the official implementation and further deepening of the registration-based IPO system have laid an institutional and market foundation for the high-quality development of the securities industry. The comprehensive reinforcement of the responsibilities of intermediaries has imposed higher requirements on the capabilities of securities companies in risk management, pricing and sales, and securities companies with a level of high professionalism and excellent balance sheets will develop at a faster pace. (2) Along with the steady growth of China’s economy, household wealth has gradually flowed into the financial market. Through the successive implementation of industrial policies on, among other things, personal pensions and fund advisory services, regulatory authorities have created a sound market environment for household asset allocation and further enhanced the functions of the capital market to serve investors, accelerating the transformation of the wealth management business. As an important wealth management institution, securities companies shall seize ample opportunities for business development to consistently improve their professional capabilities and comprehensive service standards and better serve the diversified financial needs of the public. (3) The reforms on the capital market has showed a good development trend, with the composition of investors being improved and the proportion of institutional investors increasing. The institution business has thus become the key strategy direction of various securities companies for their layout planning. The steady development of public funds and private equity funds, the increase in cross-border investment demands, hedging demands and leverage demands from professional institutional investors such as insurance funds, bank wealth management funds and offshore funds have brought more room for the development of businesses such as custody, derivatives and market-making transactions, and securities companies have a broad market for institution business. (4) As the reform on the investment end was further deepened, and the IPO and refinancing transactions were normally proceeded with in a scientific and reasonable manner, the functions of the capital market continued to improve. The Regulations on the Supervision and Administration of Private

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



Equity Investment Funds was officially promulgated, the public fund rate reform was comprehensively deepened and investors' sense of fulfillment was continuously improved. Efforts were made to strengthen medium and long-term investment forces and cultivate long-term capital. Actions efforts were taken to deepen the opening of the capital market and attract foreign medium and long-term funds for investment, and multiple measures were adopted to cultivate professional institutional investors, increase investor returns and promote investment-end reform and transformation. (5) The construction of the Guangdong-Hong Kong-Macao Greater Bay Area is a major national strategy and a new economic growth pole of the PRC. With the implementation of the "30 Financial Measures" for Hengqin and Qianhai, the integrated development of the Guangdong-Hong Kong-Macao Greater Bay Area was further accelerated. In April 2023, President Xi Jinping emphasized that efforts should be made to make the Guangdong-Hong Kong-Macao Greater Bay Area a strategic fulcrum for a new development landscape, a demonstration site for high-quality development and a leading place for Chinese-style modernization. The securities industry actively responded to the call of the state, strengthened its strategic deployment in the Guangdong-Hong Kong-Macao Greater Bay Area and actively participated in the construction of the Greater Bay Area. Securities companies will seize the strategic opportunities through in-depth participation. (6) With the in-depth advancement of technological revolution and industrial transformation, the application 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 ecosystem, competitive landscape, business paradigm and organization model of the securities industry. The "Overall Layout Plan for Building a Digital China" issued by the Central Committee of the Communist Party of China and the State Council has affirmed the goals of building a digital China. It has become a consensus for the development in the industry to empower business development by technologies and promote digital transformation.

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



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

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

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 financing	◆ Wealth management and brokerage	◆ Equity investment and trading	◆ Assets management
◆ Debt financing	◆ 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 by providing/through the provision of 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.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



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. 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 landscape, 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 path of reformation and innovation to rise with great rigour, relying on a deep understanding of industry development and market dynamics, 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 insists on its professional development, unswerving in its vision, and persistent in its action. 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 in high recognition of the Company's corporate culture. The management leads by example and concentrates on the operation of the business. The employees are truth-seeking and pragmatic. With the orientation of strategy achievement and value creation, a group of young management with ambition and competency are developed, and a reasonable talent pool has been formed to continuously build the source of knowledge and the foundation of strength.

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





### (2) Forward-looking strategic guidance

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, in terms of regional development, the Company based in Guangdong and serves the whole country, connecting domestically and internationally, forges a leading national brokerage with a long-term vision and an open mind. With the determination of “success does not depend on me” and the spirit of “hammering nails”, all staff members have anchored the green mountains and resolutely implemented the established strategies with consistent strategic direction.

### (3) Stable shareholding structure

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

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



### (4) Scientific business layout

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

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 4,300 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 June 2023, the Company ranked No. 3 in the industry in terms of the balance maintained by the agency sales of non-monetary public funds, and 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 provided customers with strategically excellent and diversified products to build a leading asset management brand in the industry. GF Fund and E Fund have maintained their leading investment research capabilities. At the end of June 2023, GF Fund and E Fund ranked third and first in the industry in terms of the size of public funds under management excluding monetary funds, respectively.

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



### (5) Outstanding location advantage

The Guangdong-Hong Kong-Macao Greater Bay Area is one of the four major bay areas in the world with the highest degree of opening-up and the most resilient market economy in China, playing an important strategic position in the overall development of the country. It will shoulder the mission of strengthening the national strategic scientific and technological strength, which is an important layout for expanding the new phrase 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 June 2023, the Company had 349 branches and business departments nationwide, with a presence in 31 provinces, municipalities, and autonomous regions across the PRC. The number and coverage ratio of business outlets in the nine cities of the Pearl River Delta in the Guangdong-Hong Kong-Macao Greater Bay Area ranked No. 1 in the industry, providing a wide range of market reach for the Company's business and laying important support for customer accumulation and service.

### (6) Philosophy of compliance and steady development

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

The Company adheres to its operation and management philosophy of "stable operation, 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.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### IV. ANALYSIS OF PRINCIPAL BUSINESSES

#### (I) Overview

In the first half of 2023, in the face of the complex and challenging international environment and the arduous tasks of domestic reform, development and stability, the state adhered to the general keynote of seeking progress while maintaining stability, implemented new development concept in a complete, accurate and fully manner, and strived to promote high-quality development. As a result, market demand gradually recovered, production and supply continued to increase, employment situation and commodity prices remained generally stable, household income grew steadily, the overall economic performance was on the rise, and the GDP increased by 5.5% year on year (Source: National Bureau of Statistics, 2023).

Since 2023, by focusing on the Chinese-style modernization, the CSRC has coordinated and promoted the reform, development and stability of the capital market. As a result, the registration-based system for stock issuance was successfully implemented, the responsibilities for corporate bonds were smoothly transferred, the Regulations on the Supervision and Administration of Private Equity Investment Funds was officially promulgated, the filing management system for overseas listing was implemented, the reform of the independent director system of listed companies was carried out smoothly, and the function of the capital market was effectively brought into play.

In the first half of 2023, under the guidance of the Board of Directors, the management of the Company led all staff to maintain strength, focused on main responsibilities and businesses and took active actions. As a result, the Company made steady progress in its core businesses. As of June 30, 2023, total assets of the Group amounted to RMB678,663 million, representing an increase of 9.95% as compared to the end of last year; equity attributable to owners of the Company was RMB133,368 million, representing an increase of 11.00% as compared to the end of last year. During the Reporting Period, total revenue and other income of the Group was RMB18,085 million, representing a year-on-year increase of 7.57%; total expenses were RMB12,490 million, representing a year-on-year increase of 7.90%; and net profit attributable to owners of the Company was RMB4,538 million, representing a year-on-year increase of 8.11%.







### (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 the first half of 2023, the total number of equity financing projects (including IPO, new issuance, rights issue, preference shares, convertible bonds of which new issuance included assets acquired by issuing shares) in the A share market and the total financing amount were 395 and RMB641.701 billion, respectively, representing a year-on-year increase of 6.76% and a year-on-year decrease of 9.62% respectively. Specifically, the number and financing size of IPOs were 173 and RMB209.677 billion, respectively, representing an increase of 1.17% and a decrease of 32.78%, respectively; while the number and financing size of refinancing projects were 222 and RMB432.024 billion, respectively, representing a year-on-year increase of 11.56% and 8.52% respectively. (Source: WIND, 2023).

During the Reporting Period, the Company leveraged on the advantages of the Group's integrated financial platform, strengthened collaboration, adopted a research-driven model, and continued to focus on key industries, key regions and key products; comprehensively improved its comprehensive service capabilities for customers, continuously strengthened its reserve of high-quality equity projects, and effectively promoted the implementation of projects; strengthened the whole-process management and control over the quality of its investment banking business, and effectively improved the quality of its investment banking business practice. In the first half of 2023, the Company completed 7 equity financing projects for which it acted as a lead underwriter, and the lead underwritten amount was RMB8.178 billion.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



Details are set forth in the table below:

Item	From January to June 2023		From January to June 2022	
	Lead underwritten amount (RMB100 million)	Number of offerings	Lead underwritten amount (RMB100 million)	Number of offerings
Initial public offering (IPO)	20.33	3	14.00	3
Refinancing offering	61.45	4	61.34	4
Total	81.78	7	75.34	7

Source: Statistics of the Company, 2023.

### (2) Debt financing business

In the first half of 2023, the bond market fluctuated upward, the issuance scale of major credit bonds<sup>1</sup> was RMB8.32 trillion, representing a year-on-year increase of 5.14%. Specifically, the issuance scale of corporate bonds was RMB1,906.879 billion, representing a year-on-year increase of 25.91%; the issuance scale of debt financing instruments of non-financial enterprises and non-policy financial bonds remained stable at RMB4,497.099 billion and RMB1,756.947 billion, respectively, representing a year-on-year increase of 1.50% and 1.88%, respectively; the issuance scale of enterprise bonds was RMB134.650 billion, representing a year-on-year decrease of 37.86% (Source: WIND, 2023).

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



During the Reporting Period, the Company, by centering on the construction of three ecosystems and leveraging on its synergistic advantages, continued to strengthen the expansion of its customer bases in key regions, and its bond project reserve increased rapidly. In the first half of 2023, the Company acted as the lead underwriter for 172 tranches of bonds, representing a year-on-year increase of 97.70%, with a lead underwritten amount of RMB92.587 billion, representing a year-on-year increase of 39.67%. In order to implement national development strategy, the Company actively explored in empowering technological innovation, promoting green and low-carbon development, facilitating rural revitalization and supporting high-quality development. In the first half of 2023, the Company acted as the lead underwriter for a total of 15 tranches of green bonds, technology innovation bonds, rural revitalization bonds, high-quality development bonds for the Yellow River basin, with an underwritten amount of RMB5.342 billion.

Item	From January to June 2023		From January to June 2022	
	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)	Lead underwritten amount (RMB100 million)	Number of offerings (tranches)
Enterprise bonds	35.16	8	87.84	11
Corporate bonds	499.92	118	283.92	46
Debt financing instruments of non-financial enterprises	72.20	18	59.30	9
Financial bonds	302.59	27	231.85	21
Exchangeable bonds	16.00	1	—	—
Total	925.87	172	662.91	87

Source: Statistics of the Company, 2023.

### (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 the first half of 2023, 74 listed companies announced their restructuring with a total trading size of RMB60.013 billion, representing a year-on-year decrease of 76.26% (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 the first half of 2023, the BSE and the NEEQ maintained complementary development with the SSE and the SZSE, which led to the further improvements in market structure and functions and the remarkable enhancement of quality in operation. As of June 30, 2023, there were a total of 6,463 companies listed on the NEEQ and 204 companies listed on the BSE. In terms of market liquidity, from January to June 2023, the turnover of the NEEQ market was RMB27.754 billion with 7.523 billion shares being traded (Source: NEEQ, 2023); the turnover of the BSE was RMB132.473 billion with 10.415 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 June 2023, the Company sponsored a total of 33 companies listed on the NEEQ as the lead brokerage, of which 69.70% 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 12 projects in which it acted as a lead underwriter (including IPO, refinancing and bond offering) and financial adviser.



### 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.

In the first half of 2023, the SSE Composite Index and the SZSE Component Index rose by 3.65% and 0.10%, respectively, as compared to the end of last year; while the trading volume of stocks and funds in the two markets was RMB124.69 trillion, representing a year-on-year increase of 0.10% (Source: WIND, 2023).

In the first half of 2023, the Company followed its "customer-centric" business philosophy, adjusted its organizational structure, improved its capability to serve customers' demand for wealth management, and promoted the transformation and development of its wealth management and brokerage businesses; implemented digital operation strategy, strengthened online customer acquisition, actively explored multi-channel traffic, and continued to accumulate customers. It optimized the construction of its wealth management system and business process, and launched the comprehensive "GF Zhihui" service platform for institutions, so as to improve its capability in providing comprehensive wealth management solutions for institutions, enterprises and other customers. The Company also consolidated its compliance risk control and management, and supported business transformation and development, aiming to further enhance its competitiveness.

As of the end of June 2023, the balance maintained by the agency sales of financial products of the Company recorded an increase of 9.17% as compared to the end of last year. In the first half of 2023, 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 (中國證券投資基金業協會), 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 RMB111.3 billion.

From January to June 2023, the trading volume of stocks and funds of the Company in Shanghai and Shenzhen was RMB9.83 trillion (bilateral statistics), representing a year-on-year decrease of 1.53%.

## SECTION 3 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 June 2023		January to June 2022	
	Trading volume as agent (RMB100 million)	Market share (%)	Trading volume as agent (RMB100 million)	Market share (%)
Stocks	83,979.91	3.77	87,615.32	3.83
Funds	14,272.04	5.39	12,165.18	5.99
Bonds	242,535.53	4.96	203,282.04	4.78
Total	<u>340,787.48</u>	<u>4.62</u>	<u>303,062.54</u>	<u>4.49</u>

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 the first half of 2023 are shown in the table below:

Type	Total sales amount for the period (RMB100 million)	Total redeemed amount for the period (RMB100 million)
Fund products	618.95	540.13
Trust products	226.91	184.40
Other financial products	<u>2,190.33</u>	<u>2,082.74</u>
Total	<u>3,036.19</u>	<u>2,807.27</u>

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



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 Brokerage (Hong Kong), covering financial products such as stocks and bonds listed on the Hong Kong Stock Exchange and overseas exchanges, using self-developed Yitaojin (易淘金) international version of trading system to focus on development of overseas wealth management business. In the first half of 2023, the GF Brokerage (Hong Kong) continued its transformation towards wealth management and further enriched its product offerings, with a year-on-year growth in both the net sales income and balance of its financial products.

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

As of the end of June 2023, the balance of margin financing and securities lending in the SSE and SZSE was RMB1,588.498 billion, representing an increase of 3.12% as compared to the end of 2022 (Source: WIND, 2023).

In the first half of 2023, based upon the origins of its business with focus on continuous persistence in “customer – orientation”, the Company has facilitated healthy and orderly development of the business while working on customer service, compliance and risk control. As of the end of June 2023, the balance of margin financing and securities lending of the Company was RMB85.421 billion, representing an increase of 2.89% as compared to the end of 2022, and the market share was 5.38%.

### (3) Repurchase transaction business

As of the end of the first half of 2023, the scale of stock pledged business in the market decreased as compared to the end of the previous year. During the Reporting Period, the Company conducted a stock pledged business in a prudent manner and continued to strengthen the threshold for risk control of the stock pledged business and optimize its business structure, and the scale of the stock pledged business increased. As of the end of June 2023, the balance of the exchange traded Stock Pledged Repo Transaction business carried out by the Company through its owned funds was RMB10.788 billion, representing an increase of 12.04% as compared to the end of 2022.





### (4) Financial leasing

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

Since 2023, the development of the financial leasing industry continued to slow down. GFFL continued to strengthen the construction and optimization of its comprehensive risk management system. As of the end of June 2023, the net amount of the lease receivables amounted to RMB141 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 the first half of 2023, the A-share market exhibited a volatile trend. During the Reporting Period, in adherence to the idea of value investment and by leveraging multi-strategy investment tools such as private placement and Snowballing (雪球), the Company's equity investment better controlled its positions based on market fluctuations. Meanwhile, the Company maintained the market liquidity, reduced the severe market volatility, improved the pricing efficiency and satisfied the investment needs of public investors by providing market maker services. As of the end of June 2023, the Company provided market making services for 53 companies listed on the NEEQ.

#### (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 interest rate 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 structural opportunities in the market, and achieved better investment performance.

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

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

During the Reporting Period, as a primary dealer of OTC derivatives business, the Company continued to 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 June 30, 2023, the Company has issued 66,292 OTC products in aggregate with an aggregate amount of approximately RMB1,955.483 billion. The market value of the products as at the end of the Reporting Period was approximately RMB168.551 billion. Specifically, the Company issued 20,231 new OTC products with an aggregate amount of approximately RMB431.325 billion in the first half of 2023.

In the first half of 2023, 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. During the Reporting Period, in respect of market making business, the Company was granted the “Outstanding Fund Market Maker”, the “Outstanding Option Market Maker”, the “Outstanding Public REITs Market Maker” and the “Best Commodity ETF Market Maker” awards for 2022 by the SSE; and the “Outstanding ETF Liquidity Provider”, the “Outstanding REITs Liquidity Provider” and the “Outstanding Stock Option Market Maker” awards for 2022 by the SZSE.

## SECTION 3 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 the first half of 2023, GF Qianhe focused on advanced manufacturing, healthcare, new consumption, hard technology, soft technology, special opportunity investment and other major fields. During the Reporting Period, GF Qianhe completed 15 new investment projects with a total investment of RMB0.692 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 930 A shares listed companies across 27 industries in the PRC, and nearly 140 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 implemented the research-driven business model to empower the development of various business segments; provided research support for the policy formulation and industrial planning of government authorities and explored the establishment of industrial incubation and transformation cooperation mechanism with key scientific research universities to play a role as a bridge of "technology + finance".

(6) Asset custody business

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

In the first half of 2023, the private equity fund industry continued to develop in a standardized and professional manner with market resources further aggregating in medium and large high-quality private equity fund managers; fund companies and securities firms deepened their cooperation in public fund custody, and the scale of public fund custody business of securities firms increased steadily.

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 June 2023, the total asset scale of asset custody and fund service business provided by the Company was RMB556.452 billion, of which the scale of trust products was RMB267.934 billion; and the scale of fund service products provided was RMB288.517 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).

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



In the first half of 2023, the CSRC amended the Administrative Measures on Private Asset Management Business of Securities and Futures Institutions (《證券期貨經營機構私募資產管理業務管理辦法》), and its supporting regulatory document, the Provisions on the Operation and Administration of Private Asset Management Schemes of Securities and Futures Institutions (《證券期貨經營機構私募資產管理計劃運作管理規定》), in order to further consolidate the effectiveness of the regulatory reformation of asset management business, to better leverage the function of private asset management business to serve the real economy and to promote the formation of a professional, stable and standardized development of the industry ecosystem.

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 June 2023, the net value of collective asset management schemes, single asset management schemes and specific asset management schemes of GF Asset Management decreased by 24.84%, 3.91% and 9.57%, respectively, as compared with the end of 2022, and its total scale decreased by 20.31% as compared with the end of 2022. The asset management scale of GF Asset Management is as follows:

	Net value of asset management (RMB100 million)	
	June 30, 2023	December 31, 2022
Collective asset management business	1,583.37	2,106.69
Single asset management business	518.24	539.30
Specific asset management business	59.54	65.84
Total	2,161.15	2,711.83

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 second quarter of 2023, the average monthly scale of private asset management of GF Asset Management ranked eighth (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.

### (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 the first half of 2023, the public fund industry moved forward steadily in a new stage of high-quality development. As of the end of June 2023, the total size of public funds reached RMB27.69 trillion (Source: Asset Management Association of China, 2023). The public fund industry maintained its growth resilience, and the growth of the industry scale mainly came from fixed income and index products. All fund companies actively built a customer-centric market ecosystem, explored diversified and differentiated development paths, and expanded their capabilities around asset creation, wealth management and international business.

As of the end of June 2023, the Company held 54.53% interest in GF Fund. GF Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, other institutional investors and general investors. In addition, GF Fund can invest the capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII) and the Qualified Domestic Limited Partner Program (QDLP), and invest capital raised from overseas markets in China's capital market in the form of RQFII through GF International Investment Management Limited, its wholly-owned subsidiary. As of June 30, 2023, the public funds managed by GF Fund in aggregate reached RMB1,319.959 billion, representing an increase of 5.62% as compared to the end of 2022, and the total fund size excluding money market funds amounted to RMB717.788 billion, ranking third in the industry (Source: Statistics of the Company, WIND, 2023).



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



As of the end of June 2023, the Company held 22.65% interest in E Fund, was one of the three parallel largest shareholders. E Fund is one of the investment managers of the National Social Security Fund and Basic Pension Insurance Fund. It also provides asset management services for insurance companies, financial companies, enterprise annuity, other institutional investors and general investors. In addition, E Fund can invest capital raised domestically in overseas capital market through the Qualified Domestic Institutional Investors Program (QDII), and invest capital raised from overseas markets in China's capital market in the form of RQFII. As of June 30, 2023, the public funds of E Fund in aggregate reached RMB1,729.833 billion, representing an increase of 9.98% as compared to the end of 2022, and the total public fund size excluding money market funds was RMB1,038.839 billion, ranking first in the industry (Source: Statistics of the Company, WIND, 2023).

### (3) Private fund management services

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

In the first half of 2023, GF Xinde focused on such industries as biomedicine, intelligent manufacturing and corporate services. As of the end of June 2023, 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.



## V. ANALYSIS ON FINANCIAL STATEMENTS

## (I) Analysis on Consolidated Statement of Profit or Loss

Revenue composition

Unit: RMB' 000

Item	January to June 2023	January to June 2022	Amount of increase/ decrease	Percentage of increase/ decrease
Commission and fee income	7,836,013	8,316,208	-480,195	-5.77%
Interest income	6,804,923	6,315,995	488,928	7.74%
Net investment gains	2,608,707	193,816	2,414,891	1,245.97%
Other income and gains or losses	835,799	1,986,740	-1,150,941	-57.93%
<b>Total revenue and other income</b>	<b>18,085,442</b>	<b>16,812,759</b>	<b>1,272,683</b>	<b>7.57%</b>

For the period from January to June 2023, total revenue and other income of the Group was RMB18,085 million, representing an increase of 7.57% as compared with RMB16,813 million for the corresponding period of last year, which was reflected by (1) commission and fee income of RMB7,836 million, representing a decrease of RMB480 million or 5.77% as compared with the corresponding period of last year, primarily attributable to a decrease of RMB187 million in securities brokerage business commission and fee income as compared with the corresponding period of last year and a decrease of RMB231 million in asset management and fund management fee income as compared with the corresponding period of last year; (2) interest income of RMB6,805 million, representing an increase of RMB489 million or 7.74% as compared with the corresponding period of last year, primarily attributable to an increase of RMB323 million in interest income from debt instruments at fair value through other comprehensive income as compared with the corresponding period of last year; (3) net investment gains of RMB2,609 million, representing an increase of RMB2,415 million or 1,245.97% as compared with the corresponding period of last year, primarily attributable to the increases of net realized gains from disposal and unrealised fair value changes of financial instruments at fair value through profit or loss; and (4) other income and gains of RMB836 million, representing a decrease of RMB1,151 million or 57.93% as compared with the corresponding period of last year, primarily attributable to a decrease of RMB707 million in commodity trading income as compared with the corresponding period of last year.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Expenses composition

Unit: RMB'000

Item	January to June 2023	January to June 2022	Amount of increase/ decrease	Percentage of increase/ decrease
Depreciation and amortization	444,110	404,801	39,309	9.71%
Staff costs	4,630,264	4,163,509	466,755	11.21%
Commission and fee expenses	146,225	152,761	-6,536	-4.28%
Interest expenses	5,079,291	4,293,134	786,157	18.31%
Other operating expenses	2,177,420	2,759,439	-582,019	-21.09%
Credit loss expense	4,506	-209,240	213,746	—
Impairment losses	8,610	11,451	-2,841	-24.81%
<b>Total expenses</b>	<b>12,490,426</b>	<b>11,575,855</b>	<b>914,571</b>	<b>7.90%</b>

For the period from January to June 2023, total expenses of the Group were RMB12,490 million, representing an increase of 7.90% from RMB11,576 million for the corresponding period of last year, which was primarily reflected by (1) the increase in interest expenses of RMB786 million as compared with the corresponding period of last year, primarily attributable to the increase in interest expenses of financial assets sold under repurchase agreements; (2) the increase in staff costs of RMB467 million as compared with the corresponding period of last year, primarily attributable to the increase in the provision on salaries, bonuses and allowances; (3) the increase in credit loss expense of RMB214 million as compared with the corresponding period of last year, primarily attributable to the decrease in reversal of impairment losses from advances to customers and financial assets held under resale agreements; and (4) the decrease in other operating expenses of RMB582 million as compared with the corresponding period of last year, primarily attributable to the decrease in commodity trading costs.

For the period from January to June 2023, the Group realized net profit attributable to owners of the Company of RMB4,538 million, representing a year-on-year increase of 8.11%; basic earnings per share were RMB0.56, representing a year-on-year increase of 1.82%; and return on weighted average net assets was 3.84%, representing a year-on-year decrease of 0.06 percentage point.





## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



### (II) Analysis on Consolidated Statement of Financial Position

Unit: RMB'000

	June 30, 2023	Composition	December 31, 2022	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
<b>Non-current assets</b>	<b>32,798,752</b>	4.83%	27,893,571	4.52%	4,905,181	17.59%
Of which: Financial assets at fair value through profit or loss	10,732,279	1.58%	9,824,524	1.59%	907,755	9.24%
Investments in associates	6,627,721	0.98%	6,435,901	1.04%	191,820	2.98%
Equity instruments at fair value through other comprehensive income	5,658,127	0.83%	727,783	0.12%	4,930,344	677.45%
Property and equipment	3,213,549	0.47%	3,206,420	0.52%	7,129	0.22%
Deferred tax assets	2,557,553	0.38%	2,582,609	0.42%	-25,056	-0.97%
Right-of-use assets	1,883,075	0.28%	1,873,785	0.30%	9,290	0.50%
Investments in joint ventures	1,346,268	0.20%	2,321,689	0.38%	-975,421	-42.01%
<b>Current assets</b>	<b>645,864,408</b>	95.17%	589,362,711	95.48%	56,501,697	9.59%
Of which: Financial assets at fair value through profit or loss	199,607,969	29.41%	147,962,544	23.97%	51,645,425	34.90%
Debt instruments at fair value through other comprehensive income	142,972,644	21.07%	143,937,772	23.32%	-965,128	-0.67%
Bank balances	132,855,596	19.58%	129,176,483	20.93%	3,679,113	2.85%
Advances to customers	86,083,571	12.68%	82,822,991	13.42%	3,260,580	3.94%
Clearing settlement funds	28,988,322	4.27%	27,680,241	4.48%	1,308,081	4.73%
Deposits with exchanges and non-bank financial institutions	19,252,986	2.84%	20,342,292	3.30%	-1,089,306	-5.35%
Financial assets held under resale agreements	18,626,412	2.74%	18,791,008	3.04%	-164,596	-0.88%
<b>Total assets</b>	<b>678,663,160</b>	100.00%	617,256,282	100.00%	61,406,878	9.95%

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



	June 30, 2023	Composition	December 31, 2022	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
<b>Current liabilities</b>	<b>446,546,875</b>	82.59%	405,132,620	82.27%	41,414,255	10.22%
Of which: Financial assets sold under repurchase agreements	157,644,460	29.16%	125,057,826	25.39%	32,586,634	26.06%
Accounts payable to brokerage clients	142,959,260	26.44%	137,585,256	27.94%	5,374,004	3.91%
Other accounts payables, other payables and accruals	36,902,554	6.83%	26,121,911	5.30%	10,780,643	41.27%
Short-term financing payables	34,845,632	6.44%	37,308,357	7.58%	-2,462,725	-6.60%
Due to banks and other financial institutions	22,053,280	4.08%	19,071,426	3.87%	2,981,854	15.64%
Bonds payable	20,461,833	3.78%	36,976,821	7.51%	-16,514,988	-44.66%
Financial liabilities at fair value through profit or loss	15,834,631	2.93%	9,713,427	1.97%	6,121,204	63.02%
<b>Net current assets</b>	<b>199,317,533</b>		<b>184,230,091</b>		<b>15,087,442</b>	<b>8.19%</b>
<b>Non-current liabilities</b>	<b>94,121,560</b>	17.41%	87,330,822	17.73%	6,790,738	7.78%
Of which: Bonds payable	84,932,053	15.71%	78,910,208	16.02%	6,021,845	7.63%
<b>Total liabilities</b>	<b>540,668,435</b>	100.00%	<b>492,463,442</b>	100.00%	<b>48,204,993</b>	<b>9.79%</b>
<b>Total equity</b>	<b>137,994,725</b>		<b>124,792,840</b>		<b>13,201,885</b>	<b>10.58%</b>

As of June 30, 2023, total assets of the Group were RMB678,663 million, representing an increase of RMB61,407 million or 9.95% as compared with that at the end of last year; total liabilities were RMB540,668 million, representing an increase of RMB48,205 million or 9.79% as compared with that at the end of last year; non-current assets were RMB32,799 million, representing an increase of 17.59% as compared with that at the end of last year; current assets were RMB645,864 million, representing an increase of 9.59% as compared with that at the end of last year; current liabilities were RMB446,547 million, representing an increase of 10.22% as compared with that at the end of last year; and non-current liabilities were RMB94,122 million, representing an increase of 7.78% as compared with that at the end of last year.



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 30.99%, 21.07%, 19.58% and 12.68% of total assets of the Group, respectively, and collectively accounting for 84.32% of total assets of the Group. Financial assets at fair value through profit or loss increased by RMB52,553 million or 33.31% 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 decreased by RMB965 million or 0.67% as compared with that at the end of last year, primarily attributable to the decrease in the scale of debt securities; bank balances increased by RMB3,679 million or 2.85% as compared with that at the end of last year, primarily attributable to the increase in customer bank balances; and advances to customers increased by RMB3,261 million or 3.94% as compared with that at the end of last year, primarily attributable to the increase in the scale of margin financing and securities lending business.

Among the Group's liabilities, each of 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 26.44%, 29.16%, 19.49% and 6.44% of total liabilities of the Group, respectively, and collectively accounting for 81.53% of total liabilities of the Group. Accounts payable to brokerage clients increased by RMB5,374 million or 3.91% 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 RMB32,587 million or 26.06% 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 RMB10,493 million or 9.05% as compared with that at the end of last year, primarily attributable to the repayment of partial corporate bonds at maturity; and short-term financing payables decreased by RMB2,463 million or 6.60% as compared with that at the end of last year, primarily attributable to the repayment of partial short-term financing bills at maturity.

As of June 30, 2023, the Group's equity attributable to owners of the Company was RMB133,368 million, representing an increase of RMB13,222 million or 11.00% as compared with that at the end of last year. Excluding the effect of accounts payable to brokerage clients, the Group's gearing ratio was 74.24%, representing an increase of 0.26 percentage point as compared with 73.98% at the end of last year, while the Group's assets and liabilities structure remained relatively stable.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### *Borrowings and debt financing*

As of June 30, 2023, total borrowings and bonds financing of the Group amounted to RMB147,154 million. The following table sets forth details of the Group's borrowings and bonds financing:

Unit: RMB'000

	June 30, 2023	December 31, 2022
Short-term borrowings	6,914,977	4,491,782
Short-term financing payables	34,845,632	37,308,357
Bonds payable	105,393,886	115,887,029
Long-term loans	—	64,670
Total	<u>147,154,495</u>	<u>157,751,838</u>

For details of the interest rates and maturities of short-term borrowings, short-term financing payables, bonds payable and long-term loans, please refer to Notes 36, 37, 45 and 46 to the financial statements enclosed hereinafter.

Apart from borrowings and bonds financing instruments, the Group also raised funds through interbank lending, brokers lending as well as on-market and OTC repurchase, with balance due to banks and other financial institutions and financial assets sold under repurchase agreements amounting to RMB22,053 million and RMB157,644 million, respectively, at the end of the Reporting Period.

The aforesaid debts totaled RMB326,852 million.

Save as disclosed in this report, as of June 30, 2023, the Group did not have any outstanding mortgages, pledges, debentures, loan capital, bank overdrafts, borrowings or other similar debts or liabilities under acceptances or letter of credits, any guarantees or other material contingent liabilities.



### (III) Analysis on the Consolidated Statement of Cash Flows

As of June 30, 2023, cash and cash equivalents of the Group amounted to RMB19,530 million, representing an increase of 10.13% as compared with that of RMB17,734 million as of June 30, 2022, of which: net cash from operating activities from January to June 2023 was RMB3,934 million, representing a decrease of 68.91% as compared with that of RMB12,654 million for the corresponding period of 2022, which was mainly attributable to the increase in net cash outflow from advances to customers; net cash used in investing activities from January to June 2023 was RMB1,212 million, as compared with net cash from investing activities of RMB2,883 million for the corresponding period of 2022, which was mainly attributable to the increase in net cash outflow in respect of the purchase of financial instruments at fair value through other comprehensive income; net cash used in financing activities from January to June 2023 was RMB2,360 million, representing a decrease of 87.71% as compared with that of RMB19,193 million for the corresponding period of 2022, which was mainly attributable to the decrease in net cash outflow from bonds.

### (IV) Explanation of changes in the consolidation scope of financial statements

The changes in the Group's consolidation scope of financial statements during the Reporting Period are detailed in the notes to the condensed consolidated financial statements "54. Change of scope of consolidation".

### (V) Change in principal accounting policies and accounting estimates

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

### (VI) Restricted asset rights as of the end of the Reporting Period

Restricted asset rights as of the end of the Reporting Period are detailed in the notes to the condensed consolidated financial statements "35. Restricted asset rights".

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### VI. ANALYSIS ON INVESTMENT CONDITIONS

#### 1. General

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

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

N/A

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

N/A



## 4. Financial asset investment

## (1) Securities investment

Unit: RMB' 0,000

Type of securities	Stock code	Short name	Investment cost	Accounting measurement mode	Book value at the beginning of the period	Profit or loss from the fair value change of the period	Accumulative fair value change accounted into equity	Purchase amount of the period	Sales amount of the period	Profit or loss during the Reporting Period	Book value at the end of the period	Accounting subject	Source of capital
Fund	003281.OF	Guangfa Huoqibao B	693,427.33	Measured at fair value	611,198.71	-	-	244,500.00	170,620.20	8,378.46	693,456.97	Held for trading	Self-owned
Fund	000662.OF	Yinhua Live Money F	396,162.19	Same as above	441,326.77	-	-	-	50,000.00	4,861.01	396,187.78	Held for trading	Self-owned
Fund	270014.OF	GF Money Market Fund B	386,908.95	Same as above	385,158.10	-	-	180,650.00	183,393.22	4,508.43	386,923.31	Held for trading	Self-owned
Fund	000621.OF	E Fund Cash Return Fund B	377,553.57	Same as above	273,193.21	-	-	150,000.00	50,000.00	4,388.11	377,581.32	Held for trading	Self-owned
Bond	200005.IB	20 Interest-bearing Treasury Bond 05	336,308.78	Same as above	343,875.29	605.50	1,358.46	-	6,805.80	4,543.41	342,515.39	Held for trading/ Other debt investments	Self-owned
Fund	002183.OF	GF Tianjianhong B	317,335.87	Same as above	367,030.48	-	-	430,800.00	484,560.07	3,779.25	317,049.66	Held for trading	Self-owned
Bond	112303131.IB	23 Agricultural Bank CD131	302,849.79	Same as above	-	-	162.19	302,869.30	-	58.60	303,090.09	Other debt investments	Self-owned
Others	87648W	Collective Asset Management Plan No. 2	391,079.75	Same as above	309,764.36	-9,974.11	-	-	-	-9,974.11	299,790.25	Held for trading	Self-owned
Bond	112309116.IB	23 Pudong Development Bank CD116	258,890.10	Same as above	-	90.36	21.00	258,921.28	-	125.95	259,068.23	Held for trading/ Other debt investments	Self-owned
Bond	200001.IB	Treasury Bond A	236,644.52	Same as above	239,848.11	-	1,303.01	-	5,711.70	2,915.59	238,119.59	Other debt investments	Self-owned
Other securities investments held at the end of the period			31,968,784.59	-	27,574,871.85	35,982.25	79,526.17	N/A	N/A	415,859.20	32,700,646.52	-	-
Total			35,665,945.44	-	30,546,266.88	26,704.00	82,370.83	N/A	N/A	439,443.90	36,314,429.11	-	-

Note 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 Group at the end of the period and only contains the top ten securities held by the Group 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 Group's total assets as of June 30, 2023.

Note 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 Group from holding such securities during the Reporting Period.

## (2) Derivative investment conditions

N/A

### 5. Use of proceeds

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

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

The Company issued H Shares which were listed on the Main Board of the Hong Kong Stock Exchange on April 10, 2015 after being approved by the CSRC on March 5, 2015 by issuing the Reply for Approving GF Securities Co., Ltd. to Issue Overseas Listed Foreign Shares (Zheng Jian Xu Ke [2015] No. 347), and being approved at the 8th meeting of the eighth session of the Board of Directors and the second extraordinary general meeting in 2014 of the Company. A total of 1,479,822,800 H Shares were issued at the price of HKD18.85 per share through both public offering and international placement. Subsequently, the Company issued 221,973,400 additional H Shares at the price of HKD18.85 per share on April 13, 2015 because of the exercise of the over-allotment option. Through this offering, the Company issued a total of 1,701,796,200 H Shares and raised a total of HKD32.079 billion. The net amount was approximately 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 June 30, 2023, RMB12.504 billion out of the proceeds raised from the issuance of H Shares was used for the wealth management business to mainly develop margin financing and securities lending business and build a strategic Internet financial platform and wealth management platform; RMB4.986 billion was used for the investment management business, investment banking business and transaction and institution business to mainly increase the asset size under the investment management, increase input into the seed funds, innovate and develop investment management products, and participate in various financial products markets as a market maker and provide liquidity support; RMB3.443 billion was used for the international business to mainly increase input into the investment management, transaction and institution businesses in Hong Kong; the remaining RMB4.126 billion was temporarily used to replenish the working capital and develop short-term investment business. 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.







### VII. SALE OF MAJOR ASSETS AND EQUITY

#### 1. Sale of major assets

No major assets of the Company were sold during the Reporting Period.

#### 2. Sale of major equity

No major equity of the Company was sold during the Reporting Period.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Unit: RMB' 0,000

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Net profit
GF Futures	Subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sale.	RMB1,900,000,000	5,355,487.70	383,995.67	19,619.34
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	466,443.23	439,257.68	7,483.16
GFHK	Subsidiary	Investment holding, undertaking investment banking, sale and transactions, asset management, equity investment and other businesses permitted by regulatory rules through professional subsidiaries.	HKD5,600,000,000	3,625,241.45	489,583.25	2,269.32
GF Qianhe	Subsidiary	Project investment; investment management.	RMB7,103,500,000	1,143,450.98	1,048,273.77	14,623.74
GF Asset Management	Subsidiary	Securities asset management business (including overseas securities investment management business of QDII).	RMB1,000,000,000	822,635.09	651,992.40	8,094.83
GFFL	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	67,934.39	66,169.96	263.93
GF Fund	Subsidiary	Fund raising, fund sale, asset management, other businesses approved by the CSRC.	RMB140,978,000	1,676,878.96	1,013,501.96	121,522.21
E Fund	Participating stock company	Publicly offered securities investment fund management, fund sale, asset management for specific customers.	RMB132,442,000	2,419,651.04	1,520,799.07	161,706.25

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

For details, please refer to the notes to the condensed consolidated financial statements "54. Change of scope of consolidation".





### Explanation on the status of principal subsidiaries

GFHK and GF Qianhe recorded the net profit of RMB23 million and RMB146 million for the Reporting Period, respectively, while they recorded loss for the same period of last year, which was mainly due to the increase in income arising from financial instruments held for trading mainly affected by market fluctuations.

### IX. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

For details, please refer to the notes to the condensed consolidated financial statements “54.1. Consolidated structured entities”.





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

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

#### (1) Policy risk

Policy risk refers to the uncertainties brought to 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, 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 term 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.



### (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, regulatory rules, relative criteria formulated by self-regulatory organizations, and standards of behavior suitable for business activities of the securities companies.

### **(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 setting and ineffective design or implementation of risk control measures.

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

Information technology has 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. In promoting the development of the securities industry, the information technology has also brought a considerable risk. 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, or the relevant behaviors of its employees such as the violation of the provisions of integrity, professional ethics, business practices, industry rules and regulations. 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.





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

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

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

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

##### ① Policy risk management

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



### 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 state of stress 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 prudently prevent liquidity risk of the Group. Specific measures for liquidity risk management of the Company 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 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.; and 7) the Company regularly or from time to time carries out liquidity risk emergency drill and optimizes and perfects liquidity risk emergency disposal processes and mechanism of the Company based on the emergency 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 multilevel 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.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



### 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.





### 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, control 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 operational 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.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



### ⑦ Information technology risk management

Continuously 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.

### ⑧ Reputation risk management

According to regulatory 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, utilize a variety of media 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, cement/strengthen 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.



## XI. REGISTER FOR RECEPTION ACTIVITIES OF SURVEY 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 the first half of 2023, in addition to the daily telephone communication with public investors, there were a total of 12 receptions of activities such as research and performance roadshow, and the Company received about 100 investors in total. The details are as follows:

Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
January 1, 2023 to June 30, 2023	-	Telephone communication	Individuals	Public investors	Operation and development of the Company
January 17, 2023	-	Telephone communication	Institutions	Investors invited to Goldman Sachs (Asia) Financial Corporate Day	Strategic and business development of the Company
March 31, 2023	-	Results roadshow	Institutions	Analysts and investors invited to GF Securities' 2022 Annual Results Briefing	Strategic and business development of the Company
April 3, 2023	-	Results roadshow	Institutions, individuals	Investors participating in GF Securities' 2022 Annual Results Presentation	Strategic and business development of the Company
April 6, 2023	-	Telephone communication	Institutions	Wellington Asset Management	Operation and development of the Company
April 11, 2023	-	Telephone communication	Institutions	Guotai Fund (國泰基金), Shenwan Hongyuan	Operation and development of the Company
April 12, 2023	The Company's Meeting Room 3922 on 39th Floor	On-site meeting	Institutions	Southern Asset Management, Chang Xin Asset Management (長信基金), Shenwan Hongyuan	Operation and development of the Company

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



Reception time	Reception venue	Reception method	Type of participants	Participants	Main contents of the discussion and information provided
April 13, 2023	–	Telephone communication	Institutions	Fullerton Fund Management	Operation and development of the Company
April 13, 2023	–	Telephone communication	Institutions	M&G	Operation and development of the Company
April 14, 2023	–	Telephone communication	Institutions	Millennium Capital, Goldman Sachs	Operation and development of the Company
May 11, 2023	Shenzhen	On-site meeting	Institutions	Investors invited to Citigroup's A Share Investment Strategy Meeting	Strategic and business development of the Company
May 18, 2023	–	Telephone communication	Institutions	Analysts of Goldman Sachs and its invited investors	Strategic and business development of the Company
June 30, 2023	The Company's Meeting Room 3922 on 39th Floor	On-site meeting	Institutions	Guangzhou Tianbao Investment (廣州天寶投資)	Operation and development of the Company

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





## SECTION 4

### CORPORATE GOVERNANCE



## SECTION 4 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 being 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 held 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.





## SECTION 4 CORPORATE GOVERNANCE



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

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

Session of meeting	Type of meeting	Participation ratio of investors	Convening date	Disclosure date	Resolutions
2022 annual general meeting	Annual general meeting	51.7236%	June 28, 2023	June 28, 2023	Related announcements of resolutions on meetings are published in the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (www.cninfo.com.cn) and the HKExnews website of Hong Kong Stock Exchange (www.hkexnews.hk) by the Company.

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

N/A

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

There was no change in the Directors, Supervisors and senior management of the Company during the Reporting Period. For details, please refer to the 2022 Annual Report.

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

The Company has no plan to distribute cash dividends and bonus shares or convert capital reserves into share capital for the first half of 2023.



## SECTION 4 CORPORATE GOVERNANCE



### V. 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, or implementation thereof.

### VI. INFORMATION OF THE STAFF OF THE COMPANY

#### 1. Number of staff

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.

As of June 30, 2023, the Group had 14,794 employees (including labor dispatch, brokers), of whom a total of 12,509 were from the parent company and 2,285 were from the subsidiaries.

#### 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” under the Guidelines for Securities Companies to Establish a Stable Remuneration System (《證券公司建立穩健薪酬制度指引》) issued by the Securities Association of China. The 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. The Company focuses on building the value of its 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, the Company avoids excessive incentives and short-term incentives to ensure the long-term sustainable development of the Company and its business. The Company adopts diversified incentive methods and tools, and focuses on the combination of short-term incentives with medium- and long-term incentives, the combination of material incentives with spiritual incentives, the combination of job opportunities with ability development, and the combination of 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, and is determined by the employee’s salary level and on-the-job status. 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.



### 3. Training plans

The Company attaches great importance to employee training, carries out training and learning activities as common measures for the development of talents and is 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 provides high-efficiency technical support and abundant online learning resources for employees’ learning, 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 closely aligned with strategic needs support the sustainable and stable development of the Company and achieve a “win-win” for the Company’s business development and employees’ career development. In February 2023, the Company won the “2022-2023 ATD BEST Award” from the Association for Talent Development (ATD) based on its abundant practice in talent cultivation and learning organization construction.

In the first half of 2023, the Company built strategic consensus through digital talent training and other learning programs to cultivate the core capabilities required for supporting the Company’s business development. In respect of main business lines, including trading and institution, wealth management and investment banking, the Company proceeded with client-oriented professional empowerment to make its core business bigger and stronger. In respect of employees at all levels, such as backup talents, newly hired management members, and on the job management members, the Company carried out leadership training with industry culture and corporate values as the core content, strengthened the construction of talent teams, promoted corporate culture and compliance culture, and consolidated the foundation of its value of pursuing long-term steady development.





## SECTION 5

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES



## SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES



### I. MATERIAL ENVIRONMENTAL ISSUES

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

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

#### 1. Energy Conservation and Emissions Reduction

During the Reporting Period, the Company fully implemented energy conservation and emissions reduction, and organized the refined energy consumption management, and effectively reduced energy consumption rate and the waste of materials through various means such as formulating relevant operational requirements and standards, fixing positions and responsibilities, implementing on-site management signs, and carrying out personnel training. It adopted energy-saving measures for high-load facilities such as elevators, lighting and air-conditioning, optimized and controlled the equipment utilization process, and always strived to improve environmental key performance indicators. During the Reporting Period, affected by factors such as the increase in the actual usable area of GF Securities Tower as compared with the same period of the previous year and the increase in the proportion of employees working onsite, the electricity consumption and water consumption per unit building area of GF Securities Tower increased by 4.19 (kwh/m<sup>2</sup>) and 0.03 (tons/m<sup>2</sup>) as compared with the same period of the previous year.

#### 2. Green Office

The Company advocates the concept of green office, and regularly carries out green office publicity and training for employees to enhance their awareness of environmental protection and promote waste recycling. During the Reporting Period, the Company continued to improve the life cycle management system and implementation mechanism of electronic equipment to minimize electronic waste. It implemented waste classification management, and cleared and transported approximately 18.5 tons of recyclable garbage in the office of Guangfa Securities Tower. The Company strictly abided by relevant national laws and regulations in terms of storage, transportation and disposal, prevented and controlled environmental pollution risks, and continuously improved the comprehensive utilization efficiency of waste. It reduced the frequency of official vehicle trips, decreased the demand for short-distance transportation of employees, and guided employees to prioritize green travel modes such as public transportation. The Company also optimized and integrated procurement plans to improve the efficiency of centralized procurement and save procurement resources.





### II. SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group proactively served and integrated into the overall national strategy, implemented the concept that lucid water and lush mountains are the golden mountains and silver mountains, focused on the goal of “carbon neutrality and carbon peaking”, and committed to serving the high-quality development of the real economy and the construction of green and low-carbon industries. It pursued the customer-centric approach, adhered to the core values of client first and win-win cooperation, and realized the common growth of the Company and customers through high-quality customer services. The Company attached great importance to investor protection and shareholder return, and built a standardized corporate governance structure. Putting its employees first, the Company paid attention to their health and safety, and established a sound protection system of employees’ rights and interests to promote staff development. It continued to improve the level of ESG governance, which consolidated the achievements of poverty alleviation and comprehensively promoted rural revitalization. The Company actively responded to the key concerns of stakeholders, effectively achieving the mutual coordination between the economic benefits of the Company and the social benefits, as well as its own self-development and the social development.

During the Reporting Period, the Group’s social welfare expenses amounted to a total of RMB0.9348 million (including the donation to the GF Charity Foundation by the Company and the social welfare expenses of its wholly-owned and holding subsidiaries). The GF Charity Foundation established by the Group has been actively participating in rural revitalization, educational support and promotion, and other activities, and incurred social welfare expenses of RMB21.2584 million during the Reporting Period.

Focusing on rural revitalization, educational support and promotion, financial empowerment and medical assistance, the GF Charity Foundation continued to carry out various projects such as the Small-scale Start-up Support for University Students of GF Securities, the “United Nations Sustainable Development Goals Model Village” project, GF Securities Rural Children’s Reading Program•STARS, “Free Breathing” Severe Pneumonia Children’s Relief Fund, “Discovery of Mimosa” Thoracic Deformity Children Caring Fund, and Cotton “Futures + Insurance”.

The wholly-owned and holding subsidiaries of the Group adhere to serving the national strategy, devote themselves to social welfare undertakings, and fulfill the corporate social responsibilities of financial institutions with practical actions. During the Reporting Period, GF Qianhe continued to carry out public welfare projects for educational support and promotion to support the construction of college teams and the introduction of talents, GF Futures donated funds to Tongbai County, Henan Province, Rongshui Miao Autonomous County and Sanjiang Dong Autonomous County, Guangxi Zhuang Autonomous Region, and Daping Town, Xingning City, Guangdong Province, through the GF Charity Foundation to support projects with respect to scholarships, crop farming and agricultural product processing, etc.. GF Fund actively carried out social welfare and donation projects in the areas of educational support and promotion, talent cultivation, rural revitalization and disaster relief.

## SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES



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

During the Reporting Period, the Company steadily promoted paired assistance under the policy of “One Company, One County” and the township assistance of Zhen’an Town, helping assisted regions to consolidate and expand the achievements of poverty alleviation, expand the scale of industrial development, enhance the public service capabilities of towns and villages. The Company continued to improve the sense of gain, happiness, and security of the people in the assisted areas, actively participated in the “High-quality Development Project of Hundreds of Counties, Thousands of Towns and Ten Thousand Villages (百縣千鎮萬村高質量發展工程)” in Guangdong Province, and pledged to donate RMB5 million to support rural revitalization in Guangdong Province. Leveraging on its commitment and contribution to rural revitalization, the Company won several honors, including the “Advanced Unit of Rural Revitalization” in the Second China Capital Market Public Welfare Forum, the “Gold Cup in the Guangdong Poverty Alleviation Kapok Cup” and the “Gold Award of Guangdong Poverty Alleviation ‘Wanlv Cup’” in Heyuan City.







## SECTION 6

## SIGNIFICANT EVENTS



## SECTION 6 SIGNIFICANT EVENTS



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

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

## SECTION 6 SIGNIFICANT EVENTS



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 control indicators, the Company has provided GF Asset Management with additional net capital guarantee undertakings of up to RMB3 billion (RMB3 billion inclusive), among which, net capital guarantee undertakings of RMB2.5 billion were provided for a term from the date on which the same was considered and approved by the board of directors until September 30, 2016; and net capital guarantee undertakings of RMB0.5 billion were provided for a term until its net capital was able to satisfy the requirements of the regulatory authority on an ongoing basis.	July 18, 2016	Net capital guarantee undertakings of RMB2.5 billion were provided for a term from the date on which the same was considered and approved by the board of directors until September 30, 2016; and net capital guarantee undertakings of RMB0.5 billion were provided for a term until its net capital was able to satisfy the requirements of the regulatory authority on an ongoing basis.	GF Securities strictly performed the undertakings.
Whether the undertakings were performed timely	Yes					

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

The Company did not have a controlling shareholder nor a de facto controller. During the Reporting Period, no funds of the 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. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRMS

The Group has not engaged an accounting firm to audit the 2023 interim financial information. Ernst & Young has conducted a review of the 2023 interim financial information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".



## SECTION 6 SIGNIFICANT EVENTS



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

N/A

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

N/A

### VII. RELEVANT MATTERS ABOUT BANKRUPTCY REORGANIZATION

The Company had no relevant matters about bankruptcy reorganization.

### VIII. LITIGATIONS

During the Reporting Period, the Company was not involved in any material litigation and arbitration that involved claims of over RMB10 million and accounting for more than 10% of the absolute value of the Company's latest audited net assets, which shall be disclosed in accordance with the requirements under the SZSE Listing Rules. The accumulative amount of the Company's litigation and arbitration in the past 12 months did not exceed 10% of the absolute value of the Company's latest audited net assets.

As at June 30, 2023, the Group was involved in 555 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 RMB11.913 billion. Among them, 88 cases were initiated by the Group, involving a total amount of claims at RMB9.626 billion; and 467 cases were initiated against the Group, involving a total amount of claims at RMB2.287 billion.

### IX. PENALTY AND RECTIFICATION

In February 2023, Mr. Guo, an analyst of the Company, received the Decision on Taking Measures for Issuing a Warning Letter to Mr. Guo (the Administrative Supervision Measures Decision of Guangdong Bureau of the CSRC [2023] No. 12) from Guangdong Bureau of the CSRC, which specified that without the review and approval of the Company, Mr. Guo provided the individual research drafts to sales personnel, which eventually triggered the dissemination of the same and caused adverse effects.

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



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

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

### XI. MAJOR RELATED/CONNECTED TRANSACTIONS

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

The related/connected transactions of the Group are conducted strictly pursuant to the SZSE Listing Rules, the Hong Kong Listing Rules, the Connected Transaction Management Rules and the 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 Group's continuing related/connected transactions relating to day-to-day operations are transactions in which the Group provides investment banking, wealth management, trading and institution, and investment management services to its related/connected parties.

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

The investment banking, wealth management, trading and institution, 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 de minimis transactions, and 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.

## SECTION 6 SIGNIFICANT EVENTS



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

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

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

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

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

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.	27,452,375.49	29,439,043.20

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/Connected Transactions

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

### XII. MAJOR CONTRACTS AND THEIR PERFORMANCE

#### 1. Custody, Contracting and Leases

##### (1) Custody

There was no occurrence of any custody event in 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 total tentative contract price stipulated 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 disclosure date of this report, the project settlement of the general construction contract and the relevant sub-contracts has been completed, and the final settlement amount was RMB917 million, and the Company has paid the contracted construction fee.

##### (3) Leases

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

## SECTION 6 SIGNIFICANT EVENTS

### 2. Material Guarantees

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

Unit: RMB' 0,000

External Guarantees Provided by the Company and Its Subsidiaries (Excluding Guarantees Provided to Subsidiaries)										
Name of the Guaranteed Party	Date of Disclosure of Guarantee Amount		Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals (if any)	Counterguarantee (if any)	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
	on the Relevant Announcement	Amount of Guarantee								
Nil	-	-	-	-	-	-	-	-	-	-
Total amount of external guarantees approved during the Reporting Period (A1)			0	Total actual amount of external guarantees provided during the Reporting Period (A2)						0
Total amount of external guarantees approved as at the end of the Reporting Period (A3)			0	Total actual balance of external guarantees as at the end of the Reporting Period (A4)						0

  

Guarantees Provided to Subsidiaries by the Company										
Name of the Guaranteed Party	Date of Disclosure of Guarantee Amount		Actual Date of Occurrence	Actual Amount of Guarantee	Type of Guarantee	Collaterals	Counterguarantee	Term of Guarantee	Performance Fulfilled or Not	Guarantee Provided to Related Parties or Not
	on the Relevant Announcement	Amount of Guarantee								
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\$70 million	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)						50,580.60
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (B3)			101,161.20	Total actual balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B4)						50,580.60





## SECTION 6 SIGNIFICANT EVENTS

Guarantees among Subsidiaries										
	Date of Disclosure of								Guarantee	
	Guarantee Amount								Provided to	
	on the Relevant	Amount of	Actual Date	Actual Amount	Type of			Performance	Related Parties	
Name of the Guaranteed Party	Announcement	Guarantee	of Occurrence	of Guarantee	Guarantee	Collaterals	Counterguarantee	Term of Guarantee	Fulfilled or Not	or Not
GF Global Capital Limited (GFHK 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	735,189.61	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)						735,189.61
Total amount of guarantees provided to subsidiaries approved as at the end of the Reporting Period (C3)			722,580.00	Total actual balance of guarantee provided to subsidiaries as at the end of the Reporting Period (C4)						325,011.53
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)						785,770.21
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)			823,741.20	Total actual balance of guarantees provided as at the end of the Reporting Period (A4+B4+C4)						375,592.13
Total actual amount of guarantees (i.e. A4+B4+C4) as a percentage of the net assets of the Company										2.82%
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)										325,011.53
Amount of total guarantees above 50% of net assets (F)										0
Total of the above 3 amounts of guarantees (D+E+F)										325,011.53
For outstanding guarantees, description on the guarantee liabilities occurring or possible joint and several liabilities of repayment demonstrated during the Reporting Period (if any)										Nil
Description on the provision of external guarantee with non-compliance in required procedures (if any)										Nil
Other descriptions				In February 2018, the board of directors of GFHK resolved that it agreed to provide guarantees for its wholly-owned subsidiary, GF Global Capital Limited, to the counterparties under the agreements such as ISDA and GMRA. As of June 30, 2023, the amount of such guarantee was approximately US\$3.3018 million.						

**Note 1:** Calculated by the central parity exchange rates of Hong Kong dollar to Renminbi at 1:0.92198 and US dollar to Renminbi at 1:7.2258 published by the People's Bank of China on June 30, 2023.

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

## SECTION 6 SIGNIFICANT EVENTS

### 3. Entrusted Wealth Management

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

### 4. Other Major Contracts

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

## XIII. CHANGES OF QUALIFICATIONS FOR INDIVIDUAL BUSINESSES

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

No.	Type of License	Approval Authority	Issue Date
<b>Membership and business qualifications obtained by GF Securities</b>			
1	Qualification for stock index options market-making business	CSRC	January 2023
2	Pilot qualification for liquidity foreign exchange management	CSRC	April 2023
3	Qualification of main market maker of China AMC STAR 50ETF options	SSE	June 2023
4	Qualification of main market maker of E Fund STAR 50ETF options	SSE	June 2023
<b>Membership and business qualifications obtained by GF Fund</b>			
1	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



### XIV. PARTICULARS OF OTHER SIGNIFICANT ISSUES

1. Relocation and name change of branch companies and securities business departments: as of June 30, 2023, the Company has a total of 349 branches, including 26 branch companies and 323 securities business departments, covering 31 provinces, municipalities directly under the Central Government and autonomous regions in Mainland China. During the Reporting Period, a total of 11 branches of the Company were relocated or renamed.
2. On January 11, 2023, the Company published the Announcement on Obtaining Regulatory Opinions from the China Securities Regulatory Commission on Application for Market-Making Business of Stock Index Options. Recently, the Company has received the Regulatory Opinions on GF Securities Co., Ltd.'s Application for Market-Making Business of Stock Index Options (Ji Gou Bu Han [2023] No. 13) (《關於廣發證券股份有限公司申請開展股指期權做市業務的監管意見書》(機構部函[2023]13 號)) from the CSRC. According to the regulatory opinions, the CSRC has no objection to the conduct of market-making business of stock index options by the Company. The Company will carry out the market-making business of stock index options in strict accordance with laws, regulations and regulatory requirements.
3. On February 24, 2023, the Proposal on Adjusting the Organizational Structure of the Company's Retail Business 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 (1) the Retail Business Management Headquarters was renamed as the "Wealth Management and Brokerage Business Headquarters"; (2) the original Institutional and Interbank Department and the Integrated Business Department were merged into the "Institutional Client Department"; and (3) 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 Proposal on the Integration of the Company's Derivatives Business was considered and approved at the Board meeting. Pursuant to the proposal, the Board agreed that (1) the Equity and Derivatives Investment Department was renamed as the "Equity Investment Department"; (2) the Over-the-counter Market Department was renamed as the "Equity Derivatives Business Department".

## SECTION 6 SIGNIFICANT EVENTS



4. On April 8 and July 7, 2023, the Company published the Announcement on the Cumulative Additional Borrowing for the Current Year Exceeding Twenty Percent of the Net Assets as of the End of Previous Year. As of December 31, 2022, the audited net assets of the Company were RMB124.793 billion, and the borrowings balance was RMB314.208 billion. As of March 31, 2023, the Company's borrowings balance was RMB346.187 billion, and the cumulative amount of additional borrowings was RMB31.979 billion, accounting for 25.63% of the net assets at the end of the previous year, i.e. exceeding 20%. As of June 30, 2023, the Company's borrowings balance was RMB351.273 billion, and the cumulative amount of additional borrowings was RMB37.065 billion, accounting for 29.70% of the net assets at the end of the previous year, i.e. exceeding 20%. The abovementioned new borrowings are in compliance with the relevant laws and regulations and are within the scope of the Company's normal business activities. The Company's financial position is stable and sound, and the repayment of principal and interest are made on time in respect of all debts. The above-mentioned new borrowings will not adversely affect the Company's business operations and solvency. Investors are advised to pay attention that the above financial data has not been audited except for the relevant data at the end of 2022.
5. On April 17 and July 17, 2023, the Company received the Notice of Case Filing (Zheng Jian Li An Zi No. 0382023005) (《立案告知書》(證監立案字 0382023005號)) and the Prior Notice of Administrative Penalty (Chu Fa Zi [2023] No. 40) (《行政處罰事先告知書》(處罰字[2023]40號)) from the CSRC, respectively. Upon investigation by the CSRC, the Company failed to comply with the business rules and industry norms in the process of providing sponsorship services for the non-public issuance of the shares of Misho Ecology & Landscape Co., Ltd. ("Misho Ecology") in 2018, and did not diligently check the issuance application documents of Misho Ecology. As a result, there were false records in the sponsorship letter and other documents issued. The CSRC intends to make the following decisions: 1. The Company shall be ordered to make corrections and be given a warning, and the sponsorship income of RMB943,396.23 shall be confiscated and a fine of RMB943,396.23 shall be imposed; the illegal gains of RMB7,830,188.52 from underwriting shares shall be confiscated and a fine of RMB500,000 shall be imposed. 2. Wang Xin and Yang Leijie, who are directly responsible for the project, shall be given a warning and imposed a fine of RMB250,000, respectively.

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





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

On June 2, 2023, the Company published the Voluntary Announcement on the Acquisition of Certain Equity Interest in Value Partners Group Limited by Our Wholly-owned Subsidiary, GF Holdings (Hong Kong) Corporation Limited. GFHK, a wholly-owned subsidiary of the Company, intended to acquire no more than 369,000,000 ordinary shares of Value Partners Group Limited (hereinafter referred to as “Value Partners Group”), which represented approximately 20.20% of the total issued shares of Value Partners Group as at the date of the announcement, at a total consideration of less than RMB1 billion (the “Transaction”), with the definitive number of shares to be purchased and the corresponding shareholding percentage to be determined upon completion of the Transaction. The Transaction was made in accordance with the Company’s development strategy, actively responding to the strategy of serving the Guangdong-Hong Kong-Macao Greater Bay Area and the deployment of RMB internationalization, which would help enhance the Company’s competitiveness of its overseas asset management business and facilitate the Company’s internationalization. The Transaction would not have a material impact on the financial position and operating results of the Company. The completion of the Transaction was subject to the satisfaction of the conditions precedent stipulated in the equity purchase agreement, for which there were some uncertainties.

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

## SECTION 6 SIGNIFICANT EVENTS



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

No.	Regulatory authority	Administrative license decisions or business license notices by self-regulatory organizations
1	CSRC	Regulatory Opinions on GF Securities Co., Ltd.'s Application for Market-Making Business of Stock Index Options (Ji Gou Bu Han [2023] No. 13) (《關於廣發證券股份有限公司申請開展股指期權做市業務的監管意見書》(機構部函[2023]13號))
2	CSRC	Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2023] No. 479) (《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[2023]479號))
3	CSRC	Reply Letter on Matters Concerning the Pilot Implementation of Liquidity Foreign Exchange Management by GF Securities Co., Ltd. (Ji Gou Bu Han [2023] No. 474) (《關於廣發證券股份有限公司試點開展流動性外匯管理有關事項的覆函》(機構部函[2023]474號))
4	SSE	Letter of No Objection to the Listing and Transfer of the First Tranche of Credit Protection Certificates of 2023 by GF Securities Co., Ltd. (Shang Zheng Han [2023] No. 90) (《關於對廣發證券股份有限公司創設 2023 年第一期信用保護憑證掛牌轉讓無異議的函》(上證函[2023]90號))
5	SSE	Notice on Approving GF Securities Co., Ltd. to Carry out the Main Market-Making Business of China AMC STAR 50ETF Options (Shang Zheng Han [2023] No. 1564) (《關於同意廣發證券股份有限公司開展華夏科創 50ETF 期權主做市業務的通知》(上證函[2023]1564號))
6	SSE	Notice on Approving GF Securities Co., Ltd. to Carry Out the Main Market-Making Business of E Fund STAR 50ETF Options (Shang Zheng Han [2023] No. 1581) (《關於同意廣發證券股份有限公司開展易方達科創 50ETF 期權主做市業務的通知》(上證函[2023]1581號))



## SECTION 6 SIGNIFICANT EVENTS



### XVII. INDEX OF INFORMATION DISCLOSURE

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

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

## SECTION 6 SIGNIFICANT EVENTS



No.	Matters of Announcement	Date of Publication
10	Announcement on the Results of Issuance of Short-term Financing Bills (Third Tranche) by the Company in 2023	February 25, 2023
11	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF C1” Subordinated Bonds	March 4, 2023
12	Announcement on the Results of Issuance of Corporate Bonds Privately Issued	March 14, 2023
13	Announcement on the Results of Issuance of Short-term Financing Bills (Fourth Tranche) by the Company in 2023	March 14, 2023
14	Announcement on the Interest Payment for Redemption and Delisting of the “20 GF 02” Corporate Bonds Privately Issued	March 17, 2023
15	Announcement on the Registration Approval of Public Issuance of Corporate Bonds to Professional Investors by China Securities Regulatory Commission	March 18, 2023
16	Announcement on the Results of Issuance of Short-term Financing Bills (Fifth Tranche) by the Company in 2023	March 22, 2023
17	Announcement in Relation to 2022 Annual Results Presentation	March 30, 2023
18	Announcement on the Resolutions of the 28th Meeting of the 10th Session of the Board of Directors	March 31, 2023
19	Announcement on the Resolutions of the 15th Meeting of the 10th Session of the Supervisory Committee	March 31, 2023
20	Summary of the 2022 Annual Report	March 31, 2023
21	Announcement on the Proposed Re-appointment of Accounting Firm	March 31, 2023
22	Announcement on the Estimates of Daily Related/Connected Transactions of the Company for 2023	March 31, 2023





## SECTION 6 SIGNIFICANT EVENTS



No.	Matters of Announcement	Date of Publication
23	Announcement on the Cumulative Additional Borrowing for the Current Year Exceeding Twenty Percent of the Net Assets as of the End of Previous Year	April 8, 2023
24	Announcement of GF Securities Co., Ltd. on Receiving the Notice of Case Filing from the China Securities Regulatory Commission	April 18, 2023
25	Announcement on the Resolutions of the 29th Meeting of the 10th Session of the Board of Directors	April 29, 2023
26	2023 First Quarterly Report	April 29, 2023
27	Announcement on the Resolutions of the 16th Meeting of the 10th Session of the Supervisory Committee	April 29, 2023
28	Announcement on Changes in Accounting Policies	April 29, 2023
29	Announcement on the Interest Payment for Redemption and Delisting of the “21 GF 25” Corporate Bonds Privately Issued	May 26, 2023
30	Voluntary Announcement on the Acquisition of Certain Equity Interest in Value Partners Group Limited by Our Wholly-owned Subsidiary, GF Holdings (Hong Kong) Corporation Limited	June 2, 2023
31	Notice of the 2022 Annual General Meeting	June 7, 2023
32	Announcement on the Interest Payment in 2023 for Redemption and Delisting of 2013 Corporate Bonds (Type III) of GF Securities Co., Ltd.	June 15, 2023
33	Announcement on Reminder Notice of the 2022 Annual General Meeting	June 27, 2023
34	Announcement on the Resolutions of the 2022 Annual General Meeting	June 29, 2023



## SECTION 6 SIGNIFICANT EVENTS

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

No.	Matters of Announcement	Date of Publication
1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2022	January 3, 2023
2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2023	February 1, 2023
3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2023	March 1, 2023
4	Date of Board Meeting	March 15, 2023
5	Announcement in Relation to 2022 Annual Results Presentation	March 29, 2023
6	2022 Corporate Social Responsibility Report	March 30, 2023
7	Final Dividend for the Year Ended 31 December 2022	March 30, 2023
8	2022 Annual Results Announcement	March 30, 2023
9	Proposed Amendments to the Articles of Association	March 30, 2023
10	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2023	April 3, 2023
11	Date of Board Meeting	April 13, 2023
12	Announcement on Receiving the Notice of Case Filing from the China Securities Regulatory Commission	April 17, 2023
13	Notification Letter and Request Form to Non-Registered Shareholders	April 25, 2023
14	Notification Letter and Request Form to Registered Shareholders	April 25, 2023
15	2022 Annual Report	April 25, 2023
16	2023 First Quarterly Report	April 28, 2023



## SECTION 6 SIGNIFICANT EVENTS

No.	Matters of Announcement	Date of Publication
17	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2023	May 4, 2023
18	Voluntary Announcement on the Acquisition of Certain Equity Interest in Value Partners Group Limited by Our Wholly-owned Subsidiary, GF Holdings (Hong Kong) Corporation Limited	June 1, 2023
19	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2023	June 1, 2023
20	Final Dividend for the Year Ended 31 December 2022 (Updated)	June 6, 2023
21	Notification Letter and Request Form to Non-Registered Shareholders	June 6, 2023
22	Notification Letter and Request Form to Registered Shareholders	June 6, 2023
23	Proxy Form for the 2022 Annual General Meeting	June 6, 2023
24	Notice of AGM	June 6, 2023
25	2022 AGM Circular	June 6, 2023
26	Final Dividend for the Year Ended 31 December 2022 (Updated)	June 28, 2023
27	Articles of Association	June 28, 2023
28	Poll Results of the 2022 Annual General Meeting, Final Dividend for the Year Ended 31 December 2022 and Amendments to the Articles of Association	June 28, 2023





## SECTION 7

### CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

## I. CHANGES IN SHAREHOLDINGS

## (I) Changes in shareholdings

## 1. Table of 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	<u>7,621,087,664</u>	<u>100.00%</u>

## 2. Implementation progress of the share repurchase:

During the Reporting Period, the Company did not repurchase its shares

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 trading prices being RMB16.00 per share and RMB15.03 per share, respectively. The total transaction amount (excluding transaction fees) was RMB233,590,340.24. On May 11, 2022, the plan for the repurchase of A Shares by the Company was completed.

## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



The total number of A Shares repurchased by the Company as mentioned above 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 mentioned above will be used for the A Share restricted share incentive scheme. If the repurchased shares cannot 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 cancelled 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.

3. ***Effects of the change in shareholdings on financial indicators such as basic earnings per share, diluted earnings per share and net assets attributable to ordinary shareholders of the Company per share for the most recent year and period***

N/A

4. ***Other information disclosure which the Company deems necessary or is required by the securities regulatory authorities***

N/A

### (II) Changes in restricted shares

N/A

## II. SECURITIES ISSUANCE AND THE LISTING

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



## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



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

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period			240,801 (of which, 239,321 were A shareholders, 1,480 were registered H shareholders)		Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period			Nil	
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 shares held as at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of shares with selling restrictions held	Number of shares without selling restrictions held	Pledged, marked or frozen		
							Status of shares	Number of shares	
HKSCC Nominees Limited	Overseas legal entity	22.31%	1,700,143,250	-9,000	0	1,700,143,250	–	–	
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	–	–	
National Social Security Fund No. 118 Portfolio	Fund, wealth management products, etc.	1.00%	76,479,934	21,578,868	0	76,479,934	–	–	
Hong Kong Securities Clearing Company Limited	Overseas legal entity	0.93%	71,203,407	-27,340,892	0	71,203,407	–	–	
China Construction Bank Corporation – Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.87%	66,413,713	5,754,100	0	66,413,713	–	–	
China Construction Bank Corporation – Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	Fund, wealth management products, etc.	0.63%	47,981,634	2,567,100	0	47,981,634	–	–	
National Social Security Fund No. 111 Portfolio	Fund, wealth management products, etc.	0.31%	23,776,037	2,415,800	0	23,776,037	–	–	

## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



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

Name of shareholder	Number of shares without selling restrictions held as at the end of the Reporting Period	Type of shares	
		Type of shares	Number of shares
HKSCC Nominees Limited	1,700,143,250	Overseas listed foreign shares	1,700,143,250
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 shares	1,250,154,088
Zhongshan Public Utilities Group Co., Ltd.	686,754,216	RMB-denominated ordinary shares	686,754,216
China Securities Finance Corporation Limited	227,870,638	RMB-denominated ordinary shares	227,870,638
National Social Security Fund No. 118 Portfolio	76,479,934	RMB-denominated ordinary shares	76,479,934
Hong Kong Securities Clearing Company Limited	71,203,407	RMB-denominated ordinary shares	71,203,407
China Construction Bank Corporation – Guotai CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	66,413,713	RMB-denominated ordinary shares	66,413,713
China Construction Bank Corporation – Huabao CSI All Share Investment Banking & Brokerage Index Exchange-traded Fund	47,981,634	RMB-denominated ordinary shares	47,981,634
National Social Security Fund No. 111 Portfolio	23,776,037	RMB-denominated ordinary shares	23,776,037

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

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





## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



*Note 3: According to the information provided by Jilin Aodong Pharmaceutical Group Co., Ltd. ("Jilin Aodong"), Liaoning Cheng Da Co., Ltd. ("Liaoning Cheng Da") and Zhongshan Public Utilities Group Co., Ltd. ("Zhongshan Public Utilities"), as at June 30, 2023, Jilin Aodong held 213,702,600 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, namely Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), amounting to a total of 250,571,400 H Shares, representing 3.29% 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 Hong Kong 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), amounting to a total of 116,773,600 H Shares, representing 1.53% of the total share capital of the Company. Zhongshan Public Utilities held 100,904,000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際(香港)投資有限公司), representing 1.32% of the total share capital of the Company. As at June 30, 2023, the shareholding 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 were 19.72%, 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 at June 30, 2023, other than those as set out in Note 3, shareholders holding 5% or more of the H Shares of the Company are as follows: on January 31, 2020, the labor union committee of GF Securities Co., Ltd. held a total of 272,500,600 long-position H Shares of the Company, representing 16.01% of the H Share capital of the Company. The above shares are held by HKSCC Nominees Limited on their behalf;*

*Note 5: At the end of the Reporting Period, no shares of the Company were held by A shareholders mentioned above through credit-based securities accounts;*

*Note 6: At the end of the Reporting Period, no A shareholders mentioned above conducted agreed repurchase type securities trading.*

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

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

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

The Company has no controlling shareholder or de facto Controller.



## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

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

As of June 30, 2023, as far as the Directors of the Company are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company) held interests or short positions in the shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under section 336 of the SFO:

No.	Name of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share)	Long position (Note 1) / short position (Note 2)	Percentage of total issued shares of the Company (%) (Note 8)	Percentage of total issued A Shares/H Shares of the Company (%) (Note 8)
1	Jilin Aodong	A Shares	Beneficial owner	1,252,297,867	Long position	16.43	21.16
		H Shares	Beneficial owner and interest in a controlled corporation	250,571,400 (Note 3)	Long position	3.29	14.72
2	Liaoning Cheng Da	A Shares	Beneficial owner	1,250,154,088	Long position	16.40	21.12
		H Shares	Beneficial owner and interest in a controlled corporation	116,773,600 (Note 4)	Long position	1.53	6.86
3	Zhongshan Investment Holdings Group Company Limited	A Shares	Interest in a controlled corporation	686,754,216	Long position	9.01	11.60
		H Shares	Interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
4	Zhongshan Public Utilities	A Shares	Beneficial owner	686,754,216	Long position	9.01	11.60
		H Shares	Interest in a controlled corporation	100,904,000 (Note 5)	Long position	1.32	5.93
5	Public Utilities International (Hong Kong) Investment Company Ltd.	H Shares	Beneficial owner	100,904,000 (Note 5)	Long position	1.32	5.93
6	The labor union committee of GF Securities Co., Ltd.	H Shares	Trustee of a trust	272,500,600 (Note 6)	Long position	3.58	16.01



## SECTION 7 CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS



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

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

*Note 3: Jilin Aodong held 213,702,600 H Shares of the Company and held 36,868,800 H Shares of the Company through its wholly-owned subsidiary, namely Aodong International (Hong Kong) Industrials Co., Limited (敖東國際(香港)實業有限公司), amounting to a total of 250,571,400 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 Hong Kong 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), amounting to 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 Hong Kong 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 30 June 2023, Zhongshan Investment Holdings Group Company Limited (中山投資控股集團有限公司), formerly known as Zhongshan Zhonghui Investment Group Company Limited (中山中匯投資集團有限公司), held 48.54% of the issued shares of Zhongshan Public Utilities. Therefore, Zhongshan Investment Holdings Group Company Limited and Zhongshan Public Utilities were deemed to have interests in the shares held by Public Utilities International (Hong Kong) Investment Company Ltd.*

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

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

*Note 8: The relevant percentages are calculated based on 1,701,796,200 H Shares and/or 5,919,291,464 A Shares of the Company in issue as at June 30, 2023.*

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as at June 30, 2023 required to be recorded in the register pursuant to section 336 of the SFO.





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

As of June 30, 2023, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

As of June 30, 2023, none of the Company, its holding company, any of its 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.

### VIII. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

For details of the Company's repurchase of its A Shares, please refer to "I. Changes in shareholdings" in this section, and for details of the public issuance of relevant bonds, please refer to section 9 "Bonds".

Except for the above, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the listed securities of the Company and its subsidiaries during the Reporting Period.





## SECTION 8

## PREFERRED SHARES



## SECTION 8 PREFERRED SHARES

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





## SECTION 9

## BONDS



## SECTION 9 BONDS

### 1. ENTERPRISE BONDS

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

### II. CORPORATE BONDS

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

##### 1. Non-public Issuance of Corporate Bonds in 2020

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value date	Maturity Date	Balance of Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
Corporate Bonds Non-Publicly Issued by GF Securities Co., Ltd. in 2020 (Third Tranche)	20 GF 04	114819	2020-09-04	2020-09-07	2023-09-07	3,700,000,000	4.00%	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 professional institutional investors who hold an A-share securities account of China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (except as otherwise provided 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								





## SECTION 9 BONDS



### 2. 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 Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
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								



## SECTION 9 BONDS

### 3. 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	Place of Trading
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%		
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%		
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%		
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%		



## SECTION 9 BONDS



Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
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%		
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%		
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%		
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%		
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%		



## SECTION 9 BONDS



### 09 BONDS

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
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%		
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%		
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%		
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%		
Suitability arrangement of investors (if any)	Target investors are qualified investors who comply with the Management Measures on Corporate Bond Issuance and Trading and open a legal securities account with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (excluding purchasers prohibited by laws and regulations).								
Applicable trading system	Listed and traded on Call Auction Mechanism and the integrated agreement trading platform of SZSE simultaneously.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



## 4. 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	Place of Trading
Perpetual Subordinated Bonds Non-publicly Issued 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 (except as otherwise provided 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								

## SECTION 9 BONDS

### 5. 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	Place of Trading
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%	Interest 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%		
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%		
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%		
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%		



## SECTION 9 BONDS



Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
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%		
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%		
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%		
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%		
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%		
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fifth Tranche) (Type I)	22 GF 11	148066	2022-09-16	2022-09-19	2025-09-19	1,000,000,000	2.55%		



## SECTION 9 BONDS



### 09 BONDS

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Value Date	Maturity Date	Balance of Bond (RMB)	Coupon Rate	Debt Service	Place of Trading
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2022 (Fifth Tranche) (Type II)	22 GF 12	148067	2022-09-16	2022-09-19	2027-09-19	500,000,000	2.95%		
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								



## SECTION 9 BONDS



### 6. 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	Place of Trading
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%	Interest 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%		
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%		
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%		
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								

## SECTION 9 BONDS

### 7. 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	Place of Trading
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		5,000,000,000	3.53%		
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		2,300,000,000	3.48%		
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								



## SECTION 9 BONDS



### 8. Public Issuance of Short-term 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	Place of Trading
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%	Principal will be repaid together with its interest upon maturity.	SZSE
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF D2	148238	2023-04-07	2023-04-10	2024-04-10	5,000,000,000	2.70%		
Short-term Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Third Tranche)	23 GF D3	148331	2023-06-15	2023-06-16	2023-12-15	2,000,000,000	2.10%		
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								



## SECTION 9 BONDS

### 9. 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	Place of Trading
Corporate Bonds Non-publicly Issued by 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
Corporate Bonds Non-publicly Issued by 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%		
Corporate Bonds Non-publicly Issued by 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 security account in China Securities Depository and Clearing Corporation Limited, Shenzhen Branch (except as otherwise provided by laws and regulations).								
Applicable trading system	Listed and transferred on the SZSE, and the transaction methods include click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								



## SECTION 9 BONDS



### 10. 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	Place of Trading
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
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF Y2	148253	2023-04-14	2023-04-17		3,000,000,000	4.10%		
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Third Tranche)	23 GF Y3	148286	2023-05-12	2023-05-15		5,000,000,000	3.78%		
Perpetual Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Fourth Tranche)	23 GF Y4	148309	2023-06-02	2023-06-05		3,000,000,000	3.73%		
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								

## SECTION 9 BONDS

### 11. 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	Place of Trading
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche) (Type I)	23 GF 04	148270	2023-04-21	2023-04-24	2026-04-24	3,500,000,000	3.06%	Interest shall be paid annually while the principal shall be fully repaid upon maturity.	SZSE
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche) (Type II)	23 GF 05	148271	2023-04-21	2023-04-24	2028-04-24	1,000,000,000	3.21%		
Corporate Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (Second Tranche)	23 GF 06	148376	2023-07-14	2023-07-17	2026-07-17	1,500,000,000	2.75%		
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 (except as otherwise provided by laws and regulations).								
Applicable trading system	Listed on the SZSE, and the transaction methods include matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction.								
Any risk of suspension of trading in the shares of the listed company and the response	N/A								





## 12. Public Issuance of 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	Place of Trading
Subordinated Bonds Publicly Issued by GF Securities Co., Ltd. to Professional Investors in 2023 (First Tranche)	23 GF C1	148441	2023-08-24	2023-08-25	2026-08-25	1,000,000,000	2.95%	Interest 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								

### Outstanding Overdue Bonds

N/A

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

N/A

### (III) Adjustments to Credit Rating Results During the Reporting Period

N/A



### **(IV) 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 are as follows: 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 safeguard measures were not changed.





## SECTION 9 BONDS



### III. OTHER OUTSTANDING DEBT FINANCING INSTRUMENTS OF THE COMPANY

As of the approval date of this 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
	Short-term					
23 GF Securities CP002	financing bills	072310023	2023-02-10	2023-09-08	300,000	2.58%
	Short-term					
23 GF Securities CP003	financing bills	072310038	2023-02-23	2023-11-23	300,000	2.72%
	Short-term					
23 GF Securities CP004	financing bills	072310045	2023-03-09	2024-03-08	300,000	2.81%
	Short-term					
23 GF Securities CP005	financing bills	072310064	2023-03-20	2023-12-20	300,000	2.68%
	Short-term					
23 GF Securities CP006	financing bills	072310156	2023-07-21	2024-02-21	300,000	2.20%
	Short-term					
23 GF Securities CP007	financing bills	072310160	2023-07-26	2024-07-26	400,000	2.32%

### 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



## SECTION 10

## FINANCIAL STATEMENTS



## SECTION 10 FINANCIAL STATEMENTS

### I. REVIEW REPORT

The 2023 interim financial report of the Group prepared in accordance with the International Accounting Standards is unaudited but has been reviewed by Ernst & Young, and the review report is enclosed hereinafter.

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



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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

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

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

### INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 124 to 220, which comprises the condensed consolidated statement of financial position of GF Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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



### CONCLUSION

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

#### ***Ernst & Young***

Certified Public Accountants

Hong Kong

30 August 2023



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	Notes	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Revenue			
Commission and fee income	4	7,836,013	8,316,208
Interest income	5	6,804,923	6,315,995
Net investment gains	6	2,608,707	193,816
Total revenue		17,249,643	14,826,019
Other income and gains or losses	7	835,799	1,986,740
Total revenue and other income		18,085,442	16,812,759
Depreciation and amortisation	8	(444,110)	(404,801)
Staff costs	9	(4,630,264)	(4,163,509)
Commission and fee expenses	10	(146,225)	(152,761)
Interest expenses	11	(5,079,291)	(4,293,134)
Other operating expenses	12	(2,177,420)	(2,759,439)
Credit loss expense	13	(4,506)	209,240
Impairment losses		(8,610)	(11,451)
Total expenses		(12,490,426)	(11,575,855)
Share of results of associates and joint ventures		378,566	337,705
Profit before income tax		5,973,582	5,574,609
Income tax expense	14	(883,326)	(921,604)
Profit for the period		5,090,256	4,653,005
Attributable to:			
Owners of the Company		4,538,406	4,198,083
Non-controlling interests		551,850	454,922
		5,090,256	4,653,005
Earnings per share (Expressed in RMB Yuan per share)			
– Basic/Diluted	15	0.56	0.55

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



Interim Report 2023

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023



	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Profit for the period	5,090,256	4,653,005
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Revaluation losses on equity instruments at fair value through other comprehensive income	(70,421)	(159,995)
Income tax related to the above	18,182	41,343
Total items that will not be reclassified to profit or loss in subsequent periods	(52,239)	(118,652)
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	196,679	254,465
Debt instruments at fair value through other comprehensive income:		
– Net fair value changes during the period	818,884	14,763
– Reclassification to profit or loss on disposal	(82,528)	(209,755)
– Reclassification to profit or loss on impairment	8,053	15,669
– Income tax related to the above	(184,198)	44,469
Net gains/(losses) on debt instruments at fair value through other comprehensive income	560,211	(134,854)
Share of other comprehensive income of associates and joint ventures:		
– Share of fair value losses on financial assets of associates and joint ventures	–	(215)
– Share of exchange differences arising on translation of associates	2,442	3,285
Net gains on other comprehensive income of associates and joint ventures	2,442	3,070
Total items that may be reclassified to profit or loss in subsequent periods	759,332	122,681

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



Interim Report 2023

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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Other comprehensive income for the period, net of tax	<u>707,093</u>	<u>4,029</u>
Total comprehensive income for the period	<u><u>5,797,349</u></u>	<u><u>4,657,034</u></u>
Attributable to:		
Owners of the Company	<u>5,240,597</u>	<u>4,194,942</u>
Non-controlling interests	<u>556,752</u>	<u>462,092</u>
	<u><u>5,797,349</u></u>	<u><u>4,657,034</u></u>



Interim Report 2023

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



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current assets</b>			
Property and equipment	16	3,213,549	3,206,420
Right-of-use assets	17	1,883,075	1,873,785
Investment properties		196,640	187,433
Goodwill		2,393	2,318
Other intangible assets		414,713	437,828
Investments in associates	18	6,627,721	6,435,901
Investments in joint ventures	19	1,346,268	2,321,689
Debt instruments at amortised cost	20	150,250	142,088
Equity instruments at fair value through other comprehensive income	21	5,658,127	727,783
Other accounts receivable, other receivables and prepayments	25	—	1,912
Financial leasing receivables	26	16,184	—
Financial assets held under resale agreements	27	—	149,281
Financial assets at fair value through profit or loss	28	10,732,279	9,824,524
Deferred tax assets	34	2,557,553	2,582,609
<b>Total non-current assets</b>		<b>32,798,752</b>	<b>27,893,571</b>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



Interim Report 2023

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current assets</b>			
Debt instruments at amortised cost	20	64,066	212,047
Debt instruments at fair value through other comprehensive income	22	142,972,644	143,937,772
Advances to customers	23	86,083,571	82,822,991
Accounts receivable	24	12,334,404	13,646,992
Other accounts receivable, other receivables and prepayments	25	843,254	1,767,324
Financial leasing receivables	26	123,645	244,053
Amounts due from joint ventures and associates		159,767	136,490
Financial assets held under resale agreements	27	18,626,412	18,791,008
Financial assets at fair value through profit or loss	28	199,607,969	147,962,544
Derivative financial assets	29	3,951,772	2,642,474
Deposits with exchanges and non-bank financial institutions	30	19,252,986	20,342,292
Clearing settlement funds	31	28,988,322	27,680,241
Bank balances	32	132,855,596	129,176,483
<b>Total current assets</b>		<b>645,864,408</b>	<b>589,362,711</b>
<b>Total assets</b>		<b>678,663,160</b>	<b>617,256,282</b>

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



Interim Report 2023

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current liabilities</b>			
Borrowings	36	6,914,977	4,491,782
Short-term financing payables	37	34,845,632	37,308,357
Financial liabilities at fair value through profit or loss	38	15,834,631	9,713,427
Due to banks and other financial institutions		22,053,280	19,071,426
Accounts payable to brokerage clients	39	142,959,260	137,585,256
Accounts payable to underwriting clients		—	149,300
Accrued staff costs	40	3,246,613	4,614,991
Other accounts payable, other payables and accruals	41	36,902,554	26,121,911
Contract liabilities		57,489	93,691
Amounts due to joint ventures and associates		29,507	16,639
Provisions	42	455,777	439,511
Current tax liabilities		460,277	580,594
Other liabilities	43	522,738	460,607
Derivative financial liabilities	29	3,869,435	2,098,281
Financial assets sold under repurchase agreements	44	157,644,460	125,057,826
Bonds payable	45	20,461,833	36,976,821
Long-term loans	46	—	64,670
Lease liabilities	17	288,412	287,530
<b>Total current liabilities</b>		<b>446,546,875</b>	<b>405,132,620</b>
<b>Net current assets</b>		<b>199,317,533</b>	<b>184,230,091</b>
<b>Total assets less current liabilities</b>		<b>232,116,285</b>	<b>212,123,662</b>



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



Interim Report 2023

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	38	1,284,124	666,066
Accrued staff costs	40	5,530,067	5,532,077
Other accounts payable, other payables and accruals	41	—	1,750
Deferred tax liabilities	34	511,205	574,491
Bonds payable	45	84,932,053	78,910,208
Lease liabilities	17	529,689	501,186
Other liabilities	43	1,334,422	1,145,044
Total non-current liabilities		94,121,560	87,330,822
Net assets		137,994,725	124,792,840
<b>Capital and reserves</b>			
Share capital		7,621,088	7,621,088
Other equity instruments	47	22,478,500	10,990,000
Capital reserve		31,283,335	31,286,181
Treasury shares	48	(233,609)	(233,609)
Investment revaluation reserve		837,571	329,599
Translation reserve		599,555	405,336
General reserves		30,698,336	30,480,844
Retained profits		40,082,871	39,266,193
Equity attributable to owners of the Company		133,367,647	120,145,632
Non-controlling interests		4,627,078	4,647,208
Total equity		137,994,725	124,792,840

Approved and authorised for issue by the Board of Directors on 30 August 2023.

**Lin Chuanhui**  
Executive Director, Chairman  
and General Manager

**Sun Xiaoyan**  
Executive Director, Deputy General Manager  
and Chief Financial Officer

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



Interim Report 2023

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 1 January 2023	7,621,088	10,990,000	31,286,181	(233,609)	329,599	405,336	30,480,844	39,266,193	120,145,632	4,647,208	124,792,840
Profit for the period	-	-	-	-	-	-	-	4,538,406	4,538,406	551,850	5,090,256
Other comprehensive income for the period	-	-	-	-	507,972	194,219	-	-	702,191	4,902	707,093
Total comprehensive income for the period	-	-	-	-	507,972	194,219	-	4,538,406	5,240,597	556,752	5,797,349
Issue of perpetual bonds	-	11,488,500	-	-	-	-	-	-	11,488,500	-	11,488,500
Appropriation to general reserves	-	-	-	-	-	-	217,492	(217,492)	-	-	-
Ordinary shares' dividends recognised as distribution (Note 49)	-	-	-	-	-	-	-	(2,662,046)	(2,662,046)	(576,882)	(3,238,928)
Distribution to other equity instrument holders (Note 49)	-	-	-	-	-	-	-	(842,190)	(842,190)	-	(842,190)
Others	-	-	(2,846)	-	-	-	-	-	(2,846)	-	(2,846)
As at 30 June 2023 (unaudited)	7,621,088	22,478,500	31,283,335	(233,609)	837,571	599,555	30,698,336	40,082,871	133,367,647	4,627,078	137,994,725

  

	Equity attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Other equity instruments	Capital reserve	Treasury shares	Investment revaluation reserve	Translation reserve	General reserves	Retained profits	Subtotal		
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
As at 1 January 2022	7,621,088	1,000,000	31,283,732	-	1,153,511	(93,999)	27,520,090	38,140,088	106,624,510	4,176,833	110,801,343
Profit for the period	-	-	-	-	-	-	-	4,198,083	4,198,083	454,922	4,653,005
Other comprehensive income for the period	-	-	-	-	(253,721)	250,580	-	-	(3,141)	7,170	4,029
Total comprehensive income for the period	-	-	-	-	(253,721)	250,580	-	4,198,083	4,194,942	462,092	4,657,034
Issue of perpetual bonds	-	2,697,300	-	-	-	-	-	-	2,697,300	-	2,697,300
Acquisition of treasury shares	-	-	-	(233,609)	-	-	-	-	(233,609)	-	(233,609)
Appropriation to general reserves	-	-	-	-	-	-	232,776	(232,776)	-	-	-
Ordinary shares' dividends recognised as distribution (Note 49)	-	-	-	-	-	-	-	(3,802,923)	(3,802,923)	(512,822)	(4,315,745)
Distribution to other equity instrument holders (Note 49)	-	-	-	-	-	-	-	(39,500)	(39,500)	-	(39,500)
Others	-	-	(24,026)	-	-	-	-	-	(24,026)	-	(24,026)
As at 30 June 2022 (unaudited)	7,621,088	3,697,300	31,259,706	(233,609)	899,790	156,581	27,752,866	38,262,972	109,416,694	4,126,103	113,542,797

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

Interim Report 2023

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	5,973,582	5,574,609
Adjustments for:		
Interest expenses	5,079,291	4,293,134
Share of results of associates and joint ventures	(378,566)	(337,705)
Depreciation and amortisation	444,110	404,801
Credit loss expense	4,506	(209,240)
Impairment losses	8,610	11,451
Gains on disposal of property and equipment and other intangible assets	(1,159)	(1,898)
Gains on disposal of subsidiaries, associates and joint ventures	(5,354)	(2,710)
Foreign exchange losses, net	41,560	20,340
Net realised gains from disposal of financial instruments		
at fair value through other comprehensive income	(82,528)	(209,755)
Dividend income and interest income from financial instruments		
at fair value through other comprehensive income	(1,905,702)	(1,516,266)
Interest income from debt instruments at amortised cost	(19,849)	(504)
Unrealised fair value changes in financial assets		
at fair value through profit or loss	(1,203,394)	1,639,468
Unrealised fair value changes in financial liabilities		
at fair value through profit or loss	646,352	(215,845)
Unrealised fair value changes in derivatives	492,409	(443,498)

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



Interim Report 2023

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	9,093,868	9,006,382
(Increase)/Decrease in advances to customers	(3,171,395)	11,876,031
Decrease in financial assets held under resale agreements	388,136	2,825,484
Increase in financial assets at fair value through profit or loss	(49,854,783)	(40,157,044)
Decrease/(Increase) in deposits with exchanges and non-bank financial Institutions	1,091,505	(4,020,980)
Increase in restricted bank deposits	(502,875)	(289,562)
Decrease/(Increase) in other current assets	2,298,177	(4,125,457)
(Increase)/Decrease in clearing settlement funds – clients	(854,741)	2,600,034
Increase in cash held on behalf of customers	(3,191,935)	(18,158,181)
Increase in financial liabilities at fair value through profit or loss	5,978,981	1,343,465
Increase in accounts payable to brokerage clients	5,271,473	18,056,117
Decrease in accrued staff costs	(1,371,517)	(1,531,358)
Increase in other accounts payable, other payables and accruals and other liabilities	6,957,357	5,771,199
Increase in financial assets sold under repurchase agreements	32,385,209	33,598,109
Increase/(Decrease) in amounts due to banks and other financial institutions	2,848,853	(725,354)
Increase in provision	3,146	3,204
Cash from operations	7,369,459	16,072,089
Income taxes paid	(905,103)	(1,713,368)
Interest paid	(2,530,094)	(1,704,888)
<b>Net cash from operating activities</b>	<b>3,934,262</b>	<b>12,653,833</b>



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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023



	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
<b>INVESTING ACTIVITIES</b>		
Dividends and interest received from investments	2,322,699	2,407,281
Purchases of property and equipment and other intangible assets	(413,690)	(263,873)
Proceeds from disposal of property and equipment and other intangible assets	3,167	3,099
Capital injection to associates and joint ventures	(123,180)	(426,645)
Proceeds from disposals of interests in associates and joint ventures	125,389	236,846
Purchase of or proceeds from disposal of financial instruments at fair value through other comprehensive income, net	(3,265,662)	967,930
Purchase of or proceeds from disposal of debt instruments at amortised cost, net	139,604	(41,753)
<b>Net cash (used in)/from investing activities</b>	<b>(1,211,673)</b>	<b>2,882,885</b>



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



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>FINANCING ACTIVITIES</b>		
Proceeds from perpetual subordinated bonds issued	11,500,000	2,700,000
Dividends paid to shareholders and non-controlling interests	(281,250)	(489,745)
Repayment of interest of borrowings	(121,787)	(10,282)
Repayment of short-term financing payables and bonds interest	(1,725,354)	(3,054,678)
Repayment of interest of long-term loans	(3,265)	(11,061)
Proceeds from short-term financing payables and bonds issued	42,241,970	44,536,331
Repayment of short-term financing payables and bonds	(55,885,884)	(63,306,685)
Proceeds from borrowings	2,343,977	1,016,022
Repayment of borrowings	(151,292)	(425,370)
Repayment of long-term loans	(63,827)	(200,328)
Payment of principal and interest on lease liabilities	(175,121)	(167,107)
Proceeds from other financing activities	–	459,844
Payment of acquisition of treasury shares	–	(233,609)
Repayment of other financing activities	(37,701)	(6,302)
<b>Net cash used in financing activities</b>	<b>(2,359,534)</b>	<b>(19,192,970)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>363,055</b>	<b>(3,656,252)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19,072,052</b>	<b>21,281,276</b>
Effect of foreign exchange rate changes, net	95,040	108,957
<b>Cash and cash equivalents at the end of the period</b>	<b>19,530,147</b>	<b>17,733,981</b>



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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 1. GENERAL

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

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

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

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

The unaudited condensed consolidated financial statements were approved by the Board of Directors (the "Board") on 30 August 2023.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

### Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

Except as described below, the principal accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31 December 2022.

### Changes in accounting policies

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised standards for the first time for the current period’s financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the new and revised IFRSs does not have a significant impact on the Group’s consolidated financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 3. SEGMENT REPORTING

The operating and reportable segment information provided to the chief operating decision maker for the six months ended 30 June 2023 and 2022 is as follows:

	Investment banking RMB' 000	Wealth management RMB' 000	Trading and institution RMB' 000	Investment management RMB' 000	Others RMB' 000	Segment total RMB' 000	Elimination RMB' 000	Consolidated total RMB' 000
<b>Unaudited</b>								
<b>For the six months ended</b>								
<b>30 June 2023</b>								
<b>Segment revenue and results</b>								
Segment revenue	305,526	6,611,603	5,908,566	4,341,135	82,813	17,249,643	–	17,249,643
Segment other income and gains or losses	(208)	148,696	(46,527)	248,060	485,778	835,799	–	835,799
Segment revenue and other income	305,318	6,760,299	5,862,039	4,589,195	568,591	18,085,442	–	18,085,442
Segment expenses	(299,859)	(3,656,909)	(4,277,843)	(3,009,146)	(1,246,669)	(12,490,426)	–	(12,490,426)
Segment results	5,459	3,103,390	1,584,196	1,580,049	(678,078)	5,595,016	–	5,595,016
Share of results of associates and joint ventures	–	136	1,986	376,228	216	378,566	–	378,566
Profit/(loss) before income tax	5,459	3,103,526	1,586,182	1,956,277	(677,862)	5,973,582	–	5,973,582
<b>Unaudited</b>								
<b>As at 30 June 2023</b>								
<b>Segment assets and liabilities</b>								
Segment assets	112,110	145,342,837	338,242,427	39,248,566	154,763,667	677,709,607	(1,604,000)	676,105,607
Deferred tax assets								2,557,553
Group's total assets								678,663,160
Segment liabilities	89,133	127,430,884	185,649,508	13,132,363	213,855,342	540,157,230	–	540,157,230
Deferred tax liabilities								511,205
Group's total liabilities								540,668,435

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 3. SEGMENT REPORTING – continued

	Investment banking RMB' 000	Wealth management RMB' 000	Trading and institution RMB' 000	Investment management RMB' 000	Others RMB' 000	Segment total RMB' 000	Elimination RMB' 000	Consolidated total RMB' 000
<b>Unaudited</b>								
<b>For the six months ended</b>								
<b>30 June 2022</b>								
<b>Segment revenue and results</b>								
Segment revenue	282,119	6,646,826	4,260,699	3,588,066	48,309	14,826,019	–	14,826,019
Segment other income and gains or losses	(129)	883,216	5,293	502,030	596,330	1,986,740	–	1,986,740
Segment revenue and other income	281,990	7,530,042	4,265,992	4,090,096	644,639	16,812,759	–	16,812,759
Segment expenses	(239,602)	(4,163,275)	(3,405,950)	(2,808,736)	(958,292)	(11,575,855)	–	(11,575,855)
Segment results	42,388	3,366,767	860,042	1,281,360	(313,653)	5,236,904	–	5,236,904
Share of results of associates and joint ventures	–	(39)	(11,466)	345,823	3,387	337,705	–	337,705
Profit/(loss) before income tax	42,388	3,366,728	848,576	1,627,183	(310,266)	5,574,609	–	5,574,609
<b>Audited</b>								
<b>As at 31 December 2022</b>								
<b>Segment assets and liabilities</b>								
Segment assets	328,053	146,415,378	277,254,511	36,216,948	156,029,783	616,244,673	(1,571,000)	614,673,673
Deferred tax assets								2,582,609
Group's total assets								<u>617,256,282</u>
Segment liabilities	252,083	123,173,313	143,534,152	13,035,958	211,893,445	491,888,951	–	491,888,951
Deferred tax liabilities								574,491
Group's total liabilities								<u>492,463,442</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 4. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Asset management and fund management fee income	4,187,645	4,418,684
Securities brokerage business commission and fee income	2,910,970	3,098,055
Underwriting and sponsorship fee income	285,440	251,281
Futures brokerage business commission and fee income	244,216	282,633
Consultancy and financial advisory fee income	69,348	109,565
Others	138,394	155,990
	<u>7,836,013</u>	<u>8,316,208</u>

## 5. INTEREST INCOME

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Margin financing and securities lending	2,813,334	2,885,000
Debt instruments at fair value through other comprehensive income	1,826,670	1,503,272
Deposits with exchanges and financial institutions	1,794,118	1,520,019
Financial assets held under resale agreements	336,814	371,864
Debt instruments at amortised cost	19,849	504
Leasing business	8,059	26,332
Others	6,079	9,004
	<u>6,804,923</u>	<u>6,315,995</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. NET INVESTMENT GAINS

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Net realised gains from disposal of financial instruments		
at fair value through other comprehensive income	82,528	209,755
Net realised gains/(losses) from disposal of financial instruments		
at fair value through profit or loss	738,289	(1,717,846)
Dividend income and interest income from financial instruments		
at fair value through profit or loss	1,896,628	1,748,705
Dividend income from financial instruments at fair value		
through other comprehensive income	79,032	12,994
Net realised (losses)/gains from derivatives	(515,597)	1,050,007
Unrealised fair value changes of financial instruments		
at fair value through profit or loss		
– Financial assets at fair value through profit or loss	1,203,394	(1,639,468)
– Financial liabilities at fair value through profit or loss	(646,352)	215,845
– Derivatives	(229,215)	313,824
	<u>2,608,707</u>	<u>193,816</u>

## 7. OTHER INCOME AND GAINS OR LOSSES

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Government grants	770,934	697,901
Commodity trading income	70,441	777,912
Commission from tax withholding and remitting	58,084	67,744
Gains on disposal of subsidiaries, associates and joint ventures	5,354	2,710
Third-party interests in consolidated structured entities	(54,267)	448,377
Others	(14,747)	(7,904)
	<u>835,799</u>	<u>1,986,740</u>



Interim Report 2023

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 8. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Depreciation of property and equipment	193,015	176,522
Depreciation of right-of-use assets	176,602	167,214
Amortisation of other intangible assets	68,650	58,590
Depreciation of investment properties	5,843	2,475
	<u>444,110</u>	<u>404,801</u>

## 9. STAFF COSTS

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Salaries, bonuses and allowances and other long-term benefits	3,938,561	3,499,736
Defined contribution plans	281,302	285,099
Short-term social welfares	224,174	201,351
Others	186,227	177,323
	<u>4,630,264</u>	<u>4,163,509</u>

## 10. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Securities and futures brokerage business expenses	133,015	139,100
Underwriting and sponsorship fee expenses	4,390	2,737
Other service expenses	8,820	10,924
	<u>146,225</u>	<u>152,761</u>





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 11. INTEREST EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Bonds payable	1,861,879	1,941,043
Financial assets sold under repurchase agreements	1,641,123	1,104,885
Due to banks and other financial institutions	515,787	313,255
Short-term financing payables	491,696	569,344
Accounts payable to brokerage clients	320,244	254,036
Borrowings	119,708	13,117
Lease liabilities	16,154	17,205
Long-term loans	716	6,116
Others	111,984	74,133
	<u>5,079,291</u>	<u>4,293,134</u>

## 12. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
Distribution expenses for fund and asset management business	986,751	995,373
General and administrative expenses	517,696	388,034
Post and telecommunications expenses	129,427	122,458
Taxes and surcharges	88,989	88,498
Advertisement and business development expenses	81,281	88,114
Rents and utilities	68,550	69,560
Commodity trading costs	67,354	776,069
Securities and futures investor protection funds	43,247	64,557
Sundry expenses	194,125	166,776
	<u>2,177,420</u>	<u>2,759,439</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 13. CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Debt instruments at amortised cost	(1,484)	(5,912)
Debt instruments at fair value through other comprehensive income	8,053	15,669
Advances to customers	(21,912)	(146,960)
Accounts receivable	31,945	10,756
Lease receivables	(8,977)	12,669
Financial assets held under resale agreements	(4,038)	(101,201)
Others	919	5,739
	<u>4,506</u>	<u>(209,240)</u>

## 14. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Current tax:		
PRC Enterprise Income Tax	1,050,483	1,057,103
Hong Kong Profits Tax and other jurisdictions	37,145	1,589
Subtotal	<u>1,087,628</u>	<u>1,058,692</u>
Deferred income tax (Note 34)	<u>(204,302)</u>	<u>(137,088)</u>
	<u>883,326</u>	<u>921,604</u>

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the tax rate of the Company and its main subsidiaries in the PRC is 25% (2022: 25%).

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for both periods. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 15. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company (RMB in thousand)	4,538,406	4,198,083
Less: Profit for the period attributable to other equity instrument holders of the Company (RMB in thousand)	261,326	19,865
Profit for the period attributable to ordinary shareholders of the Company (RMB in thousand)	4,277,080	4,178,218
Weighted average number of ordinary shares outstanding (in thousands of shares) <sup>(i)</sup>	7,605,846	7,618,547
Earnings per share (RMB)		
– Basic	0.56	0.55
– Diluted	0.56	0.55
(i) Weighted average number of ordinary shares outstanding (in thousands of shares)		
Number of issued ordinary shares as at the beginning of the period	7,621,088	7,621,088
Less: Weighted average number of ordinary shares repurchased	15,242	2,541
Weighted average number of ordinary shares outstanding	7,605,846	7,618,547

There were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2023 and 30 June 2022.

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 16. PROPERTY AND EQUIPMENT

### Unaudited

#### Cost

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Construction in progress RMB' 000	Total RMB' 000
As at 1 January 2023	2,666,091	1,236,317	132,830	270,580	974,857	246,301	5,526,976
Additions	-	183,747	3,687	4,788	25,010	-	217,232
Transfers during the period	(30,276)	-	-	-	-	-	(30,276)
Disposals/write-off	(832)	(10,856)	(4,274)	(2,487)	(17,443)	-	(35,892)
Effect of foreign currency exchange differences	-	1,556	64	218	1,050	-	2,888
As at 30 June 2023	2,634,983	1,410,764	132,307	273,099	983,474	246,301	5,680,928

#### Accumulated depreciation and impairment

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Construction in progress RMB' 000	Total RMB' 000
As at 1 January 2023	633,722	787,675	86,077	193,850	619,232	-	2,320,556
Charge for the period	36,603	83,114	7,151	17,365	50,998	-	195,231
Transfers during the period	(16,296)	-	-	-	-	-	(16,296)
Disposals/write-off	(2)	(10,819)	(4,103)	(2,415)	(17,386)	-	(34,725)
Effect of foreign currency exchange differences	-	1,370	45	200	998	-	2,613
As at 30 June 2023	654,027	861,340	89,170	209,000	653,842	-	2,467,379

#### Net carrying amount

As at 30 June 2023	1,980,956	549,424	43,137	64,099	329,632	246,301	3,213,549
--------------------	-----------	---------	--------	--------	---------	---------	-----------



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 16. PROPERTY AND EQUIPMENT – continued

	Properties and buildings RMB' 000	Electronic and communication equipment RMB' 000	Motor vehicles RMB' 000	Office equipment RMB' 000	Improvements RMB' 000	Construction in progress RMB' 000	Total RMB' 000
<b>Audited</b>							
<b>Cost</b>							
As at 1 January 2022	2,819,136	1,056,698	124,709	252,151	938,376	–	5,191,070
Additions	–	250,836	19,690	29,362	79,485	246,301	625,674
Transfers during the year	(121,174)	–	–	–	–	–	(121,174)
Disposals/write-off	(31,871)	(74,708)	(11,682)	(11,281)	(45,169)	–	(174,711)
Effect of foreign currency exchange differences	–	3,491	113	348	2,165	–	6,117
As at 31 December 2022	<u>2,666,091</u>	<u>1,236,317</u>	<u>132,830</u>	<u>270,580</u>	<u>974,857</u>	<u>246,301</u>	<u>5,526,976</u>
<b>Accumulated depreciation and impairment</b>							
As at 1 January 2022	567,152	715,828	83,276	172,077	572,005	–	2,110,338
Charge for the year	76,417	143,450	14,299	32,637	90,302	–	357,105
Transfers during the year	(9,492)	–	–	–	–	–	(9,492)
Disposals/write-off	(355)	(74,573)	(11,599)	(11,144)	(45,082)	–	(142,753)
Effect of foreign currency exchange differences	–	2,970	101	280	2,007	–	5,358
As at 31 December 2022	<u>633,722</u>	<u>787,675</u>	<u>86,077</u>	<u>193,850</u>	<u>619,232</u>	<u>–</u>	<u>2,320,556</u>
<b>Net carrying amount</b>							
As at 31 December 2022	<u>2,032,369</u>	<u>448,642</u>	<u>46,753</u>	<u>76,730</u>	<u>355,625</u>	<u>246,301</u>	<u>3,206,420</u>

As at 30 June 2023, the Group's properties and buildings amounting to RMB302.43 million (31 December 2022: RMB322.25 million) included the leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, and therefore the entire lease is accounted for as properties and buildings.

The Group is still in the process of applying for the title certificates for its properties and buildings with a carrying amount of RMB24.63 million as at 30 June 2023 (31 December 2022: RMB25.69 million) and GF Securities Tower with a carrying amount of RMB1,809.83 million, of which RMB1,678.53 million were classified as property and equipment and RMB131.30 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 17. LEASES

### The Group as a lessee

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

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

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

	Properties and buildings RMB' 000	Land use rights RMB' 000	Total RMB' 000
<b>Unaudited</b>			
<b>Cost</b>			
As at 1 January 2023	1,462,041	1,293,656	2,755,697
Additions	189,490	–	189,490
Disposals/write-off	(77,039)	–	(77,039)
Transfers during the period	–	(1,600)	(1,600)
Effect of foreign currency exchange differences	3,739	–	3,739
As at 30 June 2023	1,578,231	1,292,056	2,870,287
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2023	696,570	185,342	881,912
Charge for the period	161,558	15,173	176,731
Disposals/write-off	(73,861)	–	(73,861)
Transfers during the period	–	(530)	(530)
Effect of foreign currency exchange differences	2,960	–	2,960
As at 30 June 2023	787,227	199,985	987,212
<b>Net carrying amount</b>			
As at 30 June 2023	791,004	1,092,071	1,883,075



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 17. LEASES – continued

### The Group as a lessee – continued

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

	Properties and buildings RMB' 000	Land use rights RMB' 000	Total RMB' 000
<b>Audited</b>			
<b>Cost</b>			
As at 1 January 2022	1,356,248	1,324,150	2,680,398
Additions	274,131	–	274,131
Disposals/write-off	(179,434)	–	(179,434)
Transfers during the year	–	(30,494)	(30,494)
Effect of foreign currency exchange differences	11,096	–	11,096
As at 31 December 2022	1,462,041	1,293,656	2,755,697
<b>Accumulated depreciation and impairment</b>			
As at 1 January 2022	538,457	164,125	702,582
Charge for the year	308,220	30,568	338,788
Disposals/write-off	(155,981)	–	(155,981)
Transfers during the year	–	(9,351)	(9,351)
Effect of foreign currency exchange differences	5,874	–	5,874
As at 31 December 2022	696,570	185,342	881,912
<b>Net carrying amount</b>			
As at 31 December 2022	765,471	1,108,314	1,873,785



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 17. LEASES – continued

### The Group as a lessee – continued

#### (2) Lease liabilities

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Properties and buildings</b>		
Current	288,412	287,530
Non-current	529,689	501,186
Total	818,101	788,716

As at 30 June 2023 and 31 December 2022, the future cash outflows relating to leases that have not yet commenced are insignificant.

## 18. INVESTMENTS IN ASSOCIATES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Cost of investments in associates	2,640,433	2,591,596
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,980,104	3,830,867
	6,620,537	6,422,463
Investment in an associate at fair value through profit or loss (Note)	7,184	13,438
	6,627,721	6,435,901

*Note:* The Group elects to measure its investment in GEGEJIA Corporation of RMB7.18 million (31 December 2022: RMB13.44 million) held through GF Beacon Capital Management Limited, a venture capital organisation and an indirectly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this associate on a fair value basis as at 30 June 2023. The valuation determination, including valuation techniques, key inputs and fair value information for the associate measured at fair value through profit or loss are set out in note 53.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 18. INVESTMENTS IN ASSOCIATES – continued

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

Name of associate	Place and date of establishment	Equity interest held by the Group		Principal activities
		As at 30 June 2023	As at 31 December 2022	
易方達基金管理有限公司 E Fund Management Co., Limited ("E Fund")	PRC 17 April 2001	22.65%	22.65%	Publicly offered securities investment fund management, fund sale, asset management for specific customers

## 19. INVESTMENTS IN JOINT VENTURES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Cost of investments in joint ventures	1,742,931	2,637,480
Share of post-acquisition profits and other comprehensive income, net of dividends received	(396,663)	(315,791)
	<u>1,346,268</u>	<u>2,321,689</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 20. DEBT INSTRUMENTS AT AMORTISED COST

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Debt securities	94,755	88,384
Others	318,786	312,420
Less: Allowance for ECLs	263,291	258,716
	<u>150,250</u>	<u>142,088</u>
<b>Analysed as:</b>		
Unlisted	<u>150,250</u>	<u>142,088</u>
<b>Current</b>		
Debt securities	33,165	139,394
Entrusted loans	14,488	14,470
Others	241,928	288,269
Less: Allowance for ECLs	225,515	230,086
	<u>64,066</u>	<u>212,047</u>
<b>Analysed as:</b>		
Unlisted	<u>64,066</u>	<u>212,047</u>
<b>Total</b>	<u>214,316</u>	<u>354,135</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	488,802	507,234
Charge for the period/year <sup>(i)</sup>	10,583	21,092
Reversal	(12,067)	(43,433)
Effect of foreign currency exchange differences and others	1,488	3,909
At 30 June 2023/31 December 2022	<u>488,806</u>	<u>488,802</u>

(i) Charge for the period/year comprises the impairment losses from new and remaining 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 30 June 2023	<u>318</u>	<u>–</u>	<u>488,488</u>	<u>488,806</u>
As at 31 December 2022	<u>254</u>	<u>–</u>	<u>488,548</u>	<u>488,802</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Equity securities	5,586,815	659,208
Others	71,312	68,575
	<u>5,658,127</u>	<u>727,783</u>
<b>Analysed as:</b>		
Listed in Hong Kong	354,711	—
Listed outside Hong Kong <sup>(i)</sup>	5,221,180	649,254
Unlisted	82,236	78,529
	<u>5,658,127</u>	<u>727,783</u>
<b>Total</b>	<u>5,658,127</u>	<u>727,783</u>

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

As at 30 June 2023, equity instruments at fair value through other comprehensive income ("FVTOCI") include non-traded equity instruments held by the Group. As the equity instruments are not held for trading purpose, the Group has designated these investments as FVTOCI.

During the period, the dividend income from equity instruments at fair value through other comprehensive income held by the Group is disclosed in note 6.

Fair values of the Group's equity instruments at FVTOCI are determined in the manner described in note 53.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current</b>		
Debt securities	<u>142,972,644</u>	<u>143,937,772</u>
<b>Analysed as:</b>		
Listed outside Hong Kong <sup>(i)</sup>	<u>44,374,602</u>	45,958,639
Unlisted	<u>98,598,042</u>	<u>97,979,133</u>
	<u>142,972,644</u>	<u>143,937,772</u>

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

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	287,164	295,924
Charge for the period/year <sup>(ii)</sup>	67,800	124,358
Reversal	(59,747)	(136,288)
Effect of foreign currency exchange differences	<u>1,300</u>	<u>3,170</u>
At 30 June 2023/31 December 2022	<u>296,517</u>	<u>287,164</u>

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 22. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – *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 30 June 2023	<u>134,011</u>	<u>13</u>	<u>162,493</u>	<u>296,517</u>
As at 31 December 2022	<u>137,350</u>	<u>19</u>	<u>149,795</u>	<u>287,164</u>

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

Fair values of the Group's debt instruments at FVTOCI are determined in the manner described in note 53.

### 23. ADVANCES TO CUSTOMERS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current</b>		
Loans to margin clients	86,443,344	83,197,235
Restricted equity incentive financing	43,747	42,989
Less: Allowance for ECLs	<u>403,520</u>	<u>417,233</u>
<b>Total</b>	<u>86,083,571</u>	<u>82,822,991</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 23. ADVANCES TO CUSTOMERS – continued

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At beginning of period/year	417,233	609,658
Charge for the period/year <sup>(i)</sup>	22,205	39,833
Reversal	(44,117)	(251,137)
Amounts written off as uncollectible	–	(4,296)
Effect of foreign currency exchange differences	8,199	23,175
At 30 June 2023/31 December 2022	<u>403,520</u>	<u>417,233</u>

- (i) Charge for the period/year comprises the impairment losses from new and remaining advances to customers, 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 30 June 2023	<u>127,215</u>	<u>7,731</u>	<u>268,574</u>	<u>403,520</u>
As at 31 December 2022	<u>123,417</u>	<u>11,464</u>	<u>282,352</u>	<u>417,233</u>

During the period, the transfers of advances to customers between stages were not significant.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 24. ACCOUNTS RECEIVABLE

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Accounts receivable from/related to:		
<b>Current</b>		
Commission and fee	1,903,958	1,748,046
Brokers	2,135,510	1,367,035
Cash clients	518,616	85,933
Clearing house	33,079	81,753
Deposits for OTC business	6,755,229	9,608,604
Others	1,250,726	985,021
Less: Allowance for ECLs	262,714	229,400
	<u>12,334,404</u>	<u>13,646,992</u>

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current</b>		
Within 1 year	11,868,061	13,031,504
Between 1 and 2 years	220,294	439,228
Between 2 and 3 years	203,701	104,784
More than 3 years	42,348	71,476
	<u>12,334,404</u>	<u>13,646,992</u>





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 24. ACCOUNTS RECEIVABLE – continued

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	229,400	185,532
Charge for the period/year <sup>(i)</sup>	39,627	43,860
Reversal	(7,682)	(2,196)
Amounts written off as uncollectible	(55)	(49)
Effect of foreign currency exchange differences	1,424	2,253
At 30 June 2023/31 December 2022	<u>262,714</u>	<u>229,400</u>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	—	1,936
Less: Allowance for impairment	—	24
	<u>—</u>	<u>1,912</u>
<b>Current</b>		
Other receivables	498,816	775,151
Investment prepayments	255,200	890,405
Receivables arising from sale and leaseback arrangements <sup>(ii)</sup>	41,528	43,026
Others	163,371	173,710
Less: Allowance for impairment	115,661	114,968
	<u>843,254</u>	<u>1,767,324</u>
<b>Total</b>	<u><b>843,254</b></u>	<u><b>1,769,236</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	114,992	105,839
Charge for the period/year <sup>(i)</sup>	783	13,002
Reversal	(111)	(2,059)
Amounts written off as uncollectible	(13)	(1,811)
Effect of foreign currency exchange differences and others	10	21
At 30 June 2023/31 December 2022	<u>115,661</u>	<u>114,992</u>

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

	As at 30 June 2023		As at 31 December 2022	
	Minimum lease payments RMB' 000	Present value RMB' 000	Minimum lease payments RMB' 000	Present value RMB' 000
Within 1 year (including 1 year)	41,561	41,528	43,834	43,026
Between 1 and 2 years (including 2 years)	–	–	2,100	1,936
Total	<u>41,561</u>	<u>41,528</u>	<u>45,934</u>	<u>44,962</u>
Less: Unrealised finance income	<u>33</u>	<u>N/A</u>	<u>972</u>	<u>N/A</u>
Balance of receivables arising from sale and leaseback arrangements	41,528	41,528	44,962	44,962
Less: Allowance for ECLs	<u>40,174</u>	<u>40,174</u>	<u>39,492</u>	<u>39,492</u>
Receivables arising from sale and leaseback arrangements, net	<u>1,354</u>	<u>1,354</u>	<u>5,470</u>	<u>5,470</u>

As at 30 June 2023, the effective interest rates ranged from 8% to 9% (31 December 2022: 6% to 9%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	39,492	38,977
Charge for the period/year <sup>(iii)</sup>	726	2,476
Reversal	(44)	(1,961)
At 30 June 2023/31 December 2022	<u>40,174</u>	<u>39,492</u>

- (iii) Charge for the period/year comprises the impairment losses from remaining receivables arising from sale and leaseback arrangements, 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 30 June 2023	<u>–</u>	<u>–</u>	<u>40,174</u>	<u>40,174</u>
As at 31 December 2022	<u>44</u>	<u>–</u>	<u>39,448</u>	<u>39,492</u>

During the period, the receivables arising from sale and leaseback arrangements were not transferred between stages.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 26. FINANCIAL LEASING RECEIVABLES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Analysed as:		
Non-current assets	16,184	–
Current assets	123,645	244,053
	<b>139,829</b>	<b>244,053</b>

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

	As at 30 June 2023		As at 31 December 2022	
	Minimum lease payments RMB' 000 (unaudited)	Present value RMB' 000 (unaudited)	Minimum lease payments RMB' 000 (audited)	Present value RMB' 000 (audited)
Within 1 year (including 1 year)	627,350	620,592	829,718	825,005
Between 1 and 2 years (including 2 years)	1,384	923	–	–
Between 2 and 3 years (including 3 years)	15,973	15,537	–	–
Between 3 and 4 years (including 4 years)	30,628	30,331	–	–
Between 4 and 5 years (including 5 years)	29,356	29,211	–	–
Over 5 years	14,545	14,528	–	–
Total	719,236	711,122	829,718	825,005
Less: Unrealised finance income	8,114	N/A	4,713	N/A
Balance of financial leasing receivables	711,122	711,122	825,005	825,005
Less: Allowance for ECLs	571,293	571,293	580,952	580,952
Financial leasing receivables, net	<b>139,829</b>	<b>139,829</b>	<b>244,053</b>	<b>244,053</b>

As at 30 June 2023, the effective interest rates ranged from 7% to 17% (31 December 2022: 6% to 17%) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 26. FINANCIAL LEASING RECEIVABLES – continued

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	580,952	559,082
Charge for the period/year <sup>(i)</sup>	10,128	32,615
Reversal	(19,787)	(10,745)
At 30 June 2023/31 December 2022	<u>571,293</u>	<u>580,952</u>

- (i) Charge for the period/year comprises the impairment losses from remaining 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 30 June 2023	<u>3</u>	<u>–</u>	<u>571,290</u>	<u>571,293</u>
As at 31 December 2022	<u>208</u>	<u>–</u>	<u>580,744</u>	<u>580,952</u>

During the period, the financial leasing receivables were not transferred between stages.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
<b>Non-current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	–	150,000
Less: Allowance for ECLs	–	719
	<u>–</u>	<u>149,281</u>
Analysed by market:		
Stock exchanges	<u>–</u>	<u>149,281</u>
<b>Current</b>		
Analysed by collateral type:		
Stocks <sup>(i)</sup>	10,859,090	9,550,320
Bonds <sup>(ii)</sup>	8,374,437	9,851,122
Less: Allowance for ECLs	607,115	610,434
	<u>18,626,412</u>	<u>18,791,008</u>
Analysed by market:		
Stock exchanges	10,502,097	9,250,028
Interbank bond market	5,994,711	7,670,246
Over the counter	2,129,604	1,870,734
	<u>18,626,412</u>	<u>18,791,008</u>
<b>Total</b>	<u>18,626,412</u>	<u>18,940,289</u>

- (i) The financial assets (pledged by stocks) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price. The fair value of the stock collateral amounted to RMB31,215.45 million as at 30 June 2023 (31 December 2022: RMB31,508.92 million).
- (ii) The financial assets (pledged by bonds) held under resale agreements are mainly for inter-bank pledged resale agreements and inter-bank outright resale agreements, and the fair value of collateral collected and underlying assets transferred to Group amounted to RMB9,880.16 million as at 30 June 2023 (31 December 2022: RMB11,961.69 million).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	611,153	811,100
Charge for the period/year <sup>(iii)</sup>	93,228	92,663
Reversal	(97,266)	(292,610)
At 30 June 2023/31 December 2022	<u>607,115</u>	<u>611,153</u>

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

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 30 June 2023	<u>191,018</u>	<u>–</u>	<u>416,097</u>	<u>607,115</u>
As at 31 December 2022	<u>175,996</u>	<u>–</u>	<u>435,157</u>	<u>611,153</u>

During the period, the financial assets held under resale agreements were not transferred between stages.





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Equity securities	54,709	36,677
Unlisted equity instruments	9,810,795	9,148,117
Mutual funds	245,086	154,533
Convertible preference shares	362,712	161,228
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	78,326	166,403
Other investments <sup>(iii)</sup>	180,651	157,566
	<u>10,732,279</u>	<u>9,824,524</u>
Analysed as:		
Listed outside Hong Kong <sup>(iv)</sup>	54,709	36,677
Unlisted <sup>(v)</sup>	<u>10,677,570</u>	<u>9,787,847</u>
	<u>10,732,279</u>	<u>9,824,524</u>
<b>Current</b>		
At fair value through profit or loss <sup>(i)</sup> :		
Debt securities	57,530,897	44,544,302
Equity securities	24,999,861	25,147,925
Unlisted equity instruments	1,694	275
Mutual funds	84,863,435	62,913,757
Asset management schemes launched by securities companies <sup>(ii),(iii)</sup>	2,553,163	1,921,278
Collective trusts	66,570	84,033
Wealth management products launched by banks <sup>(iii)</sup>	1,248,415	1,133,361
Commercial papers	9,920,295	—
Other investments <sup>(iii)</sup>	18,423,639	12,217,613
	<u>199,607,969</u>	<u>147,962,544</u>
Analysed as:		
Listed in Hong Kong	3,070,475	2,362,366
Listed outside Hong Kong <sup>(iv)</sup>	48,220,180	43,911,843
Unlisted <sup>(v)</sup>	<u>148,317,314</u>	<u>101,688,335</u>
	<u>199,607,969</u>	<u>147,962,544</u>
<b>Total</b>	<u>210,340,248</u>	<u>157,787,068</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

- (i) During the period, the Group classified the following financial assets at fair value through profit or loss: debt instruments that do not qualify for measurement at either amortised cost or FVTOCI; equity instruments that are held for trading, and equity instruments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.
- (ii) The Group has committed to hold some of its investments in asset management schemes managed by the Group for specified periods due to contractual or regulatory requirements, the amount of which was nil as at 30 June 2023 (31 December 2022: RMB2.00 million).
- (iii) These investments include asset management schemes and other products launched and managed by the Group and other financial institutions. The Group's interests in these asset management schemes managed by the Group are not individually significant.
- (iv) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.
- (v) Unlisted securities mainly comprise unlisted funds, debt securities traded on the Interbank Bond Market, unlisted equity instruments, convertible debt instruments, convertible preference shares and asset management schemes and other products launched by financial institutions.

As at 30 June 2023, the equity securities of the Group included restricted shares of approximately RMB3,550.66 million (31 December 2022: RMB7,216.27 million). The restricted shares are listed with a legally enforceable restriction on these securities that prevents the Group from disposing of them within the specified period.

As at 30 June 2023, the Group entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss ("FVTPL") (including equity securities and exchange traded funds) with a total fair value of RMB760.49 million (31 December 2022: RMB528.88 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 53.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 29. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2023			As at 31 December 2022		
	Notional amount RMB' 000	Assets RMB' 000 (unaudited)	Liabilities RMB' 000 (unaudited)	Notional amount RMB' 000	Assets RMB' 000 (audited)	Liabilities RMB' 000 (audited)
<b>Interest rate derivatives</b>						
– Interest rate swaps <sup>(i)</sup>	1,135,161,017	12,687	17,711	924,228,219	231	10,506
– Standard bond forward <sup>(i)</sup>	20,773	–	–	278,911	–	–
– Treasury bond futures <sup>(i)</sup>	13,111,006	218	100,638	13,776,239	2,338	101,130
<b>Currency derivatives</b>						
– Currency swaps	580,112	13,272	628	428,313	896	2,660
– Currency forward	6,218,335	202,519	36,434	3,476,512	23,224	36,410
– Currency futures	1,359,036	815	19,222	756,396	10,381	–
<b>Equity derivatives</b>						
– Stock index futures <sup>(i)</sup>	22,384,420	4,144	12,439	28,599,589	60,704	53,815
– Exchange-traded options	12,499,348	78,856	217,928	7,528,401	60,530	89,167
– Over-the-counter equity derivatives transactions	93,320,844	2,753,178	3,194,916	81,789,638	2,068,733	1,530,915
<b>Credit derivatives</b>						
– Credit risk mitigation warrants	50,000	–	1,034	–	–	–
<b>Others</b>						
– Commodity futures <sup>(i)</sup>	8,310,486	12,087	1,219	9,321,130	571	109,391
– Others	36,295,015	873,996	267,266	26,335,914	414,866	164,287
<b>Total</b>	<b>1,329,310,392</b>	<b>3,951,772</b>	<b>3,869,435</b>	<b>1,096,519,262</b>	<b>2,642,474</b>	<b>2,098,281</b>

- (i) Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC futures contracts and interest rate swaps contracts and bond forward contracts traded in the Shanghai Clearing House were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 30 June 2023 and 31 December 2022. Accordingly, the net position of the above contracts was nil at the period/year-end date. Balances as at 30 June 2023 were the unrealised profits and losses from contracts in Hong Kong or other overseas areas.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Shanghai Stock Exchange	634,793	648,015
Shenzhen Stock Exchange	423,868	386,543
Hong Kong Stock Exchange	44,535	39,316
Hong Kong Futures Exchange Limited	593,251	1,055,584
Shanghai Futures Exchange	2,363,671	2,356,189
Zhengzhou Commodity Exchange	1,504,972	882,758
Dalian Commodity Exchange	1,959,906	1,945,878
China Financial Futures Exchange	8,003,914	6,820,028
Intercontinental Exchange, Inc.	216,804	289,721
China Securities Finance Corporation Limited	253,635	2,385,783
Shanghai Clearing House	298,629	295,520
China Financial Futures Exchange	89,941	41,719
LME Clear Limited	503,038	582,474
Brokers	2,136,077	2,417,978
Shanghai International Energy Exchange Co., Ltd.	144,611	184,874
Others	81,341	9,912
Total	<u>19,252,986</u>	<u>20,342,292</u>

### 31. CLEARING SETTLEMENT FUNDS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Clearing settlement funds held with clearing houses for:		
House accounts	4,735,237	4,281,897
Clients	<u>24,253,085</u>	<u>23,398,344</u>
Total	<u>28,988,322</u>	<u>27,680,241</u>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 32. BANK BALANCES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Bank balances:		
House accounts	22,056,525	21,569,629
Cash held on behalf of customers <sup>(i)</sup>	110,799,071	107,606,854
	<u>132,855,596</u>	<u>129,176,483</u>

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

As at 30 June 2023, the Group's bank balances of RMB5,691.73 million (31 December 2022: RMB5,173.38 million) were restricted.

- (i) The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The Group has recognised the corresponding amount in accounts payable to brokerage clients (Note 39).

## 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Bank balances – house accounts	14,797,243	14,793,137
Clearing settlement funds – house accounts	4,732,904	4,278,915
	<u>19,530,147</u>	<u>19,072,052</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 34. 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 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Deferred tax assets	2,557,553	2,582,609
Deferred tax liabilities	(511,205)	(574,491)
	<u>2,046,348</u>	<u>2,008,118</u>

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

	Financial instruments at fair value through profit or loss/ derivatives RMB' 000	Financial instruments at fair value through other comprehensive income RMB' 000	Accrued staff cost RMB' 000	Allowance for impairment losses RMB' 000	Property and equipment RMB' 000	Others RMB' 000	Total RMB' 000
At 1 January 2022 (audited)	(295,592)	(324,588)	1,475,223	606,909	(15,198)	(69,286)	1,377,468
Charge/(credit) to profit or loss	355,306	(3,064)	104,578	(83,046)	984	(17,568)	357,190
Charge/(credit) to other comprehensive income	(177)	273,315	–	7	–	315	273,460
At 31 December 2022 (audited)	<u>59,537</u>	<u>(54,337)</u>	<u>1,579,801</u>	<u>523,870</u>	<u>(14,214)</u>	<u>(86,539)</u>	<u>2,008,118</u>
Charge/(credit) to profit or loss (Note 14)	23,413	1,407	137,285	(2,242)	492	43,947	204,302
Charge/(credit) to other comprehensive income	(67)	(166,016)	–	4	–	7	(166,072)
At 30 June 2023 (unaudited)	<u>82,883</u>	<u>(218,946)</u>	<u>1,717,086</u>	<u>521,632</u>	<u>(13,722)</u>	<u>(42,585)</u>	<u>2,046,348</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 35. RESTRICTED ASSET RIGHTS

	As at 30 June 2023 RMB' 000 (unaudited)	Reason of restrictions
Bank balances	5,691,733	Risk reserves and others
Financial assets at fair value through profit or loss	27,771,688	Pledged or transferred for repurchase business
Financial assets at fair value through profit or loss	760,489	Transferred for margin financing and securities lending business
Financial assets at fair value through profit or loss	6,433,922	Pledged or transferred for bond lending business
Financial assets at fair value through profit or loss	2,291,248	Pledged for due to banks and other financial institutions business
Financial assets at fair value through profit or loss	2,332,548	Pledged for compensation of deposits for futures business
Financial assets held under resale agreements	1,720,627	Pledged or transferred for repurchase business
Financial assets held under resale agreements	566,419	Pledged for due to banks and other financial institutions business
Equity instruments at fair value through other comprehensive income	497,436	Pledged for refinancing business
Debt instruments at fair value through other comprehensive income	112,971,730	Pledged or transferred for repurchase business
Debt instruments at fair value through other comprehensive income	1,049,286	Pledged for refinancing business
Debt instruments at fair value through other comprehensive income	7,035,629	Pledged for bond lending business
Debt instruments at fair value through other comprehensive income	167,835	Pledged for due to banks and other financial institutions business
Debt instruments at fair value through other comprehensive income	3,955,999	Pledged for compensation of deposits for futures business
Debt instruments at amortised cost	32,506	Transferred for repurchase business
Debt instruments at amortised cost	104,777	Pledged for due to banks and other financial institutions business
Total	<u>173,383,872</u>	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 36. BORROWINGS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Secured short-term loans <sup>(i)</sup>	585,258	422,238
Unsecured short-term loans <sup>(ii)</sup>	6,329,719	4,069,544
	<u>6,914,977</u>	<u>4,491,782</u>

- (i) GF Securities (Hong Kong) Brokerage Limited pledges its margin financing clients' securities to banks in order to get credit facilities which allow it to get revolving loans from the banks. As at 30 June 2023, the total market value of securities pledged amounted to RMB2,568.41 million (31 December 2022: RMB2,853.19 million) and the credit facilities utilised amounted to RMB585.26 million (31 December 2022: RMB422.20 million) which bear interest rates of HIBOR+0.9% or cost of fund rate+1.10% (31 December 2022: HIBOR+0.9% or cost of fund rate+1.10%) per annum.
- (ii) As at 30 June 2023, the Group's unsecured short-term bank loans bear interest rate of cost of fund rate or HIBOR+0.80% to HIBOR+1.20% or LIBOR+0.75% to LIBOR+1.70% or SOFR+0.85% to SOFR+1.50% (31 December 2022: HIBOR+0.75% to HIBOR+1.00% or LIBOR+0.40% to LIBOR+1.70%) per annum.





# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 37. SHORT-TERM FINANCING PAYABLES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Short-term financing bills (Note 1)	18,186,140	29,718,507
Corporate bonds (Note 2)	10,063,721	–
Structured notes (Note 3)	6,595,771	7,589,850
Total	<u>34,845,632</u>	<u>37,308,357</u>

### Note 1: Short-term financing bills

The details of short-term financing bills as at 30 June 2023 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
22GFCP014	3,000,000	2022/12/14	2023/07/04	2.65%
23GFCP001	3,000,000	2023/01/09	2023/08/09	2.48%
23GFCP002	3,000,000	2023/02/10	2023/09/08	2.58%
23GFCP003	3,000,000	2023/02/23	2023/11/23	2.72%
23GFCP004	3,000,000	2023/03/09	2024/03/08	2.81%
23GFCP005	3,000,000	2023/03/20	2023/12/20	2.68%

### Note 2: Corporate bonds

The details of corporate bonds as at 30 June 2023 are as follows:

Name	Issue amount RMB' 000	Value date	Maturity date	Coupon rate
23GFD1	2,997,000	2023/01/12	2024/01/12	2.79%
23GFD2	4,995,000	2023/04/10	2024/04/10	2.70%
23GFD3	1,998,000	2023/06/16	2023/12/15	2.10%

### Note 3: Structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company and accrued interest. As at 30 June 2023, the undue structured notes bear interest at fixed rates ranging from 1.85% to 6.80% per annum (31 December 2022: 1.75% to 6.80%) or variable rate linked to certain subjects. The principal and interest are repayable upon maturity within one year. The structured notes with variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the condensed consolidated financial statements after being bifurcated from their respective host contracts.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Designated at fair value through profit or loss:		
Structured notes	<u>1,284,124</u>	<u>666,066</u>
Analysed as:		
Unlisted	<u>1,284,124</u>	<u>666,066</u>
<b>Current</b>		
At fair value through profit or loss:		
Bonds	907,892	781,610
Designated at fair value through profit or loss:		
Structured notes	<u>14,926,739</u>	<u>8,931,817</u>
	<u>15,834,631</u>	<u>9,713,427</u>
Analysed as:		
Unlisted	<u>15,834,631</u>	<u>9,713,427</u>
Total	<u>17,118,755</u>	<u>10,379,493</u>

As at 30 June 2023, the fair value of the Group's financial liabilities designated at fair value through profit or loss had no significant change related to the changes in the credit risk of the Group.

The fair values of the Group's financial liabilities at fair value through profit or loss are determined in the manner described in note 53.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 39. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

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

As at 30 June 2023, accounts payable to brokerage clients of approximately RMB10,539.81 million (31 December 2022: RMB9,848.88 million) were related to cash collateral received from clients for margin financing and securities lending arrangements.

### 40. ACCRUED STAFF COSTS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Other long-term benefits	<u>5,530,067</u>	<u>5,532,077</u>
<b>Current</b>		
Salaries, bonuses and allowances	3,094,736	4,391,053
Short-term social welfares	310	373
Defined contribution plans	69,678	121,294
Others	<u>81,889</u>	<u>102,271</u>
	<u>3,246,613</u>	<u>4,614,991</u>
<b>Total</b>	<u>8,776,680</u>	<u>10,147,068</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Deposits for financial leasing business	—	1,750
<b>Current</b>		
Business margin payable to clients	25,472,094	19,821,668
Dividends payable	3,799,868	—
Payables for open-ended fund clearing and other clearing	2,374,648	1,197,240
Notes payable	1,200,791	1,165,009
Commission payable and related accrued expenses for sale of funds	891,545	804,269
Other taxes	480,348	319,525
Accrued expenses	442,078	341,627
Futures risk reserve	203,955	194,954
Funds risk reserve	161,835	113,980
Payable for property and equipment purchases	124,271	248,204
Block trade deposits	100,000	100,000
Interest payable	77,182	53,549
Payables for securities investor protection fund and futures trader protection fund	42,823	31,548
Others <sup>(i)</sup>	1,531,116	1,730,338
	<b>36,902,554</b>	<b>26,121,911</b>
<b>Total</b>	<b>36,902,554</b>	<b>26,123,661</b>

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 42. PROVISIONS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
At the beginning of the period/year	439,511	405,872
Addition	17,297	35,836
Reduction	1,031	2,197
	<u>455,777</u>	<u>439,511</u>
At 30 June 2023/31 December 2022 (Note)	<u>455,777</u>	<u>439,511</u>

*Note:* As at 30 June 2023, the Group recognised a provision of USD58.27 million (31 December 2022: USD58.27 million), approximately RMB421.14 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.

## 43. OTHER LIABILITIES

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Third-party interests in consolidated structured entities	<u>1,334,422</u>	<u>1,145,044</u>
<b>Current</b>		
Third-party interests in consolidated structured entities	<u>522,738</u>	<u>460,607</u>
Total	<u>1,857,160</u>	<u>1,605,651</u>

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 44. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current</b>		
Analysed by collateral type:		
Bonds <sup>(i)</sup>	132,509,688	116,084,589
Gold <sup>(ii)</sup>	10,587,281	7,571,602
Others	14,547,491	1,401,635
	<u>157,644,460</u>	<u>125,057,826</u>
Analysed by market:		
Stock exchanges	37,544,579	31,481,473
Interbank bond market	94,783,130	82,983,467
Shanghai Gold Exchange	10,587,281	7,622,833
Over the counter	14,729,470	2,970,053
Total	<u>157,644,460</u>	<u>125,057,826</u>

- (i) As at 30 June 2023, included in the balance was an amount of RMB15,643.24 million (31 December 2022: RMB28,702.97 million), which was secured by bonds borrowed from the interbank bond market, which are not recognised in the condensed consolidated financial statements as it is the banks rather than the Group that are subject to all the risks and returns of the bonds, and the fair value of such bonds was RMB16,984.92 million (31 December 2022: RMB30,990.97 million).
- (ii) As at 30 June 2023, the fair value of gold transferred, which is from leasing and is not recognised in the condensed consolidated financial statements, was RMB11,256.60 million (31 December 2022: RMB7,881.41 million).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 45. BONDS PAYABLE

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Non-current</b>		
Corporate bonds (Note 1)	66,221,090	59,840,363
Subordinated bonds (Note 1)	8,495,255	8,494,330
Structured notes (Note 2)	10,215,708	10,575,515
	<u>84,932,053</u>	<u>78,910,208</u>
<b>Current</b>		
Corporate bonds (Note 1)	17,583,657	33,252,013
Subordinated bonds (Note 1)	148,625	2,165,687
Structured notes (Note 2)	2,729,551	1,559,121
	<u>20,461,833</u>	<u>36,976,821</u>
<b>Total</b>	<u>105,393,886</u>	<u>115,887,029</u>



Interim Report 2023

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 45. BONDS PAYABLE – continued

Note 1: Details of bonds as of 30 June 2023 are as follows:

Name	Issue amount '000	Value date	Maturity date	Coupon rate
<b>Corporate bonds</b>				
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%
22GF01	3,396,600	2022/07/15	2025/07/15	2.85%
22GF02	1,998,000	2022/07/15	2027/07/15	3.24%
22GF03	599,400	2022/07/15	2032/07/15	3.70%
22GF04	2,497,500	2022/08/04	2025/08/04	2.59%
22GF05	2,997,000	2022/08/04	2027/08/04	3.03%
22GF06	1,498,500	2022/08/04	2032/08/04	3.59%
22GF07	799,200	2022/08/16	2025/08/16	2.68%
22GF08	2,497,500	2022/08/16	2027/08/16	3.12%
22GF09	1,198,800	2022/08/16	2032/08/16	3.60%
22GF10	999,000	2022/08/29	2025/08/29	2.60%
22GF11	999,000	2022/09/19	2025/09/19	2.55%
22GF12	499,500	2022/09/19	2027/09/19	2.95%
23GF01	3,800,000	2023/02/16	2025/02/16	3.20%
23GF02	500,000	2023/03/13	2025/03/13	3.23%
23GF03	2,000,000	2023/03/13	2026/03/13	3.30%
23GF04	3,493,000	2023/04/24	2026/04/24	3.06%
23GF05	998,000	2023/04/24	2028/04/24	3.21%
GF HOLD B2409	USD 298,441	2021/09/15	2024/09/15	1.125%
<b>Subordinated bonds</b>				
20GFC2	2,500,000	2020/03/03	2025/03/03	3.80%
22GFC1	2,997,000	2022/10/17	2025/10/17	2.85%
22GFC2	499,500	2022/10/17	2027/10/17	3.20%
22GFC3	1,998,000	2022/11/14	2025/11/14	2.86%
22GFC4	499,500	2022/11/14	2027/11/14	3.20%

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 30 June 2023, the undue structured notes bear interest at fixed rates ranging from 2.38% to 3.60% per annum (31 December 2022: 2.38% to 3.80%) or variable rate linked to certain subjects. The structured notes with a variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of subjects. For those embedded derivatives, they are accounted for in the consolidated financial statements after being bifurcated from their respective host contracts.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 46. LONG-TERM LOANS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Current</b>		
Unsecured long-term loans	—	23,642
Secured long-term loans	—	41,028
Total	—	64,670

## 47. OTHER EQUITY INSTRUMENTS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Perpetual subordinated bonds	22,478,500	10,990,000

The details of perpetual subordinated bonds as at 30 June 2023 are as follows:

Issue date	Name	Issue amount RMB' 000	Coupon rate
2021/09	21GFY1	1,000,000	3.95%
2022/06	22GFY1	2,700,000	3.75%
2022/07	22GFY2	5,000,000	3.53%
2022/08	22GFY3	2,300,000	3.48%
2023/03	23GFY1	500,000	4.20%
2023/04	23GFY2	3,000,000	4.10%
2023/05	23GFY3	5,000,000	3.78%
2023/06	23GFY4	3,000,000	3.73%



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 47. OTHER EQUITY INSTRUMENTS – continued

As approved by the CSRC, the Company issued eight batches of perpetual subordinated bonds. The Company has options to redeem the bonds at principal amounts plus any accrued interest (all deferred interest payments and accreted interest thereon included) on the fifth interest payment date or any interest payment date afterwards. The coupon rates for the perpetual subordinated bonds are fixed in the first 5 years. If the Company does not use the right of redemption, the coupon rates will be repriced every 5 years from the 6th year. The coupon rates will be repriced as the sum of the current basis rate, the initial spread, and an additional 300 basis points. The current basis rate is defined as the average yields of 5 years treasury bonds from the interbank fixed rate bond yield curve published on the China Bond website 5 working days before the interest repricing date.

The issuer has the right to defer interest payments, unless “mandatory interest payments events” have been triggered, so that at each interest payment date, the issuer may choose to defer the current interest payment, as well as any previously deferred interest payments and accreted interest thereon, to the next payment date, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital 12 months before the interest payment date. When the mandatory interest payment events occur, the Company cannot defer the current interest as well as any previously deferred interest and accreted interest thereon.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the consolidated statement of financial position of the Group.

## 48. TREASURY SHARES

	As at 31 December 2022 RMB' 000 (audited)	Increase RMB' 000	Decrease RMB' 000	As at 30 June 2023 RMB' 000 (unaudited)
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 30 June 2023, 15,242,153 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 49. DIVIDENDS

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Ordinary shares' dividends recognised as distribution <sup>(i)</sup>	2,662,046	3,802,923
Distribution to other equity instrument holders <sup>(ii)</sup>	842,190	39,500
Total	<u>3,504,236</u>	<u>3,842,423</u>

- (i) Pursuant to the resolution the shareholders' meeting held on 28 June 2023, the Company distributed cash dividends of RMB3.5 for every 10 shares (tax included) based on 7.61 billion shares held amounting to RMB2.66 billion in total for the year ended 31 December 2022.
- (ii) The dividend distributions by the Company triggered the mandatory interest payments event for perpetual subordinated bonds. The Company recognised dividends to other equity instrument holders of RMB842.19 million during the period ended 30 June 2023.

## 50. RELATED PARTY TRANSACTIONS

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

*Holding interest in shareholders and their subsidiaries*

	As at 30 June 2023		As at 31 December 2022	
	Number of shares /bonds '000 (unaudited)	Carrying amount RMB' 000 (unaudited)	Number of shares /bonds '000 (audited)	Carrying amount RMB' 000 (audited)
<b>Financial assets at FVTPL – stocks</b>				
遼寧成大生物股份有限公司				
– Liaoning Chengda Biotechnology Co., Ltd.* (Note)	4,008	132,110	3,996	121,549
中山公用事業集團股份有限公司				
– Zhongshan Public Utilities Group Co., Ltd.*	10	74	33	229
遼寧成大股份有限公司				
– Liaoning Cheng Da Co., Ltd.*	4	46	396	4,979
吉林敖東藥業集團股份有限公司				
– Jilin Aodong Pharmaceutical Group Co., Ltd.*	3	42	343	5,142

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

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

*Holding interest in shareholders and their subsidiaries – continued*

	As at 30 June 2023		As at 31 December 2022	
	Number of shares /bonds '000 (unaudited)	Carrying amount RMB'000 (unaudited)	Number of shares /bonds '000 (audited)	Carrying amount RMB'000 (audited)
<b>Financial assets at FVTPL – bonds</b>				
吉林敖東藥業集團股份有限公司 – Jilin Aodong Pharmaceutical Group Co., Ltd.*	<u>899</u>	<u>110,008</u>	<u>899</u>	<u>105,356</u>
<b>Financial assets at FVTOCI – stocks</b>				
吉林敖東藥業集團股份有限公司 – Jilin Aodong Pharmaceutical Group Co., Ltd.*	<u>43,312</u>	<u>694,732</u>	<u>43,312</u>	<u>649,254</u>

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

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

The Group received cash dividends of RMB4.00 million from Liaoning Chengda Biotechnology Co., Ltd. during the period ended 30 June 2023.

#### *Bond interest from shareholders*

The Group received bond interest of RMB1.36 million from Jilin Aodong Pharmaceutical Group Co., Ltd. during the period ended 30 June 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 50. RELATED PARTY TRANSACTIONS – continued

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

*Transactions with shareholders and their subsidiaries*

	Six months ended 30 June	
	2023 RMB' 000 (unaudited)	2022 RMB' 000 (unaudited)
Commission and fee income	255	311
Other operating incomes	355	–
Other operating expenses	314	–

*Balances with shareholders and their subsidiaries*

	As at	
	30 June 2023 RMB' 000 (unaudited)	31 December 2022 RMB' 000 (audited)
Receivables and prepayments	–	262
Other payables	129	129

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties

*Transactions with associates/joint ventures*

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income</b>		
易方達基金管理有限公司及其子公司		
– E Fund Management Co., Ltd. and its subsidiaries	48,573	43,203
珠海廣發信德環保產業投資基金合夥企業(有限合夥)		
– Zhuhai GF Xinde Environment Protection Industrial Investment Fund Partnership L.P.*	8,977	8,129
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 Entrepreneurship Investment Fund Partnership L.P.*	8,617	3,897
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.*	6,678	–
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.*	6,488	12,718
廣州廣發信德健康創業投資基金合夥企業(有限合夥)		
– Guangzhou GF Xinde Health Venture Capital Fund Partnership L.P.*	4,678	4,678
珠海格金廣發信德智能製造產業投資基金(有限合夥)		
– Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	4,624	4,733
中山廣發信德致遠科技創業投資合夥企業(有限合夥)		
– Zhongshan GF Xinde Zhiyuan Technology Venture Capital Partnership L.P.*	4,210	4,210
廣州南沙區信德厚威創業投資基金合夥企業(有限合夥)		
– Guangzhou Nansha District Xinde Houwei Entrepreneurship Investment Fund Partnership L.P.*	3,992	3,992
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.*	3,509	3,509

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim Report 2023

## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Transactions with associates/joint ventures – continued

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income – continued</b>		
廣州信德厚峽股權投資合夥企業(有限合夥)		
– Guangzhou Xinde Houxia Equity Investment Partnership L.P.*	3,356	6,087
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.*	3,277	3,761
珠海廣發信德科技文化產業股權投資基金(有限合夥)		
– Zhuhai GF Xinde Technology and Culture Industry Equity Investment Fund L.P.*	2,867	3,776
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.*	2,807	2,807
廣州廣發信德二期創業投資合夥企業(有限合夥)		
– Guangzhou GF Xinde Phase II Venture Capital Partnership L.P.*	2,527	2,807
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.*	2,339	–
中山公用廣發信德新能源產業投資基金(有限合夥)		
– Zhongshan Public GF Xinde New Energy Resources Industrial Investment Fund Partnership L.P.*	2,281	454
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.*	1,805	3,743
珠海廣發信德智能創新升級股權投資基金(有限合夥)		
– Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	1,572	1,579
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.*	1,422	1,133

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

*Transactions with associates/joint ventures – continued*

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income – continued</b>		
珠海廣發信德高成長現代服務業股權投資企業(有限合夥)		
– Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Enterprise L.P.*	1,130	1,783
潮州市廣發信德創業投資基金合夥企業(有限合夥)		
– Chaozhou GF Xinde Entrepreneurship Investment Fund Partnership L.P.*	1,123	1,123
廣州南鑫珠海港股權投資合夥企業(有限合夥)		
– Guangzhou Nanxin Zhuhai Port Equity Investment Partnership L.P.*	1,119	1,380
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.*	928	928
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業(有限合夥)		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	775	775
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.*	610	610
珠海廣發信德賽德創業投資合夥企業(有限合夥)		
– Zhuhai Guangfa Xinde Saide Venture Capital Partnership L.P.*	567	–
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	522	437
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	458	676
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 Entrepreneurship Investment Fund Partnership L.P.*	409	409
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.*	374	374

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Transactions with associates/joint ventures – continued

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Commission and fee income – continued</b>		
珠海廣發信德厚合股權投資合夥企業(有限合夥)		
– Zhuhai GF Xinde Houhe Equity Shares Investment Partnership Enterprise L.P.*	351	356
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.*	76	–
中山公用廣發信德基礎設施投資基金(有限合夥)		
– Zhongshan Public Guangfa Xinde Infrastructure Investment Fund L.P.*	31	–
佛山市廣發信德粵盈新產業股權投資合夥企業(有限合夥)		
– Foshan Guangfa Xinde Yueying New Industry Equity Investment Partnership L.P.*	14	–
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 Entrepreneurship Investment Fund Partnership L.P.*	13	13
– Other associates	–	56
	<u>70</u>	<u>33</u>
<b>Interest income</b>		
– GHS Investment Management (Cayman) Company Limited	70	33
	<u>70</u>	<u>33</u>
<b>Other operating expenses</b>		
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	11,198	7,821
	<u>11,198</u>	<u>7,821</u>

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



Interim Report 2023

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Commission receivable for exchange trading units, distributing financial products and custodian fee</b> 易方達基金管理有限公司 – E Fund Management Co., Ltd.	<b>27,452</b>	<b>29,439</b>
<b>Receivables for asset and fund management fee income</b> 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.*	<b>26,113</b>	<b>23,073</b>
廣州信德創業營股權投資合夥企業(有限合夥) – Guangzhou Xinde Venture Camp Equity Investment Partnership L.P.*	<b>23,973</b>	<b>22,060</b>
珠海廣發信德智能創新升級股權投資基金(有限合夥) – Zhuhai GF Xinde Upgraded Intelligent Innovation Equity Fund L.P.*	<b>13,416</b>	<b>11,750</b>
珠海廣發信德高成長現代服務業股權投資企業(有限合夥) – Zhuhai GF Xinde High-growth Modern Service Industry Equity Investment Fund L.P.*	<b>12,055</b>	<b>10,857</b>
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.*	<b>6,209</b>	<b>–</b>
珠海格金廣發信德智能製造產業投資基金(有限合夥) – Zhuhai Gejin GF Xinde Intelligent Manufacturing Industry Investment Fund L.P.*	<b>4,901</b>	<b>7,534</b>
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.*	<b>3,824</b>	<b>2,638</b>
中山中匯廣發信德股權投資基金(有限合夥) – Zhongshan Zhonghui GF Xinde Equity Investment Fund L.P.*	<b>3,719</b>	<b>–</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Interim Report 2023

## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Receivables for asset and fund management fee income – continued</b>		
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.*	3,474	3,095
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*	3,210	3,806
廣州廣發信德二期創業投資合夥企業(有限合夥)		
– Guangzhou GF Xinde Phase II Venture Capital Partnership L.P.*	2,678	–
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.*	1,673	1,301
廣州廣發信德一期互聯網改造傳統產業投資企業(有限合夥)		
– Guangzhou GF Xinde Internet Reforming Traditional Industry Investment Partnership L.P. No.1*	1,668	1,668
杭州廣發信德乒乓鴻鵠股權投資基金合夥企業(有限合夥)		
– Hangzhou GF Xinde Pingpang Honghu Equity Investment Fund Partnership L.P.*	822	–
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	228	–
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.*	98	17
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.*	45	31

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Receivables for asset and fund management fee income – continued</b>		
中山公用廣發信德基礎設施投資基金(有限合夥)		
– Zhongshan Public Guangfa Xinde Infrastructure Investment Fund L.P.*	33	–
佛山市廣發信德粵盈新產業股權投資合夥企業(有限合夥)		
– Foshan Guangfa Xinde Yueying New Industry Equity Investment Partnership L.P.*	15	–
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
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 GF Xinde Phase III Technology Entrepreneurship Investment Fund Partnership L.P.*	–	218

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 50. RELATED PARTY TRANSACTIONS – continued

### (2) Other related parties – continued

Balances with associates/joint ventures – continued

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
<b>Amounts due from joint ventures and associates – other receivables</b>		
– GHS Investment Management (Cayman) Company Limited	12,194	11,680
– Global Health Science Fund II, L.P.	11,920	–
– Horizon Partners Fund L.P.	47	46
<b>Amounts due to joint ventures and associates – advance from customers and other payables</b>		
珠海盈米基金銷售有限公司		
– Zhuhai Yingmi Fund Selling Co., Ltd.*	11,208	5,421
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.*	7,196	–
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.*	6,245	6,891
珠海廣發信德賽德創業投資合夥企業(有限合夥)		
– Zhuhai Guangfa Xinde Saide Venture Capital Partnership L.P.*	2,586	–
– Horizon Partners Fund L.P.	1,577	2,310
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.*	695	1,092
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.*	–	668
宿遷智能製造產業投資基金(有限合夥)		
– Suqian Intelligent Manufacturing Industry Investment Fund L.P.*	–	257

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

### 50. RELATED PARTY TRANSACTIONS – *continued*

#### (3) Key management personnel

During the period, the remuneration paid for key management personnel is RMB33.99 million, among which, salaries, allowance and bonuses is RMB32.97 million, employer's contribution to pension schemes and annuity schemes is RMB1.02 million.

### 51. CAPITAL COMMITMENTS

	As at 30 June 2023 RMB' 000 (unaudited)	As at 31 December 2022 RMB' 000 (audited)
Capital expenditure in respect of acquisition of property and equipment:		
– Contracted but not provided for	<u>112,616</u>	<u>110,614</u>





## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT

### 52.1 Risk management policies and organisation structure

#### (1) Risk management policies

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

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





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

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

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

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

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







## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 52.2 Credit risk

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

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

In terms of the financing business, the credit risk exposure of margin financing and securities lending, securities transactions with repurchase agreements and stock-pledged repos is derived from the default risk of counterparties due to their failure to repay the principal and interest of debts when due. As at 30 June 2023, the average ratios of guarantee maintained for all the clients who have liabilities in margin financing and securities lending of the Group was 270.68% (31 December 2022: 262.72%), the average coverage ratios of contract performance for clients of security transactions with repurchase agreements was 240.54% (31 December 2022: 211.13%), the average coverage ratios of contract performance for clients of the stock-pledged repos business (the fund lender was the securities company) was 266.87% (31 December 2022: 298.42%). The collaterals provided are sufficient and the credit risk of the financing business is managed at an acceptable level.

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

### 52.2 Credit risk – *continued*

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

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

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



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

#### 52.2 Credit risk – *continued*

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

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

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

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

### 52.2 Credit risk – *continued*

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

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

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

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



## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 52.2 Credit risk – continued

#### *Parameters of ECL measurement*

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

Relative definitions are as follows:

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

#### *Forward-looking information*

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

### 52.3 Market risk

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

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

The Risk Management Department uses a series of quantitative methods to estimate possible losses resulting from market risks, including VaR, sensitivity analysis, stress testing and Expected Shortfall (ES). The Group's VaR is measured using the historical simulation method with a confidence 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 cases, such as significant adverse changes on market price and severe risk events, are estimated by means of stress testing or ES, etc.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 52.3 Market risk – continued

#### Interest rate risk

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

#### Sensitivity analysis

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

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Profit before income tax for the period</b>		
Increase by 100bps	(1,302,844)	(950,379)
Decrease by 100bps	1,372,037	997,251

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Other comprehensive income before income tax</b>		
Increase by 100bps	(2,334,415)	(1,867,923)
Decrease by 100bps	2,407,478	1,932,210

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

### 52.3 Market risk – *continued*

#### *Currency risk*

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries. Currently, the Group's assets and liabilities denominated in foreign currencies only account for a small proportion of the Group's assets and liabilities structure, the currency risk can be managed by adjusting foreign currency asset positions, using foreign currency derivatives hedging, and other methods, and the currency risk of the Group is relatively manageable.

#### *Price risk*

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



### 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

#### 52.3 Market risk – continued

##### *Sensitivity analysis*

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

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Profit before income tax for the period</b>		
Increase by 10%	1,631,800	2,238,101
Decrease by 10%	(1,449,090)	(2,204,326)

  

	Six months ended 30 June	
	2023	2022
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
<b>Other comprehensive income before income tax</b>		
Increase by 10%	559,993	65,776
Decrease by 10%	(559,993)	(65,776)

#### 52.4 Liquidity risk

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 52. FINANCIAL INSTRUMENTS RISK MANAGEMENT – continued

### 52.4 Liquidity risk – continued

As at 30 June 2023, cash and bank deposits and clearing settlement funds held by the Group amounted to RMB154.31 billion (31 December 2022: RMB149.83 billion), and financial assets such as monetary funds, government bonds and short-term financing bills amounted to RMB102.38 billion (31 December 2022: RMB80.04 billion), providing a strong capability of quick liquidation to meet the foreseeable demands on financing liabilities and businesses. Therefore, the Group considers the exposure to liquidity risk to be insignificant.

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

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (1) Fair value hierarchy

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

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

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

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

There were no significant transfers between Level 1 and Level 2 as at 30 June 2023 and 31 December 2022.

#### As at 30 June 2023

(unaudited)

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	142,972,644	–	142,972,644
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	5,575,891	–	72,562	5,648,453
– Other investments	–	8,274	1,400	9,674
Financial assets at fair value through profit or loss				
– Equity instruments	20,840,920	3,671,695	10,789,425	35,302,040
– Debt instruments	2,008,953	51,789,324	3,732,620	57,530,897
– Mutual funds	85,108,521	–	–	85,108,521
– Other investments	–	27,472,502	4,926,288	32,398,790
Other investment				
– Investment in an associate	–	–	7,184	7,184
Derivative financial assets	103,190	2,472,407	1,376,175	3,951,772
<b>Total</b>	<b>113,637,475</b>	<b>228,386,846</b>	<b>20,905,654</b>	<b>362,929,975</b>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss	–	907,892	–	907,892
Financial liabilities designated at fair value through profit or loss	–	12,072,222	4,138,641	16,210,863
Derivative financial liabilities	353,289	2,048,653	1,467,493	3,869,435
Other liabilities	241,108	139,541	1,476,511	1,857,160
<b>Total</b>	<b>594,397</b>	<b>15,168,308</b>	<b>7,082,645</b>	<b>22,845,350</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

### (1) Fair value hierarchy – continued

As at 31 December 2022

(audited)	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
<b>Financial assets:</b>				
Debt instruments at fair value through other comprehensive income:				
– Debt securities	–	143,937,772	–	143,937,772
Equity instruments at fair value through other comprehensive income:				
– Equity instruments	649,254	–	71,592	720,846
– Other investments	–	6,937	–	6,937
Financial assets at fair value through profit or loss:				
– Equity instruments	17,184,424	4,516,611	12,793,187	34,494,222
– Debt instruments	1,716,510	39,024,345	3,803,447	44,544,302
– Mutual funds	63,068,290	–	–	63,068,290
– Other investments	–	10,619,246	5,061,008	15,680,254
Other investment				
– Investment in an associate	–	–	13,438	13,438
Derivative financial assets	135,086	1,156,725	1,350,663	2,642,474
Total	<u>82,753,564</u>	<u>199,261,636</u>	<u>23,093,335</u>	<u>305,108,535</u>
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss	–	781,610	–	781,610
Financial liabilities designated at fair value through profit or loss	–	5,619,459	3,978,424	9,597,883
Derivative financial liabilities	356,098	803,970	938,213	2,098,281
Other liabilities	268,736	147,629	1,189,286	1,605,651
Total	<u>624,834</u>	<u>7,352,668</u>	<u>6,105,923</u>	<u>14,083,425</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Except for the financial liabilities disclosed below, the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximated to their fair values as at 30 June 2023 and 31 December 2022.

	As at 30 June 2023 (unaudited)		Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	
Bonds payable – corporate bonds	83,804,747	84,281,688	Level 1
Bonds payable – subordinated bonds	8,643,880	8,646,955	Level 1

  

	As at 31 December 2022 (audited)		Fair value hierarchy
	Carrying amount RMB' 000	Fair value RMB' 000	
Bonds payable – corporate bonds	93,092,377	93,170,484	Level 1
Bonds payable – subordinated bonds	10,660,016	10,519,589	Level 1

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



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

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

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

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

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. For equity return swaps, commodity futures and forwards, the fair value is determined by the quotation of the underlying investment.

During the period ended 30 June 2023, there were no significant changes of valuation techniques for Level 2.

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

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

During the period ended 30 June 2023, there were no significant changes of valuation techniques for Level 3.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2023 RMB' 000 (unaudited)	31 December 2022 RMB' 000 (audited)			
1) Financial assets					
Debt instruments	3,732,620	3,803,447	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 of default, the lower the fair value; The higher the future cash flow, the higher the fair value
Equity instruments	3,550,660	7,216,268	The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	4,400,839	3,028,543	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity instruments	2,501,732	2,474,162	Net Value Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2023 RMB' 000 (unaudited)	31 December 2022 RMB' 000 (audited)			
1) Financial assets – continued					
Equity instruments	408,756	145,806	Recent transaction price	Discount for lack of marketability	The higher the discount, the lower the fair value
Equity options	1,155,644	1,144,935	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Equity return swaps	197,540	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	898	3,018	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)			
1) Financial assets – continued					
Structured notes	8,821	17,800	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Other investments	59,660	45,365	Discounted cash flows calculated based on the loss given default	Loss given default	The higher the loss given default, the lower the fair value
Other investments	4,868,028	5,015,643	Net Value Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
Currency swaps	13,272	896	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Investment in an associate	7,184	13,438	Market multiples	Discount for lack of marketability	The higher the discount, the lower the fair value
	<u>20,905,654</u>	<u>23,093,335</u>			

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2023 RMB' 000 (unaudited)	31 December 2022 RMB' 000 (audited)			
2) Financial liabilities					
Equity options	1,167,847	786,657	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Equity return swaps	285,602	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	4,142,549	3,911,568	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Structured notes	–	70,044	Net Value Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

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

Financial assets/ financial liabilities	Fair value as at		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	30 June 2023 RMB' 000 (unaudited)	31 December 2022 RMB' 000 (audited)			
2) Financial liabilities – continued					
Commodity options	9,508	4,187	Black Scholes Model, Market price and volatility of the underlying investment	The volatility of the underlying investment	The higher the volatility of the underlying investment, the higher the fair value
Currency swaps	628	2,660	Quotation price	Quotation price	The higher the quotation price, the higher the fair value
Third-party interests	1,476,511	1,189,286	Net Value Model, Net value of the underlying investment	The net value of the underlying investment	The higher the net value of the underlying investment, the higher the fair value
	<u>7,082,645</u>	<u>6,105,923</u>			

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

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

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

For the six months ended 30 June 2023 (unaudited)

	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
As at 1 January 2023	21,657,642	71,592	(3,978,424)	1,350,663	(938,213)	(1,189,286)
Total gains/losses	1,292,760	970	(40,405)	(65,077)	(609,829)	(36,619)
– Profit or loss	1,292,760	–	(40,405)	(65,077)	(609,829)	(36,619)
– Other comprehensive income	–	970	–	–	–	–
Additions	4,178,432	–	(1,485,722)	92,012	(51,341)	(321,357)
Settlements/disposals	(1,253,204)	–	1,295,926	(1,423)	131,890	70,751
Transfers into Level 3	1,268,637	1,400	–	–	–	–
Transfers out of Level 3	(7,695,935)	–	69,984	–	–	–
As at 30 June 2023	<u>19,448,332</u>	<u>73,962</u>	<u>(4,138,641)</u>	<u>1,376,175</u>	<u>(1,467,493)</u>	<u>(1,476,511)</u>
Total unrealised gains/losses for the period for assets/liabilities held as at 30 June 2023						
– Included in profit or loss	<u>765,499</u>	<u>–</u>	<u>35,799</u>	<u>(65,077)</u>	<u>(609,829)</u>	<u>(36,619)</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 53. FAIR VALUE OF FINANCIAL INSTRUMENTS – continued

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

For the year ended 31 December 2022 (audited)

	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
As at 1 January 2022	15,640,033	66,881	(3,381,819)	105,502	(378,426)	(1,577,696)
Total gains/losses	(1,452,158)	4,711	264,610	1,255,368	(157,340)	628,806
– Profit or loss	(1,452,158)	–	264,610	1,255,368	(157,340)	628,806
– Other comprehensive income	–	4,711	–	–	–	–
Additions	12,774,240	–	(3,201,293)	2,938	(415,410)	(293,083)
Settlements/disposals	(3,210,574)	–	1,950,068	(13,145)	12,963	52,687
Transfers into Level 3	1,516,997	–	–	–	–	–
Transfers out of Level 3	(3,610,896)	–	390,010	–	–	–
As at 31 December 2022	<u>21,657,642</u>	<u>71,592</u>	<u>(3,978,424)</u>	<u>1,350,663</u>	<u>(938,213)</u>	<u>(1,189,286)</u>
Total unrealised gains/losses for the year for assets/liabilities held as at 31 December 2022						
– Included in profit or loss	<u>(521,080)</u>	<u>–</u>	<u>264,610</u>	<u>1,255,368</u>	<u>(157,340)</u>	<u>628,806</u>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 54. CHANGE OF SCOPE OF CONSOLIDATION

### 54.1 Consolidated structured entities

As at 30 June 2023, the Group consolidated 39 structured entities (31 December 2022: 35). For those structured entities where the Group is involved as manager or as investor, the Group has significant variable interests in them and the Group is able to exercise control over their operations.

As at 30 June 2023, the total net assets of the consolidated structured entities were RMB21,807.35 million (31 December 2022: RMB15,464.67 million), the carrying amounts of the interests held by the Group in these consolidated structured entities were RMB19,950.19 million (31 December 2022: RMB13,859.02 million), the carrying amounts of the interests held by third parties in these consolidated structured entities were RMB1,857.16 million (31 December 2022: RMB1,605.65 million). Interests held by third parties in these consolidated structured entities were classified as other liabilities in condensed consolidated financial statements.

## 55. OUTSTANDING LITIGATIONS

As at 30 June 2023, the Group was involved as a defendant in certain lawsuits and arbitration with claim amounts of approximately RMB2,219.12 million (31 December 2022: RMB2,040.85 million) and certain listed company shares for distribution in-kind. Based on the court rulings, advice from legal representatives and management judgement, no provision had been made to the aforesaid claims.

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

- (1) On 17 July 2023, the Company completed the issuance of 2023 public offering of corporate bonds to professional investors (Tranche 2) amounting to RMB1.50 billion, with an annual interest rate of 2.75% and a term of 3-year.
- (2) On 20 July 2023, the Company completed the issuance of short-term financing bill (Tranche 6) amounting to RMB3.00 billion, with an annual interest rate of 2.20% and a term of 7-month.
- (3) On 26 July 2023, the Company completed the issuance of short-term financing bill (Tranche 7) amounting to RMB4.00 billion, with an annual interest rate of 2.32% and a term of 1-year.
- (4) On 25 August 2023, the Company completed the issuance of 2023 public offering of subordinated bonds to professional investors (Tranche 1) amounting to RMB1.00 billion, with an annual interest rate of 2.95% and a term of 3-year.

