
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

(Stock Code: 1776)

- (1) 2016 DIRECTORS' REPORT**
- (2) 2016 SUPERVISORY COMMITTEE'S REPORT**
- (3) 2016 FINAL FINANCIAL REPORT**
- (4) 2016 ANNUAL REPORT**
- (5) 2016 PROFIT DISTRIBUTION PLAN**
- (6) RESOLUTION REGARDING ENGAGING DELOITTE TOUCHE TOHMATSU LIMITED AS AUDITORS IN 2017**
- (7) RESOLUTION REGARDING THE AUTHORIZATION OF PROPRIETARY INVESTMENT QUOTA FOR 2017**
- (8) RESOLUTION REGARDING THE 2017 EXPECTED DAILY RELATED PARTY/CONNECTED TRANSACTIONS**
- (9) RESOLUTION REGARDING THE ELECTION OF DIRECTORS FOR THE NINTH SESSION OF
THE BOARD OF THE COMPANY**
- (10) RESOLUTION REGARDING THE ELECTION OF SUPERVISORS FOR THE
NINTH SESSION OF THE SUPERVISORY COMMITTEE OF THE COMPANY**
- (11) RESOLUTION REGARDING AMENDMENT TO THE ARTICLES OF ASSOCIATION
AND
(12) NOTICE OF AGM**

The 2016 AGM of GF Securities Co., Ltd. will be held at 1:30 p.m. on Wednesday, May 10, 2017 at the Large Conference Room, 42nd Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, the PRC. A notice convening the AGM is set out on pages 6 to 11 of this circular.

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

If you intend to attend the AGM either in person or by proxy, you are required to complete and return the reply slip for the meeting to Computershare Hong Kong Investor Services Limited (for H Shareholders) on or before Thursday, April 20, 2017.

March 25, 2017

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DEFINITIONS

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

“AGM” or “2016 AGM”	the annual general meeting of the Company to be held at 1:30 p.m. on Wednesday, May 10, 2017
“A Share(s)”	domestic shares with nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in RMB (stock code: 000776)
“A Shareholder(s)”	holder(s) of A Shares
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors of the Company
“The Company” or “Company” or “GF Securities” or “parent company”	GF Securities Co., Ltd. (廣發証券股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares and A Shares are listed on the Main Board of the Stock Exchange and the Main Board of the Shenzhen Stock Exchange, respectively
“Company Law”	Company Law of the PRC (中華人民共和國公司法)
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“E Fund”	E Fund Management Co., Ltd. (易方達基金管理有限公司)
“ECT”	E-Capital Transfer Co., Ltd. (證通股份有限公司)
“GF Asset Management”	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發証券資產管理 (廣東) 有限公司)
“GF Fund”	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
“GF Futures”	GF Futures Co., Ltd. (廣發期貨有限公司)
“GF Qianhe”	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
“GF Xinde”	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
“GFHK”	GF Holdings (Hong Kong) Corporation Limited (廣發控股 (香港) 有限公司)
“The Group” or “Group”	the Company and its subsidiaries

DEFINITIONS

“Guangdong Equity Exchange”	Guangdong Equity Exchange Co., Ltd. (廣東金融高新區股權交易中心有限公司)
“H Share(s)”	the overseas listed foreign share(s) with nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Stock Exchange and traded in Hong Kong in HK\$ (stock code: 1776)
“H Shareholder(s)”	holder(s) of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director(s)” or “Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company
“Jilin Aodong”	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
“Latest Practicable Date”	March 17, 2017, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained herein
“Liaoning Cheng Da”	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	Year 2016 (January 1, 2016 to December 31, 2016)
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the PRC (中華人民共和國證券法)
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, including A Share(s) and H Share(s)
“Shareholder(s)”	shareholder(s) of the Company, including A Shareholder(s) and H Shareholder(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Zhongshan Public Utilities”	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)

LETTER FROM THE BOARD



GF SECURITIES CO., LTD.

廣發証券股份有限公司

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

(Stock Code: 1776)

Executive Directors:

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

Non-executive Directors:

Mr. Shang Shuzhi
Mr. Li Xiulin
Mr. Chen Aixue

Independent Non-executive Directors:

Mr. Liu Jiwei
Mr. Yang Xiong
Mr. Tang Xin
Mr. Chan Kalok

*Registered office and principal place of business
in the PRC:*

43rd Floor (Room 4301-4316)
Metro Plaza
No. 183-187, Tianhe North Road
Tianhe District
Guangzhou
PRC

Place of business in Hong Kong:

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

To whom it may concern,

- (1) 2016 DIRECTORS' REPORT
- (2) 2016 SUPERVISORY COMMITTEE'S REPORT
- (3) 2016 FINAL FINANCIAL REPORT
- (4) 2016 ANNUAL REPORT
- (5) 2016 PROFIT DISTRIBUTION PLAN
- (6) RESOLUTION REGARDING ENGAGING DELOITTE TOUCHE TOHMATSU LIMITED AS AUDITORS IN 2017
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- (9) RESOLUTION REGARDING THE ELECTION OF DIRECTORS FOR THE NINTH SESSION OF
THE BOARD OF THE COMPANY
- (10) RESOLUTION REGARDING THE ELECTION OF SUPERVISORS FOR THE
NINTH SESSION OF THE SUPERVISORY COMMITTEE OF THE COMPANY
- (11) RESOLUTION REGARDING AMENDMENT TO THE ARTICLES OF ASSOCIATION
AND
- (12) NOTICE OF THE AGM

LETTER FROM THE BOARD

1. INTRODUCTION

On behalf of the Board, I would like to invite you to attend the 2016 AGM to be held at 1:30 p.m. on Wednesday, May 10, 2017 at the Large Conference Room, 42nd Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, the PRC.

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

2. BUSINESSES TO BE CONSIDERED AT THE AGM

Details of the businesses to be considered at the AGM are described in detail in the notice of AGM, which is set out on pages I-1 to I-9 of this circular.

Resolutions to be proposed at the AGM include the resolutions to be approved by way of special resolutions: the resolution regarding amendment to the Articles of Association.

Resolutions to be proposed at the AGM include the resolutions to be approved by way of ordinary resolutions: (1) the 2016 Directors' Report; (2) the 2016 Supervisory Committee's Report; (3) the 2016 Final Financial Report; (4) the 2016 Annual Report; (5) the 2016 Profit Distribution Plan; (6) the resolution on engaging Deloitte Touche Tohmatsu Limited as auditors in 2016; (7) the resolution on the authorization of proprietary investment quota for 2016; (8) the resolution on the 2017 expected daily related party/connected transactions; (9) the resolution on the election of Directors for the ninth session of the Board of the Company; and (10) the resolution on the election of Supervisors for the ninth session of the Supervisory Committee.

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

The following resolutions will be presented at the AGM for hearing, but no Shareholders' approval is required: (1) the 2016 work report of the Independent Directors ; (2) the 2016 duty performance report of the Independent Directors; (3) the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2016; (4) the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2016; and (5) the Special Description of the Duty Performance, Performance Assessment and Remuneration of the Operating Management for the Year of 2016. In order to provide detailed information to Shareholders, the resolutions are set out in Appendix II to Appendix VI to this circular for Shareholders' inspection, respectively.

LETTER FROM THE BOARD

3. THE AGM

The AGM will be held at 1:30 p.m. on Wednesday, May 10, 2017 at the Large Conference Room, 42nd Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, the PRC. The notice of AGM is set out on pages 6 to 11 of this circular.

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

If you intend to attend the AGM either in person or by proxy, you are required to complete and return the reply slip for the meeting to Computershare Hong Kong Investor Services Limited (for H Shareholders) on or before Thursday, April 20, 2017.

The address of the Company's Board office is 39th Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, PRC, postcode: 510075, (phone: (86) 20 8755 0265, (86) 20 8755 0565; fax: (86) 20 8755 4163). Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (phone: (852) 2862 8555).

4. VOTING BY POLL

Pursuant to the requirements of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll. Therefore, all resolutions to be proposed at the AGM will be voted by poll. Results of the poll voting will be posted on the website of the Company at www.gf.com.cn and on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk upon the conclusion of the AGM.

5. RECOMMENDATION

The Directors (including the Independent Non-executive Directors) consider that the resolutions set out in the notice of AGM are in the interests of the Company and its Shareholders as a whole. Therefore, the Directors recommend you to vote in favor of the proposed resolutions mentioned above.

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

NOTICE OF AGM



GF SECURITIES CO., LTD.

廣發証券股份有限公司

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

(Stock Code: 1776)

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of GF Securities Co., Ltd. (the “Company”) will be held at 1:30 p.m. on Wednesday, May 10, 2017 at the Large Conference Room, 42nd Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, the PRC to consider and, if thought fit, approve the following resolutions. Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated March 25, 2017.

ORDINARY RESOLUTIONS

1. To consider and approve the 2016 Directors' Report.
2. To consider and approve the 2016 Supervisory Committee's Report.
3. To consider and approve the 2016 Final Financial Report.
4. To consider and approve the 2016 Annual Report.
5. To consider and approve the 2016 Profit Distribution Plan.
6. To consider and approve the resolution regarding engaging Deloitte Touche Tohmatsu Limited as auditors in 2017.
7. To consider and approve the resolution regarding the authorization of proprietary investment quota for 2017.
8. To consider and approve the resolution regarding the 2017 expected daily related party/connected transactions.
9. To consider and approve the resolution regarding the election of Directors for the Ninth Session of the Board of the Company.
 - 9.1 To consider and approve the resolution regarding the election of Mr. Shang Shuzhi as a Non-Executive Director for the Ninth Session of the Board of the Company

NOTICE OF AGM

- 9.2 To consider and approve the resolution regarding the election of Mr. Li Xiulin as a Non-Executive Director for the Ninth Session of the Board of the Company
- 9.3 To consider and approve the resolution regarding the election of Ms. Liu Xuetao as a Non-Executive Director for the Ninth Session of the Board of the Company
- 9.4 To consider and approve the resolution regarding the election of Mr. Yang Xiong as an Independent Non-Executive Director for the Ninth Session of the Board of the Company
- 9.5 To consider and approve the resolution regarding the election of Mr. Tang Xin as an Independent Non-Executive Director for the Ninth Session of the Board of the Company
- 9.6 To consider and approve the resolution regarding the election of Mr. Chan Kalok as an Independent Non-Executive Director for the Ninth Session of the Board of the Company
- 9.7 To consider and approve the resolution regarding the election of Mr. Sun Shuming as an Executive Director for the Ninth Session of the Board of the Company
- 9.8 To consider and approve the resolution regarding the election of Mr. Lin Zhihai as an Executive Director for the Ninth Session of the Board of the Company
- 9.9 To consider and approve the resolution regarding the election of Mr. Qin Li as an Executive Director for the Ninth Session of the Board of the Company
- 9.10 To consider and approve the resolution regarding the election of Ms. Sun Xiaoyan as an Executive Director for the Ninth Session of the Board of the Company
10. To consider and approve the resolution regarding the election of Supervisors for the Ninth Session of the Supervisory Committee of the Company
 - 10.1 To consider and approve the resolution regarding the election of Ms. Zhan Lingzhi as a Supervisor for the Ninth Session of the Supervisory Committee of the Company
 - 10.2 To consider and approve the resolution regarding the election of Mr. Tan Yue as a Supervisor for the Ninth Session of the Supervisory Committee of the Company
 - 10.3 To consider and approve the resolution regarding the election of Mr. Gu Naikang as a Supervisor for the Ninth Session of the Supervisory Committee of the Company

NOTICE OF AGM

SPECIAL RESOLUTIONS

11. To consider and approve the resolution regarding amendment to the Articles of Association.

TO HEAR THE RELEVANT REPORTS

12. To hear the 2016 Work Report of the Independent Directors.
13. To hear the 2016 Duty Performance Report of the Independent Directors.
14. To hear the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2016.
15. To hear the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2016.
16. To hear the Special Description of the Duty Performance, Performance Assessment and Remuneration of the Operating Management for the Year of 2016.

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

Guangzhou, the PRC

March 25, 2017

As at the date of this notice, the Board of the Company comprises Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan as executive Directors; Mr. Shang Shuzhi, Mr. Li Xiulin and Mr. Chen Aixue as non-executive Directors; and Mr. Liu Jiwei, Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok as Independent Non-executive Directors.

Notes:

1. Details of the above resolutions are set out in Appendix I to the circular of the Company dated March 25, 2017 (the “**Circular**”), of which details of each of the resolutions are set out in Annex A to Annex G of Appendix I to the Circular, respectively.
2. The following resolutions will be presented at the AGM for hearing, but no Shareholders’ approval is required: (1) the 2016 work report of the Independent Directors ; (2) the 2016 duty performance report of the Independent Directors; (3) the Special Description of the Performance Assessment and Remuneration of the Directors for the Year of 2016; (4) the Special Description of the Duty Performance Appraisal and Remuneration of the Supervisors for the Year of 2016; and (5) the Special Description of the Duty Performance, Performance Assessment and Remuneration of the Operating Management for the Year of 2016.

NOTICE OF AGM

3. Pursuant to the requirements of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll. Therefore, the resolutions as set out in the notice of AGM will be voted by poll. Results of the poll voting will be posted on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.gf.com.cn upon the conclusion of the AGM.
4. Any Shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote on his/her behalf at the meeting. A proxy need not be a Shareholder of the Company.
5. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, should be completed and deposited at the Board's office (for A Shareholders) or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), no less than 24 hours before the time appointed for holding the AGM. The address of the Company's Board office is at 39th Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, PRC, postcode: 510075, (phone: (86) 20 8755 0265; fax: (86) 20 8755 4163). Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (phone: (852) 2862 8555). Completion and return of the proxy form will not preclude a Shareholder from attending and voting at the AGM in person should he/she so wish.
6. In order to determine the H Shareholders' entitlement to attend the AGM, **the H Share register of members of the Company will be closed from Monday, April 10, 2017 to Wednesday, May 10, 2017 (both days inclusive), during which period no transfer of shares will be registered.** In order for H Shareholders to attend the AGM, all share transfer documents accompanied by the relevant share certificates, must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **by 4:30 p.m. on Friday, April 7, 2017.** H Shareholders who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the AGM.
7. The Board recommended the payment of a final dividend for the year ended December 31, 2016 in an aggregate amount expected to be RMB2,667,380,682.40 (tax inclusive), representing a cash dividend of RMB3.5 (tax inclusive) for every 10 Shares held on the basis of the number of shares on the record date for dividend distribution. Cash Dividends of H shares are distributed in Hong Kong dollars, the actual amount of which is calculated based on the average benchmark exchange rate for conversion between RMB and Hong Kong dollar issued by the People's Bank of China on the fifth working day before the convening date of the AGM (namely Tuesday, May 2, 2017 to Tuesday, May 9, 2017).

If our Shareholders approve the 2016 final dividend at the AGM, the Company's final dividend ended December 31, 2016 will be paid to H Shareholders before Wednesday, July 5, 2017.

The 2016 final dividend will be paid to those H Shareholders whose names appear on the Company's register of members at the close of business on Sunday, May 21, 2017 (the "**Record Date**"). To determine the identity of the Shareholders entitled to receive the final dividend, **the H Share register of members of the Company will be closed from Tuesday, May 16, 2017 to Sunday, May 21, 2017 (both days inclusive), during which period no share transfer will be registered.** In order to be entitled to receive the 2016 final dividend, all share certificates together with the transfer documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **by 4:30 p.m. on Monday, May 15, 2017.**

8. Time arrangements of the record date, ex-entitlement date, final dividend payment date for investors of Northbound Trading of Shenzhen Connect are consistent with those for A Shareholders of the Company. Cash dividend of A Shares of the Company will be paid based on the time table as below: the record date is on Tuesday, July 4, 2017, the ex-entitlement date and cash dividend payment date are on Wednesday, July 5, 2017.

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

NOTICE OF AGM

9. Withholding and payment of enterprise income tax for non-resident enterprise shareholders

According to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the 2016 final dividend to non-resident enterprise shareholders as appeared on the H Share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

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

Withholding and payment of individual income tax for individual foreign shareholders

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay individual income tax before distributing the 2016 final dividend to individual shareholders as appeared on the H Share register of members of the Company (the "individual H Shareholders"). However, the individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). In this regard, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

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

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

NOTICE OF AGM

Withholding of income tax for H Share Shareholders via Southbound Trading

Pursuant to the Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) promulgated on 5 December 2016:

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

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

10. In the case of joint Shareholders, if more than one of them are present at the meeting, either in person or by proxy, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholder(s). For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
11. H Shareholders who intend to attend the AGM in person or by proxy should return the reply slip for the AGM to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by hand, by post or by fax on or before Thursday, April 20, 2017.
12. The AGM is expected to last for one day. Shareholders or their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM.
13. Ordinary resolution 8 above will be voted by the Shareholders who are not interested in such resolution. Jilin Aodong, Liaoning Cheng Da, Zhongshan Public Utilities and their respective associates shall abstain from voting on ordinary resolution 8 above, and shall not vote under the entrustment of other shareholders.

ORDINARY RESOLUTIONS:**1. Considering and Approving the 2016 Directors' Report**

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

The 2016 Directors' Report of GF Securities was considered and approved by the Board on March 24, 2017.

Details of the aforesaid report of the Board are set out in Annex A to this circular.

2. Considering and Approving the 2016 Supervisory Committee's Report

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

The 2016 Supervisory Committee's Report of GF Securities was considered and approved by the Supervisory Committee on March 24, 2017.

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

3. Considering and Approving the 2016 Final Financial Report

The 2016 Final Financial Report of GF Securities was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval.

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

4. Considering and Approving the 2016 Annual Report

The 2016 Annual Report was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval. For details about the Annual Report, please refer to the 2016 Annual Report dated March 24, 2017 posted on the HKExnews website of Hong Kong Exchanges and Clearing Limited at (www.hkexnews.hk) and our website at (www.gf.com.cn) by the Company.

5. Considering and Approving the 2016 Profit Distribution Plan

Pursuant to the 2016 Profit Distribution Plan of GF Securities considered and approved by the Board on March 24, 2017, the profit distribution plan of the Company for the year of 2016 is proposed as follows:

In 2016, the parent company of GF Securities achieved a net profit of RMB6,178,219,362.16, and in accordance with the provisions of the Articles of Association of the Company, each of the statutory surplus reserve, the general risk reserve, and the transaction risk reserve was credited with 10% of the net profit, amounting to RMB617,821,936.22 for each of the reserves. According to the Provisional Measures on Supervision and Administration of Risk Reserve of Public Offering of Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》), a fund custodian should appropriate no less than 2.5% of the income from fund custodian fees to the risk reserve on a monthly basis. A sum of RMB353,272.85 was appropriated to the general risk reserve for asset custodian business, and the remaining distributable profit amounted to RMB17,356,535,185.03.

According to the Document (No. [2007] 320) issued by the CSRC, securities firms shall not utilize the gains arising from fair value changes included in distributable profits to distribute cash dividends. After deducting the gains arising from fair value changes included in distributable profits, the distributable profit for cash dividends for the year amounted to RMB16,963,763,242.24.

Based on the Company's existing share capital of 7,621,087,664 shares, it was proposed that a cash dividend of RMB3.5 (tax inclusive) be distributed for every 10 shares held on the basis of the number of shares on the record date for dividend distribution, amounting to a total cash dividend of RMB2,667,380,682.40, and the remaining undistributed profit of RMB14,689,154,502.63 would be carried forward to the next year. Cash Dividends of H shares are distributed in Hong Kong dollars, the actual amount of which is calculated based on the average benchmark exchange rate for conversion between RMB and Hong Kong dollar issued by the People's Bank of China on the fifth working day before the convening date of the AGM (from Tuesday, May 2, 2017 to Tuesday, May 9, 2017).

The aforesaid 2016 Profit Distribution Plan was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval. If our Shareholders approve the 2016 final dividend at the AGM, the Company's final dividend ended December 31, 2016 will be paid to H Shareholders before Wednesday, July 5, 2017.

The 2016 final dividend will be paid to those H Shareholders whose names appear on the Company's register of members at the close of business on Sunday, May 21, 2017. To determine the identity of the Shareholders entitled to receive the final dividend, **the H Share register of members of the Company will be closed from Tuesday, May 16, 2017 to Sunday, May 21, 2017 (both days inclusive), during which period no share transfer will be registered.** In order to be entitled to receive the 2016 final dividend, all share certificates together with the transfer documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by **4:30 p.m. on Monday, May 15, 2017.**

Time arrangements of the record date, ex-entitlement date, final dividend payment date for investors of Northbound Trading of Shenzhen Connect are consistent with those for A Shareholders of the Company. Cash dividend of A Shares of the Company will be paid based on the time table as below: the record date is on Tuesday, July 4, 2017, the ex-entitlement date and cash dividend payment date are on Wednesday, July 5, 2017.

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

Operating management shall be authorized at the AGM to deal with, including but not limited to, opening and operating dividend accounts and other specific matters that related to profit distribution fulfillment.

6. Considering and Approving the Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as Auditors in 2017

Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu are the auditors of the Company, and are the member firms of Deloitte Touche Tohmatsu Limited. According to the professional level and experience of Deloitte Touche Tohmatsu Limited, the Board proposes to re-appoint Deloitte Touche Tohmatsu Limited as our auditor in 2017, and hereby proposes to the general meeting to authorize our operating management to negotiate with Deloitte Touche Tohmatsu Limited to determine our 2017 audit fee with reference to the industry level.

The aforesaid resolution was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval.

7. Considering and Approving the Resolution Regarding the Authorization of Proprietary Investment Quota for 2017

The aforesaid resolution was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval. Details of the aforesaid resolution are set out in Annex D to this circular.

8. Considering and Approving the Resolution Regarding the 2017 Expected Daily Related/Connected Transactions

The aforesaid resolution was considered and approved by the Board on March 24, 2017 and is hereby proposed to the AGM for its consideration and approval. Details of the aforesaid resolution are set out in Annex E to this circular.

9. Considering and Approving the Resolution Regarding the Election of Directors for the Ninth Session of the Board of the Company

In accordance with the provisions of the Articles of Association of the Company, the term of the eighth session of the Board of the Company will come to an end soon. The Company has received the “Letter of Recommendation on Directors” from Liaoning Cheng Da, Jilin Aodong and Zhongshan Public Utilities to recommend Mr. Shang Shuzhi, Mr. Li Xiulin and Ms. Liu Xuetao, respectively, as candidates of directors for the ninth session of the Board of the Company. By consolidating the recommendation opinions from the above Shareholders, at the thirty-eighth meeting of the eighth session of the Board held on March 24, 2017, the Board considered and approved the proposals in relation to the nomination of Mr. Shang Shuzhi, Mr. Li Xiulin, Ms. Liu Xuetao, Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok, Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan as Directors of the ninth session of the Board of the Company, in which: Mr. Shang Shuzhi, Mr. Li Xiulin, Ms. Liu Xuetao have been nominated as Non-executive Directors; Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok, have been nominated as Independent Non-executive Directors; Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan have been nominated as Executive Directors.

The Board considers that all the proposed Independent Directors possess the basic knowledge of operations of listed companies, are familiar with the relevant laws, administrative regulations, departmental rules and other regulatory documents and have over five years of working experience in law, economics, finance, management or other experiences necessary for serving as Independent Directors. Moreover, each of the proposed Independent Directors has given confirmation to the Company of his/her independence pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Board also considers that each of the proposed Independent Directors meets the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules and is independent in accordance with the terms of the guidelines.

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

Except for Ms. Liu Xuetao, in accordance with the Administrative Measures for Qualifications of Directors, Supervisors and Senior Management of Securities Companies (《證券公司董事、監事和高級管理人員任職資格監管辦法》), other director candidates has satisfied the qualification requirements for his or her position. The qualification of the position of Ms. Liu Xuetao is subject to approval.

If appointed, the above-mentioned proposed Directors will enter into Director’s service contracts with the Company, with term of office commencing on the date when the resolutions on their respective appointments as Directors of the Company are approved at the AGM and ending on the expiry of the term of the ninth session of the Board, and they shall be eligible for re-election and re-appointment upon the expiry of the term. The remuneration of the executive Directors shall be determined depending on the relevant system of the Company and their positions and performance, and mainly comprises of base salary, performance-based remuneration, annuity, staff benefits, social insurance and housing fund. The remuneration of the executive Directors is determined by the relevant

State policies and relevant provisions of the Company. The Remuneration and Nomination Committee of the Company is responsible for considering the annual performance-based compensation distribution plan of the operating management and submitting the same to the Board for approval. In addition, the remuneration of non-executive Directors and Independent Non-executive Directors is expected to be RMB180,000 and RMB270,000.

To the knowledge of the Directors of the Company and save as disclosed in this circular, the above-mentioned proposed Directors did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and they do not have any relationship with any Director, senior management or substantial Shareholder of the Company nor do they hold any position with the Company or any of its subsidiaries. As at the date of this circular, none of the above-mentioned proposed Directors has any interest in any shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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

The Board is now proposing to the AGM for consideration and approval item by item of each sub-resolution regarding the election of Mr. Shang Shuzhi, Mr. Li Xiulin, Ms. Liu Xuetao, Mr. Yang Xiong, Mr. Tang Xin, Mr. Chan Kalok, Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan as a Director for the ninth session of the Board of the Company.

In addition, as at the date of publication of this circular, Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok have obtained certificates of independent director qualification of listed companies issued by the Shenzhen Stock Exchange. The director appointment qualifications of Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok and their independence are subject to no dissent after filing to and review by the Shenzhen Stock Exchange before submission for voting at the AGM. If the director appointment qualifications of Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok and their independence have completed filing and passed the review conducted by the Shenzhen Stock Exchange before the date of convening the AGM, the Company will not issue a further notice or announcement separately, the AGM will consider and vote on the sub-resolutions of electing Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok as Independent Non-executive Directors for the ninth session of the Board according to the arrangement as set out in this circular.

In addition, the Articles of Association of the Company provided that “The Board shall consist of 11 directors, including four independent directors”. In the current nomination, 3 Independent Non-executive Directors have been nominated. The Company will identify a suitable candidate of Independent Non-executive Director as soon as possible in accordance with the relevant requirements,

and submit to the AGM for approval. Before assumption of office by the re-elected Independent Non-executive directors, Mr. Liu Jiwei, the Independent Non-executive director, will continue to perform his duties in accordance with the requirements of laws, administrative regulations and the Articles of Association.

10. Considering and Approving the Resolution Regarding the Election of Supervisors for the Ninth Session of the Supervisory Committee

In accordance with the provisions of the Articles of Association of the Company, the term of the eighth session of the Supervisory Committee of the Company will come to an end soon. At the fifteen meeting of the eighth session of the Supervisory Committee held on March 24, 2017, the Supervisory Committee considered and approved the proposal in relation to the nomination of Ms. Zhan Lingzhi, Mr. Tan Yue and Mr. Gu Naikang as Supervisors of the ninth session of the Supervisory Committee of the Company. In accordance with the Administrative Measures for Qualifications of Directors, Supervisors and Senior Management of Securities Companies (《證券公司董事、監事和高級管理人員任職資格監管辦法》), Ms. Zhan Lingzhi, Mr. Tan Yue and Mr. Gu Naikang have been qualified to take office.

The biographical details of the proposed Supervisor(s) are set out in Annex G to this circular.

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

To the knowledge of the Directors of the Company and save as disclosed in this circular, the above-mentioned proposed Supervisors did not hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and they do not have any relationship with any Director, senior management or substantial Shareholder of the Company nor do they hold any position with the Company or any of its subsidiaries. As at the date of this circular, none of the above-mentioned proposed Supervisors has any interest in any shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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

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

The Board is now proposing to the general meeting for consideration and approval item by item of each sub-resolution regarding the election of Ms. Zhan Lingzhi, Mr. Tan Yue and Mr. Gu Naikang as Supervisors for the ninth session of the Supervisory Committee of the Company.

SPECIAL RESOLUTIONS:

11. Considering and Approving the Resolution Regarding Amendment to the Articles of Association

The existing Articles of Association can be viewed on the HKExnews website of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.gf.com.cn). Based on its development needs, the Company intends to change its address from “43rd Floor (Room 4301-4316), Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou” to “Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong”, and to amend Article 4 of the Articles of Association. According to the requirements of Management Criteria for Private Equity Fund Subsidiaries of a Securities Firm (《證券公司私募投資基金子公司管理規範》) and Management Criteria for Alternate Investment Subsidiaries of a Securities Firm (《證券公司另類投資子公司管理規範》) issued by the Securities Association of China on December 30, 2016, the Board proposes and approves the following amendments to the existing Articles of Association:

Existing Provision		New Provision	
Provision	Content of Provision	Provision	Content of Provision
Article 4	The address of the Company: 43rd Floor (Room 4301-4316), Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou; Postcode: 510075; Telephone number: +8620-87550265, +8620-87550565; Fax number: +8620-87554163.	Article 4	The address of the Company: Room 618, 2 Tengfei 1st Road, Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong; Postcode: 510555 ; Telephone number: +8620-87550265, +8620-87550565; Fax number: +8620-87554163.

Existing Provision		New Provision	
Provision	Content of Provision	Provision	Content of Provision
Article 165	<p>According to laws and administrative regulations and relevant requirements of the CSRC, the Company may set up wholly-owned subsidiaries to conduct direct investment business.</p> <p>According to laws and administrative regulations and relevant requirements of the CSRC, the Company may set up subsidiaries to conduct investment in financial products other than those listed in the List of Securities Investment Products for the Proprietary Trading by Securities Firms (《證券公司證券自營投資品種清單》).</p>	Article 165	<p>According to the relevant requirements of the laws and administrative regulations and the relevant requirements of the CSRC, <u>subject to approval by the delegated agency of the CSRC at the place of incorporation</u>, the Company may set up <u>wholly-owned private equity fund subsidiaries to engage in private equity fund business.</u></p> <p>According to the relevant requirement of the laws and administrative regulations and the relevant requirements of the CSRC, <u>subject to approval by the delegated agency of the CSRC at the place of incorporation</u>, the Company may set up <u>wholly-owned alternative investment subsidiaries to engage in the business of alternative investment in financial products, equities, etc.</u> other than those categories listed in the List of Securities Investment Products for the Proprietary Trading of Securities Companies (《證券公司證券自營投資品種清單》).</p>

The Board of Directors shall submit at the AGM the consent in changing the Company's address and the above amendments to the Articles of Association as well as the operating management to be granted rights: (1) to make adjustments and amendments to the Articles of Association (Draft) considered and approved at the AGM of the Company, including but not limited to, adjust and amend the words, chapters, clauses, enter-into-force conditions and others of the Articles of Association, according to the provisions in domestic and foreign laws and regulations, requirements and advices from relevant domestic and foreign governmental authorities and regulatory institutions, and the actual situation of the Company; (2) to complete relevant procedures for applying to regulatory institutions for approval/filing of the Articles of Association; (3) to complete relevant procedures such as registration for the change with the relevant industry and commerce authority as involved in the change in the Company's address and the amendments to the Articles of Association.

Such proposed amendments are subject to the Shareholders' approval by way of special resolution at the AGM, approval of or filing with the Chinese securities regulatory institutions and completion of the registration procedures for the change with the relevant industry and commerce authority before they take effect.

The above resolution on the amendments to the Articles of Association was considered and approved by the Board on March 24, 2017, and is hereby proposed as special resolution to the AGM for its consideration and approval.

After the amended Articles of Association become effective, the Company will complete the change of business registration regarding address change and filing of the Articles of Association as soon as practicable.

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

Dear Shareholders,

The directors of the Company (the “Directors”) present the annual report and the audited consolidated financial statement of the Company and the Group for the year ended December 31, 2016. Contents of the relevant sections in the 2016 Annual Report (“this report”) mentioned in the cross references in the Director’s Report forms part of the Directors’ Report.

I. MAIN BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD**(I) The Group’s Main Business Type**

The Group is positioned as a provider of comprehensive capital market services with industry-leading innovation capabilities focused on serving China’s quality SMEs and affluent individuals. The Group has built a diversified business serving the various needs of corporations, individuals (especially affluent individuals), institutional investors, financial institutions and government clients. The main business of the Group can be classified into four segments, namely investment banking, wealth management, trading and institutional client services and investment management, and the development of the respective business has ranked among forefront of the industry. Principal business of the Company and the main subsidiaries are set out in Note 68 of the Notes to the Consolidated Financial Statements.

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

Investment Banking	Wealth Management	Trading and Institutional Client Services	Investment Management
<ul style="list-style-type: none"> ● Equity finance ● Debt finance ● Financial advisory 	<ul style="list-style-type: none"> ● Retail brokerage and wealth management ● Margin financing and securities lending ● Repurchase transactions 	<ul style="list-style-type: none"> ● Equity sales and trading ● Fixed income sales and trading ● OTC sales and trading ● Investment research ● Asset custody 	<ul style="list-style-type: none"> ● Assets management ● Public Fund management ● Private Fund management ● Alternative investment

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

Wealth Management: the Group earns its fees, consultant fees and commissions through providing brokerage and investment advisory services, obtaining interest income from its business of financing and securities lending and borrowing, repurchase transactions and cash holding 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 Institutional Client Services: the Group earns its investment income and interest income through market services from stock, fixed income and derivatives and self-support transactions, and 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 and advisory fees through providing services for the assets management, public and private fund management, and obtaining its investment income through making alternative investments.

During the Reporting Period, the Group has actively carried out businesses including finance lease, QDLP and PPP. The Group has persisted in adhering to the core of securities business, integrating resources to better service customers, and creating an innovative integrated financial services platform. During the Reporting Period, the main businesses and the operating model of the Group have had no significant changes.

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

The main businesses of the Group have developed steadily in light of various driving factors, which mainly include the following aspects:

1. The importance of the securities industry has been improved and will show a steady and developing trend. In the “Proposal on Formulating the 13th Five-Year Plan on National Economic and Social Development” (《中共中央關於制定國民經濟和社會發展第十三個五年規劃的建議》) passed in November 2015, for the capital markets and the securities industry, the general idea is to direct with marketization and legalization, accelerate reform of the financial system, improve the economic efficiency of financial services entities and enhance the proportion of direct financing, which plays an important guiding role for the future development of the industry and also reflects that the highest decision-makers attach great importance to the development of capital markets. There still has a remarkable space for the development of the industry. On the other hand, the securities industry has also placed the risk prevention as a more important concern under the background of cutting excessive industrial capacity and reducing leverage of the macro economy. The regulatory authorities will improve the rules and regulations and coordinate the multi-industry regulation on the basis of “lawful supervision, strict supervision and comprehensive supervision”, to enhance the level of market standardization constantly, and the securities industry will show a steady and developing trend in a future period.
2. The direct financing demand of enterprises is huge, and the merger market is developing. In the process of the rapid economic growth and transformation in China, the financing requirements of the Chinese enterprises have increased continually. Compared with the overseas mature capital markets, the proportion of direct financing in China is relatively low, and China’s capital market has a broad space for growth. Benefited from the government’s policy to strongly encourage and support the development of real economy and direct financing, as well as China’s demand of economic transformation, the financing requirements of the Chinese enterprises have increased continually, and China’s capital market has a strong growth potential. Besides, China’s current economy is in a transitional period of steady growth and structural adjustment. This will take place over a longer-time period; assets reorganization and mergers and acquisitions will play a special role in the

economic transformation of China; in the recent years, the approval efficiency of major mergers and acquisitions by the China Securities Regulatory Commission has been greatly improved, and the mergers of equity and debt instruments have been increasing. All these will promote the development of investment banking business for securities companies.

3. The wealth of residents has been accumulated and allocation structure has changed, and there will be a huge room for development in wealth management business. With the continuous growth of China's economy and the wealth of residents, asset management industry of China has developed rapidly, which has become the sector with most dynamic and growth potential in finance sub-area. Although the economy has currently entered into a period of the new normal, accumulation of wealth of residents might not be as rapid as it was. However, according to the forecast by BCG, the asset management scale will reach RMB174 trillion by 2020. On the other hand, the wealth allocation structure of residents will also be subject to adjustment. Household asset allocation of China is currently focusing on properties, but with the rapid development phase of the real estate industry drawing to a close, the percentage of the properties in the household asset allocation will decline and that of financial assets will increase. Therefore, the development of the asset management industry is gradually standardized, and there will be a huge room for development in wealth management business for the wealth of residents.
4. The degree of participation of institutional investors has increased continuously. According to BCG Advisory Report, from the view of condition of the whole asset management industry, fund scale of the individual customer accounts for 61%, while fund scale of the long term institutional investors which include pension, enterprise annuity and insurance only accounts for 39%, which has great difference with the proportion of global market, reflecting the investment behavior of pursuing short term benefits and ignoring long term balanced allocation of assets. In fact, development of institutional investors will be of great significance on stable and healthy development of A share market, which has been a key task of the regulatory authorities. In the future, the investment scope and scale of the funds managed by professional institutional investors, such as insurance funds, enterprise annuity, pensions and offshore funds will be expanded. The degree of participation of institutional investors has increased, which will generate new income sources and diversified business opportunities for securities companies; and change of investor structure will also affect the existing transaction business and business mode of asset management.
5. The internationalization of capital market has been accelerated. With the promotion of the proportion and status of the Chinese economy in the global economic system and with the steady progress of the national strategy of "One Belt, One Road", the internationalization process of capital market has also been accelerated. The launch of "Shenzhen-Hong Kong Stock Connect" business in 2016 is another important measure for the interconnection between the two capital markets following the "Shanghai-Hong Kong Stock Connect", being a major innovation of the two-way opening up for the capital market in China. Since the formal operation of the Shanghai-Hong Kong Stock Connect in November 2014, despite the severe fluctuation of the capital market in the mainland, it still maintained a smooth operation, which proved the success of the interconnection system. With the increasing internationalization of the RMB in the future, the internationalization of capital markets is expected to move further forward, and the development of securities industry will also keep up with the pace.

Benefited from China's increasing economic growth and reform and opening up and the innovation development of the capital market, the capital market of China has gradually become an important force in the financial markets in more than two decades. China's economy is now in the process of transformation and upgrading, there are sustainable needs of investment and financing and revitalizing stock assets for enterprises, and the capital market will play an important role. The Chinese government is also committed to accelerate the construction of multi-level capital market and vigorously enhance the proportion of direct financing. As an important emerging market, China's capital market and China's securities industry have a huge potential for growth.

Meanwhile, the securities business of the Group relies on and benefits from China's economic growth, accumulation of household wealth and the development and performance of China's capital market. Financial products issuance and trading volume, including stocks, bonds, and financial products and affected by the economic environment, regulatory environment, investor sentiment and the international market and other factors, have shown stronger periodic features.

II. BUSINESS REVIEW

Business operations and business review of the Group for the year ended December 31, 2016 are set out in "Discussion and Analysis of Operations", which forms part of the Directors' Report, in Section 5 of this annual report.

III. ANALYSIS ON CORE COMPETITIVENESS

(I) Market-oriented mechanism, balanced and diversified ownership structure, and perfect corporate governance

The Company has no controlling shareholder and de facto Controller. Over the past 17 years, the top three shareholders of the Company have been Jilin Aodong, Liaoning Cheng Da and Zhongshan Public Utilities (all public listed companies) (excluding HKSCC Nominees, as the shares held by HKSCC Nominees are owned by non registered shareholders of H Shares). As of December 31, 2016, the shareholding percentages of Jilin Aodong and its concert parties, Liaoning Cheng Da and its concert parties and Zhongshan Public Utilities and its concert parties were 16.76%, 16.42% and 10.33%, respectively, forming a stable equity structure. A sustainable, balanced and diversified shareholding structure provides strong support for the Company to form a sound governance structure, and ensures that the Company maintains its market operation mechanism in long run, which facilitates the Company to achieve sustained and healthy development.

In accordance with the requirements of modern enterprise system, the Company has established a corporate governance structure — consisting of the general meeting of shareholders, board of directors, supervisory committee and the operation management — and corresponding operating mechanism. The Company safeguards the right to know and right of decision-making for the shareholders, directors and supervisors and establishes the internal hierarchical authorization and

power balance mechanism by means of key governance documents such as the Articles of Association, Rules of Procedure of the General Meeting of Shareholders, Rules of Procedure of the Meeting of Board of Directors, Rules of Procedure of the Meeting of the Supervisory Committee, the Working Instructions of the Chairman and the Working Instructions of the General Manager. The Company adopts a scientific operations decision-making system. All major matters are handled as per the collective decision-making mechanism. The decision-making of the various businesses is handled in accordance with the stipulated approval process. The individual sections of the approval process are conducted with professional judgment, maintenance of standards and risk control in accordance with the defined roles and responsibilities.

(II) Excellent corporate culture and stable management team

With the core value of “**inquisitiveness, integrity, client focus and teamwork**”, the Company has carried out the management philosophy of “**stable growth, continual innovations, performance-driven culture and business strategies**” to seek sustained, healthy and stable development. The Company adheres to the securities business as the core, integration of resources and consolidation of advantages so as to create an innovative integrated financial services platform, maintain a leading position in the industry and construct itself an important modern investment bank in the system in the near future. The Company will further rely on the national foreign development strategy, speed up its plan for internationalization, actively participate in the international competition, and gradually increase the proportion of revenue from international operations.

Sound corporate culture will boost the Company’s cohesion and momentum. The Company has a highly stable management team and a core business team with low turnover rate of talent. The management team members have an average of more than 17 years of managerial experience in securities and finance and relevant sectors and have served an average term of approximately 16 years. Over the past three years, the voluntary turnover rates of the middle and high-level management team and the employees are 1% and 2% or so, thus greatly boosting client confidence, the continuity and stability of the various businesses.

As at the end of the Reporting Period, the Company’s investment advisory team ranked first in terms of its size in the industry and possessed consulting experience of more than 9 years on average. The Company has been one of the securities firms with the largest sponsor representative teams in the industry. The research results of the analyst team of the Company have been among the top rankings of the “Best Local Research Team” awarded by New Fortune for many years. Nearly 15% of the employees of the headquarters of the Company possess overseas working experience or have been educated overseas, which constitutes a talent pool for the international business development of the Company.

(III) Time-tested effective risk and compliance management mechanism

The Company’s risk management ability is at the forefront of the industry, and has been repeatedly tested in the Company’s development process. The Company is one of the first batch of pilot compliance management brokerages selected by the China Securities Regulatory Commission, one of the first brokerages to implement a comprehensive risk management strategy in the industry, and one of four major brokerages which has not received investment or restructuring due to operating

losses among the first batch of brokers established from the end of the 80's to the early 90's. The Company has upheld the "stable growth" concept by firmly conforming to the compliance base line and the risk management life-line. The Company has consistently adhered to a modest risk preference, supported the steady development of the business through modest risk-bearing, effective risk management, actively responding to and disposing of risks and independent oversight of risk, and has ensured that the risks tolerated by the Company remain within the set tolerance level. On one hand, the Company carried out compliance management in close combination with business needs to adequately conduct compliance law argumentation and serve the operation of business; meanwhile, the compliant operation of business is supervised through measures such as system construction, process improvement, inspection and implementation. On the other hand, with respect to problems and risks identified, appropriate compliance management measures are promptly taken to carry out supervision and accountability, enhance the Company's internal control, properly mitigate and deal with risks, and timely adjust and improve the business process to form a long-term mechanism for ensuring compliant operations. The Company has set up a comprehensive risk management system with effective coverage of compliance and risk culture, governance structure, mechanism and practice, and infrastructure facilities to gradually realize the vertical management of branches, sub-branches and subsidiaries through compliance and risk control. Over the years, the Company's asset quality has been excellent, the main risk control indicators are continually consistent with the regulatory indicators, and the safety margin of leverage regulatory indicators is relatively huge, with a strong ability to resist risks.

(IV) The main operating indicators have ranked in the forefront of the industry for many years with continuous enhancement in brand value

Adhering to the management philosophy of "stable growth, continual innovation, performance-driven culture and business strategies", the Company has explored with dedication and forged ahead in the competitive and complex environment of the industry. It has withstood the test of major changes in the industry, and has been one of the securities firms with the largest influence in the Chinese market for many years. The total assets, net assets, net capital, operating revenue, net profit and other main operating indicators of the Company rank among the top in the industry for consecutive years. The details of the operating performance indicators are as follows:

Rankings of the Main Operating Indicators of the Company from 2014 to 2016

Items	2016/Year End	2015/Year End	2014/Year End
Total assets	4	3	4
Net assets	5	5	4
Net capital	4	4	3
Operating revenue	3	4	4
Net profit	3	5	5

Note 1: Source of data: China Securities Industry Association, 2017;

Note 2: The 2016 indicators are based on unaudited statistical data for parent company. The 2015 and 2014 indicators are based on audited statistical data for parent company.

While seeking economic benefits and market position, both reputation and brand of the Company have been enhancing persistently. From 2015 to 2016, the Company ranked second among securities firms in China in “Hurun Brand List” for two consecutive years. The Company actively fulfilled the social responsibility, focusing on the two areas of helping the poor and providing student loan to promote education based on the “GF Securities Social Charity Foundation”. The Company took initiative practice of social responsibility. The reputation and brand influence of the Company have continued to improve.

(V) Full licenses and establishing the ability to provide comprehensive financial services to customers

Our Group possesses licenses for a full range of services including investment banking, wealth management, transaction and institutional client services and investment management. The various main businesses of the Company have achieved relatively balanced development and rank among the top in the industry. Meanwhile, the Company is the controlling shareholder of GF Futures, GF Fund, GFHK, GF Xinde, GF Qianhe and GF Asset Management, and also holds shares in (also as one of the largest shareholders) E Fund Management, E-Capital Transfer Co., Ltd., China Securities Credit Investment Co., Ltd. and China Securities Internet System Co., Ltd. (中證機構間報價系統股份有限公司), and actively explores and develops various businesses such as finance lease, PPP and QDLP, building a preliminary financial group structure. With a full range of business licenses of the securities industry, top-ranked main businesses and conglomerated comprehensive financial services capabilities, the Company is able to boost its core competitiveness continuously.

(VI) Leading scientific and technological financial model in the industry

The Group attaches high importance to innovation in the long-term and sustainable development of the Company. It has been exploring for innovations in each aspect of management, business, service and technology and received good effects. The Company has been emphasizing on innovations in the field of information technology and finance. It has changed from mainly outsourcing in the past to mainly focusing on independent development of core technology. During the past three years, it has recruited 180 local leading Internet technological talents and gradually established a financial technology-based team with an engineer culture and especially with independent research and development capabilities. The Company made active explorations in areas such as brokerage O2O, financial e-commerce and securities trading, etc. Core products with independent intellectual property rights will be researched and developed in the areas of market cloud services, robot investment consultation, trading terminals, intermediate segments of transactions and financial social platform. Innovations in the technical fields of container technology, big data and high performance computation for application scenarios in the securities industry will be explored continuously. The Company was the first in the industry to launch the first robot investment advisory system in order to satisfy the diversified wealth management needs of medium and small sized investors. Applications have been made for six patents (two invention patents, three utility patents and one copyright of software). One utility patent and one copyright of software have been obtained.

IV. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

The formulation and implementation details of the Company's cash dividends policy and the profit distribution proposal for 2016 are set out in "I. Profit Distribution of Ordinary Shares and Conversion of Capital Reserves into Share Capital of the Company" and "II. Proposals on Profit Distribution and Conversion of Capital Reserves into Share Capital during the Reporting Period" of Section 6 "Significant Events" in this report.

V. SHARE CAPITAL CHANGES AND MATTERS RELATING TO BONDS

Particulars about changes in the share capital of the Company during the Reporting Period are set out in Note 51 of the Notes to the Consolidated Financial Statements.

For details on the issuance of securities (excluding preference shares) during the Reporting Period, please refer to "II. Securities Issuance and the Listing" of Section 7 "Changes in Shareholdings and Particulars About Shareholders" in this report.

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

VI. DIRECTORS AND SUPERVISORS OF THE COMPANY

(I) **During the Reporting Period, the Directors and Supervisors of the Company are as follows:**

Directors of the Company:

Executive Directors: Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan

Non-executive Directors: Mr. Shang Shuzhi, Mr. Li Xiulin and Mr. Chen Aixue

Independent Non-executive Directors: Mr. Liu Jiwei, Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok

Supervisors of the Company:

Mr. Wu Zhaoming (Employee Representative Supervisor)

Mr. Cheng Huaiyuan (Employee Representative Supervisor)

Ms. Zhan Lingzhi

Mr. Tan Yue (appointed on June 28, 2016)

Mr. Gu Naikang (appointed on June 28, 2016)

(II) **During the Reporting Period, the resignation of Directors and Supervisors of the Company are as follows:**

Supervisors of the Company:

Mr. Xu Xinzong (appointed on July 21, 2015 and resigned on February 1, 2016)

During the Reporting Period, the details on the changes of Directors and Supervisors are set out in “II. Changes in the Directors, Supervisors and Senior Management” of Section 9 “Particulars about Directors, Supervisors, Senior Management and Employees” in this report.

The detailed biographies of the Directors and Supervisors of the Company are set out in “III. Particulars of Positions” of Section 9 “Particulars about Directors, Supervisors, Senior Management and Employees” in this report.

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into “Service Contracts for Directors” and “Service Contracts for Supervisors” with each of the 11 Directors of the current Eighth Session of the Board of Directors and each of the 5 Supervisors of the current Eighth Session of the Supervisory Committee. The term of office of the Directors and Supervisors was effective from the date of approval by the General Meeting until the expiry date of the term of office for the Eighth Session of the Board of Directors and the Eighth Session of the Supervisory Committee. The “Service Contracts for Directors” and “Service Contracts for Supervisors” provide the agreed terms on the duties and responsibilities, term of office and remuneration of the Directors and Supervisors during their term of office.

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

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

Please refer to “V. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations” of Section 7 “Changes in Shareholdings and Particulars about Shareholders” in this report.

IX. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS

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

X. PERMITTED INDEMNITY PROVISION

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

XI. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

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

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

Mr. Qin Li, our Executive Director, was nominated to act as a director of E Fund, which is a fund management company in China, in which we held 25.0% equity interest as of December 31, 2016. E Fund provides asset management services to insurance companies, finance companies, corporate annuities, other institutional investors, high net worth individuals and NSSF. Since E Fund is primarily engaged in fund management business, it competes or may compete, directly or indirectly, with certain aspects of our business.

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

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

XIII. MANAGEMENT CONTRACTS

For the year ended December 31, 2016, no contract has been entered into for the management and administration of the entire business or any material part of the business of the Group.

XIV. MAJOR CUSTOMERS

The Company provides diversified businesses and services to satisfy the diverse needs of customers, such as enterprises, individuals and institutional investors, financial institutions and the government. Our major customers are based in the PRC. With further progress in internationalization and the development of international business, the Company will provide services to more overseas customers. In 2016, income generated from the five largest customers of the Company contributed 3.11% to the total revenue and other income of the Company.

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

XV. CHARITABLE DONATIONS

During the Reporting Period, the Group's total expenditure on social charity was RMB18,926,700. The GF Securities Social Charity Foundation in Guangdong Province (廣東省廣發證券社會公益基金會) established by the Group actively organized activities for poverty relief and provided financial support for education. The total expenditure on social charity for the full year was RMB18,976,200.

XVI. RESERVES AND RESERVES FOR PROFIT DISTRIBUTION

For particulars about changes in reserves and reserves for profit distribution, please refer to the “Consolidated Statement of Changes in Equity” and Notes 53 and 54 of the Notes to the Consolidated Financial Statements in this report.

XVII. EMPLOYEES

Human resources is one of the greatest assets of the Group. The Company is committed to increase effort in building its talents pool by enhancing training and improving the quality of employees. Please refer to “V. Information of the Staff of the Company” in Section 9 “Particulars about Directors, Supervisors, Senior Management and Employees” in this report.

XVIII. PRE-EMPTIVE RIGHT

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

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

Regarding the performance of social responsibilities of the Company, please see “XV. Social Responsibilities” of Section 6 “Significant Events” in this report. For environmental policy and performance, the Company cares about environmental and ecological development, promotes low carbon environmental protection, advocates green business and green office ideas, upgrades video conferencing system, paperless meeting system, tele-conferencing system, conference room reservation system etc., continues printing and copying outsourcing development, minimizes energy consumption, optimizes resources allocation, and actively contributes to the sustainable development of the society. The Company has complied with the “comply or explain” provisions as set out in the Environmental, Social and Governance Reporting Guide during the year, for details, please see “GF Securities Co., Ltd. 2016 Social Responsibility Report” published by the Company.

Regarding the governance of the Company, please see Section 10 “Corporate Governance” in this report. The Company has been improving the internal control management system and gradually enhancing the maturity, reasonability and effectiveness of internal control; the Company has further established and refined its rules and regulations, and each governance department of the Company has been fully performing their duties, complying with all provisions in Appendix 14 Corporate Governance Report of Hong Kong Listing Rules and achieving most of the requirements of recommended best practices provided in the aforesaid rules.

By Order of the Board
Sun Shuming
Chairman

Please kindly consider the above report.

Dear Shareholders,

In 2016, the macro economy and market environment were complicated with changes, the regulatory administration carried on “law-based regulation, strict monitoring and comprehensive overseeing” against the capital market, the market regained stability, with arduous efforts at all levels, the Company achieved good results, with all key performance indicators remaining to dominate the industry. During the Reporting Period, under the active support and coordination of the Board and the operating management, the Supervisory Committee of the Company strictly complied with the provisions and requirements of the Company Law, the Securities Law, the Corporate Governance Rules for Securities Companies, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board, the Listing Rules and other laws and regulations, normative documents of regulatory authorities, and the Articles of Association and Rules of Procedure of the Supervisory Committee. Continuing to enhance its internal ability, improving system specification, integrating and optimizing supervisory mechanism, we actively carried out supervision and inspection, promoted standardized operation of corporate governance and the sustained and healthy development of the Company, and earnestly safeguarded the legal rights and interests of the Company, clients, Shareholders and employees. The Company had been awarded “Top 30 of the Supervisory Committee of Listed Companies (上市公司監事會卓有成效30強)” jointly issued by the China Association for Public Companies, Shanghai Stock Exchange and Shenzhen Stock Exchange, influence of the Supervisory Committee in the industry had increasingly enhanced, enjoyed sound reputation in the association and peers. We hereby report the major work conducted by the Supervisory Committee in 2016 as follows.

I. Major work of the Supervisory Committee during the Reporting Period

(I) Performed the duties of issue discussion and supervision lawfully and compliantly

During the Reporting Period, the Supervisory Committee has held four meetings, including two on-site meetings and two teleconferences, and considered/heard 22 reports and proposals including regular reports, internal control reports, compliance reports, audit reports, social responsibility reports, supervisors’ appointment and assessment on duty performance of the Company for each period. The Supervisory Committee has fully discussed and considered the above-mentioned matters, made resolutions and earnestly fulfilled their supervisory duties according to laws. In addition, the Supervisors have also attended one Shareholders’ general meeting and four Board meetings as observers according to laws, and participated in a series of important operating management meetings organized and convened by the operating management of the Company. Supervisors lawfully conducted supervision on the legitimacy and compliance of the agendas and the contents of proposals of the above meetings, and raised supervision suggestions and proposals independently according to provisions and requirements, having effectively performed their duties of issue discussion and supervision.

(II) Continuingly enhanced special supervision on corporate governance of the Company

During the Reporting Period, by focusing on the regulatory requirements of China and Hong Kong, the Supervisory Committee continuingly enhanced supervision on corporate governance to increase the level of corporate governance. The Supervisory Committee stressed on inspection, supervision and assessment on the effectiveness of information disclosure of the Company since the listing of its H Shares, implementation of resolutions and compliance of systems of the Shareholders' general meeting, Board of Directors and Supervisory Committee of the Company ("Three Meetings"). It especially kept eyes on the compliance and lawfulness of information disclosure, effectiveness of implementing resolutions of the Three Meetings, improvement in and implementation of the systems of the Three Meetings. The opinions made by the Supervisory Committee have received serious consideration and implementation by the Company's operating management, so as to protect the authority and solemnity of resolutions of the Three Meetings and relevant systems, which further improved the Company's standardized operation level.

(III) Promoted supervision and assessment on the duty performance of Directors, Supervisors and senior management

During the Reporting Period, the Supervisory Committee lawfully strengthened supervision on the behaviors of duty performance of Directors, Supervisors and senior management through various forms and approaches to enhance the effectiveness of supervision and explored to carry out the best practices in performance supervision. In 2016, in addition to conferences supervision, the Supervisory Committee perfected annual performance archives of the Company's Directors, Supervisors and senior management, recorded and prompted conference attendance, training participation, recorded the part-time jobs and records of associates of the Company's Directors, Supervisors and senior management; the Supervisory Committee prepared trainings focusing on typical cases that occurred frequently in the market. Meanwhile, on the basis of previous exploration, the Supervisory Committee formulated relevant implementation plans of supervision and assessment on duty performance based on actual condition of the Company reasonably, solicited opinions from all sides and formulated distinguished roadmaps aiming at different categories to promote the implementation.

(IV) Enhanced inspection and supervision on the finance, compliance and risk management of the Company

During the Reporting Period, there occurred several cases of compliance risk incidents in the capital market with many securities companies involved. To adapt the change in regulatory environment of "law-based regulation, strict monitoring and comprehensive overseeing", the Supervisory Committee of the Company paid active attention to the compliance and risk management of the Company's finance and all businesses, and has timely issued supervision opinions on related events. In 2016, through regular review of the Company's periodic reports, compliance reports, risk management reports and audit reports etc., and raising inquiries on individual issues, the Supervisory Committee was fully informed of the Company's overall financial management, compliance management and risk management status. The Supervisory Committee continually reinforced the inspection, supervision and assessment on the effectiveness of compliance and risk management. In 2016, the Supervisory Committee organized two specific assessments on the effectiveness of the compliance management, which covered the headquarter, branches and sub-branches of the Company,

and the Company explored and organized one specific assessment on the effectiveness of the risk management, mainly on the performance of risk management duty at each level of the Company as well as the effectiveness of management such as credit risks and liquidity risks, which achieved good results.

(V) Developed and improved the duty performance mechanism and system construction

During the Reporting Period, the Supervisory Committee actively promoted the Company's protection for the legitimate rights of employees. The employee Supervisors actively collected employees' comments and suggestions through visiting and the investigational study at the grass-roots level and forums. Recommendations and opinions on important issues generally expressed by employees were timely reflected through the general manager's meeting or the meeting of chairman of the Supervisory Committee, and pushed for addressing. The employee Supervisors reported their duty performance in the employees' general meeting and accepted appraisal of employee representative's duty performance and strengthened employees' supervision on the duty performance of employee Supervisors according to relevant requirements. Meanwhile, on the basis of summarizing employee Supervisors' practice of duty performance, the Supervisory Committee organized and formulated Working Rules of Employee Representative Supervisor of GF Securities (《廣發證券職工代表監事工作細則》), systematically standard employee Supervisors' obligations of their duty performance, promoted standardization and rigid restriction of duty performance of the employee Supervisors through system construction, and further enriched system construction of the Supervisory Committee of the Company.

(VI) Strengthened the self-construction and enhanced the level of supervision of the Supervisory Committee

During the Reporting Period, according to the nomination of the Shareholders, the Supervisory Committee of the Company appointed external professionals to be Supervisors, which optimized personnel structure of the Supervisory Committee and furthered increase the independence and authority of the Supervisory Committee. Meanwhile, through standardized process of employing Supervisors, the Supervisory Committee laid a solid foundation for appointing Supervisors in the future. During the Reporting Period, the Supervisory Committee continued to optimize three-dimensional monitoring system, actively strengthened communication and collaboration with the party committee and discipline inspection units, trade unions and auditors, and an internal supervision force has been formed to achieve enhancement of the supervision efficiency and effectiveness. In addition, the Supervisory Committee periodically prepared Directors and Supervisors Communications (董監事通訊) and other materials, timely tracked the important decision progress of the Company, passed on relevant information, safeguarded the Supervisors' right of knowledge; organized Supervisors to attend trainings organized by regulatory institutions, invited Supervisors to attend risk management related training, to allow the Supervisors understanding risk management condition of the Company comprehensively and systematically, and comprehensively promoted the ability and level of duty performance of the Supervisors.

II. Opinions issued by the Supervisory Committee on matters relating to the Company in 2016

During the Reporting Period, the Supervisory Committee lawfully carried out supervision work, prudentially checked the Company's operation by law, its material decisions and major business activities, financial position and effectiveness of its compliance management system. Based on the above, the Supervisory Committee issued opinions to the Company as follows:

(I) The Company's operation by law

During the Reporting Period, the Company was able to strictly abide by the Company Law, the Securities Law, the Rules for Governance of Securities Companies, the Articles of Association of the Company and other legal regulations and provisions to realize standardized operation and sound operation. The Supervisory Committee believes that important business decisions of the Company are reasonable and decision-making process is compliant and effective. The Company has established complete systems of risk management, compliance management and internal control and, each of the internal management systems was implemented effectively. On November 26, 2016, the Company received the Notice of Administrative Penalty Decision (No. [2016]128) from the CSRC, pursuant to which the Company failed to review and understand clients' identification information in the year of 2015 in accordance with requirements under Article 24 of the Securities Registration and Settlement Management Measures (《證券登記結算管理辦法》), violated Item 1 of Article 28 of the Regulations on Supervision and Management of Securities Companies《證券公司監督管理條例》 and constituted the actions referred in Item (4) of Article 84 of the Regulations on Supervision and Management of Securities Companies《證券公司監督管理條例》. Pursuant to Article 84 of the Regulations on Supervision and Management of Securities Companies, the CSRC ordered GF Securities to rectify, issued a warning, confiscated an amount of RMB6,805,135.75 which the Company gained from the breach and imposed a fine of RMB20,415,407.25. The Company paid high attention to implement relevant penalty decision; for such fact of malfeasance identified in Written Decision of Administrative Penalty, the Company organized and conducted comprehensive and deep investigation and rectification, and relevant rectification has completed. In addition to the aforementioned, no significant breach of laws and regulations by the Company in all aspects or material risk occurrence was found by the Supervisory Committee.

(II) The duty performance of the Company's Directors and senior management personnel

During the Reporting Period, the Company's Directors and senior management personnel carefully implemented each resolution of the general meeting of Shareholders of the Company, the Board and the Supervisory Committee, and brought them into practice vigorously; actively organized and carried out work arrangements of the Company and worked diligently; concretely strengthened measures of comprehensive risk management and compliance management and operated steadily; consciously obeyed the professional ethics and standardized practicing acts to be incorruptible at work. Generally, under the leadership of the Board, the operating management seized opportunities which resulted in each major business indicator ranking top in the industry with outstanding operating results during the year of 2016. The Supervisory Committee did not find that the Company's Directors and senior management personnel, in performing their duties, had violated laws, regulations or the Articles of Association or impaired the legitimate rights and interests of the Company, its Shareholders, employees, creditors and other stakeholders.

(III) Authenticity of the financial report

During the Reporting Period, the Supervisory Committee carefully reviewed the Company's accounting statements and financial information. Deloitte Touche Tohmatsu Limited audited the 2016 Annual Financial Report that was prepared in accordance with the PRC GAAP and the IAS respectively by the Company, and issued an audit report with standard unqualified opinions that the 2016 Annual Financial Report has truthfully, accurately and completely reflected the Company's financial position and operating results.

(IV) Implementation of the resolutions of the general meeting of Shareholders

During the Reporting Period, the Company convened one general meeting of Shareholders in 2016, namely the 2015 AGM, 14 resolutions were formed in total. The Supervisory Committee of the Company monitored the execution of resolutions of the general meeting of Shareholders. The Supervisory Committee believes that the Board of Directors and the operating management of the Company perform its obligations seriously under the relevant resolutions of the general meeting of Shareholders and does not do any act prejudicial to the interests of the Shareholders.

(V) The Company's internal control

During the Reporting Period, the Supervisory Committee reviewed the Self-Assessment Report of Internal Control of GF Securities for the Year of 2016. The Supervisory Committee believes that, as of December 31, 2016, the Company has further established and improved the internal control systems covering each business and management field of the Company, and the self-assessment report of internal control of the Company has completely, truthfully and accurately reflected the true picture of the Company's internal control.

(VI) In 2016, the Company did not acquire any assets or dispose of any major assets. The Supervisory Committee did not find any insider trading, nor any damage to Shareholders' interests nor any loss of assets of the Company.

(VII) The Company's related transactions were conducted fairly and reasonably. No related party has misappropriated the Company's funds (except for the operating business), and there is no prejudice to the interests of the Company.

III. The Supervisory Committee's recommendations to the Board and the operating management of the Company

In the year of 2016, the Company's operation management adhered to its core value of "knowledge for growing strong, practicality and dedication; client first and cooperation for win-win", and actively carried out the operation and management philosophy of "steady operations, sustainable innovation; performance orientation, efficient coordination", effectively promoting continuous development of each business of the Company, which resulted in satisfactory results. With the attitude to be responsible for the Company, clients, the Shareholders and employees and the aim to promote sustainable and healthy development of the Company, the Supervisory Committee now makes the following recommendations:

- (I) Further enhanced capital management to replenish net capital of the Company through various channels. Capital strength is the significant indicator of the comprehensive competitiveness of the Company, and also the key factor that determines the future development of the Company. With the development of each business of the Company, especially after the newly revised Administrative Measures for Risk Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) came into effect on October 1, 2016, there were more straightforward and urgent requirements for net capital complement of securities companies. The Company should maintain sufficient capital to cover the various risk exposures, especially the liquidity risk; the capital level of the Company should match the business development and strategic vision and in line with the risk preference and level of risk management of the Company as well as the external environment. The Company should strive to rank the first three in the industry and keep that place steadily in terms of the net capital indicator. Therefore, it's recommended that the Company should further strengthen its capital management and actively complement its net capital through various channels.
- (II) Enhanced development and reserve of talents and put more efforts on the planning and implementation of human resources strategies. Securities Companies have been a labour-intensive industry and rely heavily on the talent and technology. With the rapid development and increasing liberation of the securities industry, especially the emerging of new securities companies, there has been a more intense competition for talents between securities companies. Compensation is the most direct way to show the value of human capital, and one of the most important reasons for the flow of human capital. However, at present, the compensation system of the Company is primarily short term incentives, and lack of mid-to-long term incentives. The Supervisory Committee suggested that the Company put more efforts on planning and implementing of human resources strategies to better promote its sustainable, healthy and rapid growth, thus achieving alignment of interests and win-win between the Company, Shareholders and employees. On one hand, the Company shall continue to enhance development and reserve of talents and strengthen optimization of talent portfolio and implementing multi-level structure of talents. On another hand, the Company shall continue to improve the talent incentive scheme to explore and establish a long-term mechanism where employees and the Company can grow together, especially exploring the possibility of a long-term incentive system for the mid-to-high-level management personnel and elite professionals.

IV. Major work arrangement of the Supervisory Committee in 2017

In 2017, the Supervisory Committee will continue to comply with the laws and regulations, regulatory requirements and the Articles of Association, adhere to the external regulation philosophy and policies and keep abreast of regulatory requirements. The Company will closely adhere to the strategies and work focus of the Company, perform the monitor function diligently, enhance the governance level of the legal person of the Company continuously, promote the sustained and healthy development of the Company and protect the interests of all parties including the Company, clients, Shareholders and employees. In particular, the Supervisory Committee will focus on the following tasks:

- (I) Carry out the re-election and appointment of members of the Supervisory Committee. The term of office of members of the eighth session Supervisory Committee will expire in 2017, the Supervisory Committee shall, according to the requirements of relevant laws and regulations, complete the re-election and appointment of members of the Supervisory Committee as scheduled based on the practical situation of the Company. Meanwhile, the Supervisory Committee shall continue to provide regulatory training and duty performance supervision to the new supervisors in accordance with relevant requirements, and keep enhancing the abilities and level of duty performance of the Supervisory Committee and Supervisors.
- (II) Further promote the implementation of the supervision and evaluation work for the performances of Directors, Supervisors and senior management personnel. The Supervisory Committee will, based on its work experience accumulated in the year of 2016, continue to improve the supervision and evaluation system for Directors, Supervisors and senior management, and to implement work plans, earnestly performing its duties to supervise the duty performance of Directors and senior management, which effectively promoted the diligence and compliance of Directors, Supervisors and senior management.
- (III) Pay continuous attention to and supervise the operation of the Company according to laws. Inspect and supervise the daily operation, financial status, information disclosure, internal control of the Company through the attendance of the Shareholders' general meeting, the convening of the meetings of the Supervisory Committee meetings of the chief Supervisor's office, the attendance of the meetings of the Board of Directors and meetings of the the president's office etc.; Continue to organize and conduct assessment on the effectiveness of compliance management, timely detect and supervise to solve the problems existed in compliance management, and enhance the Company's compliance management level.
- (IV) Strictly discharge of the supervision responsibility of comprehensive risk management according to regulatory requirements. In late 2016, the Securities Association of China made amendments to a series of self-regulation rules, including the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), further clarified the responsibilities of risk management for each level of securities companies, and included the risk management responsibilities of the Board of Directors, Board of Supervisors, manager level, chief risk officer, internal auditor and all staff. The Board of Supervisors shall conclude the experience in assessment on the effectiveness of

risk management in earlier stage as required by the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), conduct supervision and inspection according to laws, to effectively fulfill the supervision responsibilities of comprehensive risk management.

- (V) Support staff and Supervisors to perform their duties according to laws. Under the Company Law (《公司法》), the Trade Union Law (《工會法》), the Articles of Association, the Working Rules of Employee Representative Supervisor of GF Securities (《廣發證券職工代表監事工作細則》) and other regulations, the Board of Supervisors proactively support staff and Supervisors to perform their duties according to laws, including conduct grass-roots research, organize and conduct specific inspection, supervise the implementation of rules and systems with staff interests involved and other works, to effectively play the Supervisor's role in safeguarding the interests of the staff.
- (VI) Actively participate in peer exchanges and special research activities. In 2017, the Supervisory Committee will, centering on the strategies of the Company and its key supervision matters, designedly carry out specific research activities, actively enhance exchanges with excellent peer and learn the best practical experience from them, further increasing the ability and level of duty performance of the Supervisory Committee of the Company, in order to contribute to the Company's increase in brand influence.

Please kindly consider the above report.

Dear Shareholders,

We hereby report the 2016 Final Financial Report of GF Securities as follows.

I. Financial status in 2016:

At the end of 2016, total assets of the Group was RMB359.801 billion, representing a decrease of RMB59.296 billion as compared with the beginning of the year. Based on the change in asset structure of the Group from the beginning to the end of the year, the change was mainly due to (1) total bank balances and clearing settlement funds of RMB102.191 billion, representing a decrease of RMB35.603 billion as compared with the beginning of the year; (2) balance of financial assets at fair value through profit or loss of RMB61.767 billion, representing a decrease of RMB22.145 billion as compared with the beginning of the year; available-for-sale financial assets of RMB92.081 billion, representing a decrease of RMB4.502 billion as compared with the beginning of the year mainly due to an decrease in the balance of investments in bonds, monetary funds and short-term wealth management products; (3) balance of long-term equity investment of RMB3.736 billion, representing an increase of RMB388 million as compared with the beginning of the year, which is mainly resulted from the recognized gains of investments in associates and joint ventures of RMB 403 million and net increase in investments in associates and joint ventures of RMB134 million; (4) balance of advances to customers of RMB59.001 billion, representing a decrease of RMB10.189 billion as compared with the beginning of the year; and (5) securities held under resale agreement of RMB21.961 billion, representing an increase of RMB8.215 billion as compared with the beginning of the year, which is mainly resulted from the increased balance of stock pledged repo transactions.

At the end of 2016, total liabilities of the Group was RMB278.448 billion, representing a decrease of RMB60.828 billion as compared with the beginning of the year; total equity interests was RMB81.353 billion, representing an increase of RMB1.533 billion as compared with the beginning of 2016. Based on the change in liabilities and owners' equity of the Group from the beginning to the end of the year, the change was mainly due to (1) balance due to banks and other financial institutions of RMB10.606 billion, representing an increase of RMB8.856 billion as compared with the beginning of the year; (2) balance of financial assets sold under repurchase agreements of RMB50.549 billion, representing a decrease of RMB34.846 billion as compared with the beginning of the year; (3) balance of accounts payable to brokerage clients of RMB85.727 billion, representing a decrease of RMB32.411 billion as compared with the beginning of the year; (4) balance of long-term and short-term debts such as issuance of short-term financing bills, corporate bonds, structured notes as well as long-term and short-term borrowings of RMB97.447 billion, representing a decrease of RMB7.808 billion as compared with the beginning of the year; (5) financial liabilities at fair value through profit or loss of RMB5.506 billion, representing an increase of RMB4.882 billion as compared with the beginning of the year, which is mainly resulted from substantial increase in financial liabilities held for trading arising from sale of debt instrument; and (6) equity attributable to owners of the parent company of RMB78.530 billion, representing an increase of RMB1.011 billion as compared with the beginning of the year, mainly as a result of net profit attributable to owners of the parent company of RMB8.030 billion realized in the year, decrease in capital reserves of RMB922 million due to changes in other comprehensive income, and distribution of cash dividends of RMB6.097 billion.

Net capital scale of the company was RMB66.819 billion, representing an increase of RMB3.350 billion as compared with the beginning of the year.

II. Net profit generated during 2016:

During 2016, the key stock indices saw a declining trend; the average daily trading volume in the market fell sharply as compared with previous year; the average size of margin loans and securities lending shrank dramatically; the yield in the bond market fluctuated significantly, especially in the fourth quarter, the market liquidity became tighter and the yield of bond increased substantially; equity financing, IPO and refinancing were carried out on an expedited basis; and bond issuance expanded rapidly.

Affected by the market environment, profitability of the Group declined over the previous year. During 2016, the Group generated a total revenue of RMB20.712 billion, a total profit of RMB10.705 billion and net profit attributable to owners of the parent company of RMB8.030 billion, representing a decrease of 38.07%, 39.88% and 39.17%, respectively over the previous year.

Based on the change in various revenues of the Group: (1) in 2016, the Group generated net brokerage fee of RMB5.381 billion, representing a decrease of 60.78% as compared with the previous year, mainly because the trading volume of stock and funds decreased by 48.75% on a year-on-year basis while the average fee rate of the Company decreased; (2) the Group generated net fee income from investment banking business of RMB3.281 billion, representing a year-on-year increase of RMB1.168 billion. In 2016, regarding equity financing, the Company completed 15 IPO and 38 refinancing projects by acting as lead underwriter. Regarding bond financing, the Company completed 28 debenture stocks, 20 corporate bonds, and one PPNs project by acting as lead underwriter; completed 65 debenture stocks, 7 corporate bonds, 4 short-term financing bills, 6 medium term notes, 8 financial bonds, 7 PPNs and 4 assets-backed securities projects by acting as joint lead underwriter; and also completed four asset-backed securities projects by acting as lead underwriter. The Group recorded a total of RMB2.136 billion of net fee income from underwriting and sponsorship business, and recorded substantial increase in financial consulting fee income; (3) the Group generated RMB4.158 billion of net fee income from asset management and fund management business, representing a year-on-year increase of 15.71%. The increase was mainly because the subsidiary for asset management recorded rapid income growth due to the growth in size of products under management; (4) the Group generated investment income of RMB6.750 billion, representing a year-on-year decrease of RMB3.565 billion; income from fair value changes of RMB182 million, representing a year-on-year decrease of RMB114 million, mainly because income from investment in equity securities of the Group recorded a year-on-year substantial decrease; and (5) the Group recorded net interest income of RMB728 million, representing a decrease of RMB2.202 billion, mainly due to substantial decrease in interest income of margin loans and securities lending of the Company and repayment of due liabilities, resulting in a year-on-year substantial decrease in interest expense for fund raising.

Based on the changes in cost expenses of the Group, in 2016, the total cost of the Group was RMB9.285 billion, representing a decrease of 31.50% as compared with the previous year. The decrease was mainly due to decrease in staff remuneration and cost of business development as a result of increased efforts to control the expenses and strict control of staff growth due to the downturn market.

III. Operating status of each subsidiary:

In 2016, GF Futures recorded operating revenue of RMB588 million and net profit attributable to owners of the parent company of RMB171 million; GFHK recorded operating revenue of RMB504 million and net profit attributable to owners of the parent company of RMB147 million; GF Xinde recorded operating revenue of RMB616 million and net profit attributable to owners of the parent company of RMB205 million; GF Qianhe recorded operating revenue of RMB360 million and net profit attributable to owners of the parent company of RMB165 million; GF Asset Management recorded operating revenue of RMB2,121 million and net profit attributable to owners of the parent company of RMB1,075 million; and GF Fund recorded operating revenue of RMB2,477 million and net profit attributable to owners of the parent company of RMB759 million.

IV. Major financial indicators of the Company and risk control indicators of the parent company:

1. Major financial indicators:

Item	2016	2015
Earnings per share (RMB)	1.05	1.87
Net assets per share attributable to owners of the parent company (RMB)	10.30	10.17
Return on weighted average net assets	10.29%	21.14%

2. Major regulation indicators of the parent company:

Item	End of 2016	Warning level	Regulatory standards
Net capital (RMB billion)	RMB66.819 billion	≥RMB0.24 billion	≥RMB0.2 billion
Risk coverage ratio	256.32%	≥120%	≥100%
Capital leverage ratio	21.37%	≥9.6%	≥8%
Liquidity coverage ratio	305.17%	≥120%	≥100%
Net stable funding ratio	139.14%	≥120%	≥100%
Net capital / net assets	93.22%	≥24%	≥20%
Net capital / liabilities	40.61%	≥9.6%	≥8%
Net assets / liabilities	43.57%	≥12%	≥10%
Proprietary equity securities and securities derivatives/Net capital	32.09%	≤80%	≤100%
Proprietary non-equity securities and securities derivatives/Net capital	156.62%	≤400%	≤500%

All regulatory indicators of the parent company meet the regulatory standards.

Please kindly consider the above report.

Dear Shareholders,

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

1. To authorize the Board of Directors, subject to compliance with the relevant requirements of the CSRC and self-regulation organization regarding the supervision and administration of securities companies, management of proprietary investment and risk management, and provided that the investment quota of the proprietary securities business of the Company shall not exceed the maximum limit prescribed in the rules and regulations and regulatory documents of the CSRC, to determine reasonably the total amount of maximum limit for the proprietary investment of the Company, and make adjustments to the allocation of the proprietary investment quota in accordance with market conditions, regulatory environment and operating performance, the scope of proprietary investment is limited to the types of securities listed in the List of Securities Investment Products of Proprietary Trading by Securities Companies (《證券公司證券自營投資品種清單》) and its subsequent amendments.
2. To authorize the operation management of the Company to allocate the investment quota for the proprietary business scientifically within the limit prescribed under the Administrative Measures for the Risk Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) and its subsequent amendments and control investment risks to maximize the investment return. To authorize the Board with the right to adjust the proprietary investment quota of the operating management of the Company within the extent authorized under Item 1.
3. To authorize the operating management of the Company to make reasonable adjustments to the size of the proprietary business as needed when amendments are made to external laws and regulations to ensure that the proprietary securities business quota of the Company will not exceed the requirements as stipulated in the rules and regulations and regulatory documents of the CSRC.

It should be noted that the above quota is the maximum limit for the proprietary investment quota determined according to the relevant requirements of the CSRC and the characteristics of market

volatility, and its total quantity and variation are not representation of judgments made by the Board of Directors and the operating management of the Company in respect of the market; the above quota does not include the investment quota for long-term equities to be invested by the Company, the investment quota for long-term equities is still required to be determined and executed in accordance with the relevant decision-making procedures of the Company.

Please kindly consider the above resolution.

ANNEX E

RESOLUTION REGARDING THE 2017 EXPECTED DAILY
RELATED PARTY/CONNECTED TRANSACTIONS

Pursuant to the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (hereinafter referred to as the “SZSE Listing Rules”) and the Listing Rules, the Company has made an estimation of the daily related/connected transactions that will occur in 2017.

I. Expected Daily Related Transactions under the SZSE Listing Rules in 2017

Business Category	Business Type	Relevant Transaction	Expected Amount of Income/Expenditure in 2017	Related Parties ^{Note 1}	Actual Occurrence in 2016	
					Amount Incurred (RMB) (tax inclusive)	Proportion in Same Type of Business
Investment banking	Income from securities underwriting and sponsorship ^{Note 2}	Income generated from the provision of securities underwriting and sponsorship services by the Company to related legal persons.	Pricing will be determined by reference to the market level. However, since the issue size of securities is subject to the impact of market conditions to a great extent, the trading volume cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related legal persons of the Company	7,484,000.00	0.34%
	Income from financial advisory ^{Note 2}	Income generated from the provision of financial advisory business services by the Company to related legal persons.	Pricing will be determined by reference to the market level. However, since customer demand cannot be predicted, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related legal persons of the Company	27,636,000.00	2.43%
Wealth management	Commission income from securities brokerage business	Seat income generated from the provision of trading services by the Company and its controlling subsidiaries to related parties such as E Fund through specific trading seats. Commission income generated from the provision of trading services by the Company to related natural persons and related legal persons.	Pricing will be determined by reference to the market level. However, since the trading volume is subject to the impact of market quotations and trends and investment decisions, the turnover cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	E Fund	21,010,786.81	4.95%
				Harvest Fund Management Co., Ltd.	10,746,107.54	2.53%
				Golden Eagle Fund Management Co., Ltd.	1,580,799.51	0.37%
				Jilin Aodong and its controlling subsidiaries	83,303.64	0.00%
				Other related parties	132,089.88	0.00%

ANNEX E

RESOLUTION REGARDING THE 2017 EXPECTED DAILY
RELATED PARTY/CONNECTED TRANSACTIONS

Business Category	Business Type	Relevant Transaction	Expected Amount of Income/Expenditure in 2017	Related Parties ^{Note 1}	Actual Occurrence in 2016	
					Amount Incurred (RMB) (tax inclusive)	Proportion in Same Type of Business
	Interest income from margin financing and securities lending, repurchase transaction services and money lending (Hong Kong)	Interest income received from the provision of margin financing and securities lending, repurchase transaction services and money lending (Hong Kong) by the Company and its controlling subsidiaries to related parties.	Pricing will be determined by reference to the market level. However, since the trading volume is subject to the impact of market quotations and trends, the relevant business scale cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related legal persons and natural persons of the Company	—	—
	Commission income from futures trading (Futures brokerage services provided by GF Futures)	Commission income generated from the provision of trading services by the Company and its controlling subsidiaries to related parties such as E Fund through specific trading seats.	Pricing will be determined by reference to the market level. However, since the trading volume is subject to the impact of market quotations and trends and investment decisions, the turnover cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	E Fund Other related parties	70,479.17 —	0.02% —
	Income from agency sale of funds and other products	Fees such as application fee, redemption fee, subscription fee, conversion fee and customer maintenance cost (trailing commission) to be received for agency sale of the products of related legal persons such as E Fund by the Company.	Pricing will be determined by reference to the market level. However, since the subscription of funds is an autonomous behavior of customers and is subject to the impact of market quotations and trends, the application amount and the redemption amount cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	E Fund Harvest Fund Management Co., Ltd. Golden Eagle Fund Management Co., Ltd.	7,933,056.36 2,753,805.84 281,477.77	5.03% 1.75% 0.18%

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RESOLUTION REGARDING THE 2017 EXPECTED DAILY
RELATED PARTY/CONNECTED TRANSACTIONS

Business Category	Business Type	Relevant Transaction	Expected Amount of Income/Expenditure in 2017	Related Parties ^{Note 1}	Actual Occurrence in 2016	
					Amount Incurred (RMB) (tax inclusive)	Proportion in Same Type of Business
Trading and institutional client services	Interest expenses arising from the issuance of structured notes	Interest expenses arising from the issuance of structured notes by the Company to related parties.	Pricing will be determined by reference to the market level. However, since the subscription of structured notes is an autonomous behavior of customers and is subject to the impact of market quotations and trends, the subscription amount cannot be predicted. Therefore, it is difficult to predict the amount of such expenses/liabilities of the Company. The actual amount incurred will be adopted for calculation.	All related legal persons of the Company	—	—
	Issuance of structured notes	Liabilities incurred from the acquisition of structured notes of the Company by related parties of the Company.	Pricing will be determined by reference to the market valuation. However, since the volume of market making target and the market volatility level cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related legal persons of the Company	—	—
	Income/expense from market-making business	Income/expense generated from the provision of market-making services by the Company to related parties listed on National Equities Exchange and Quotations.	Pricing will be determined by reference to the market valuation. However, since the volume of market making target and the market volatility level cannot be predicted. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related parties of the Company	—	—
	OTC transfer transactions	Income/expense generated from the provision of liquidity to the products held by OTC related clients by the Company.	Pricing will be determined by reference to the market level. However, the clients' demand for liquidity is subject to the impact of market quotations and trends. Therefore, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related parties of the Company	—	—

ANNEX E

RESOLUTION REGARDING THE 2017 EXPECTED DAILY
RELATED PARTY/CONNECTED TRANSACTIONS

Business Category	Business Type	Relevant Transaction	Expected Amount of Income/Expenditure in 2017	Related Parties ^{Note 1}	Actual Occurrence in 2016				
					Amount Incurred (RMB) (tax inclusive)	Proportion in Same Type of Business			
	Subscription of fund products	The acquisition of fund products issued by E Fund and others by the Company and its controlling subsidiaries for the purpose of diversifying investment risks and enhancing the stability of profits.	Subscription is made at net asset value and handling fees are paid based on market standards. The specific investment amount depends on market quotations and investment judgement. Therefore, it is difficult to predict such investment of the Company. The actual amount incurred will be adopted for calculation.	E Fund	3,075,868,691.85 (closing market value)	14.51%			
				Harvest Fund Management Co., Ltd.	19,367,434.98 (closing market value)	0.09%			
				Golden Eagle Fund Management Co., Ltd.	—	—			
Investment management	Income from entrusted customer asset management business	Management fees, commissions and other fees generated from wealth management products of GF Asset Management and GF Futures, subsidiaries of the Company, held by the related legal persons and related natural persons of the Company.	Pricing will be determined by reference to the market level. Since the scale of assets of entrusted related parties of the Company and income generated from management results are still uncertain and are subject to significant fluctuations due to the impact of quotations, it is difficult to predict such income of the Company. The actual amount incurred will be adopted for calculation.	All related parties of the Company	355,829.32	0.02%			
				Management fee income from funds and other products	Management fees generated from wealth management products such as funds of GF Fund and its controlling subsidiaries held by the related legal persons and related natural persons of the Company.	Subscription is made at net asset value and handling fees are paid based on market standards. The specific investment amount depends on market quotations and investment judgement. Therefore, it is difficult to predict such investment of the Company. The actual amount incurred will be adopted for calculation.	All related parties of the Company	2,058,922.54	0.09%
							Management fees generated from funds of GF Xinde held by the related legal persons and related natural persons of the Company.	All related legal persons of the Company	—

ANNEX E

RESOLUTION REGARDING THE 2017 EXPECTED DAILY
RELATED PARTY/CONNECTED TRANSACTIONS

Business Category	Business Type	Relevant Transaction	Expected Amount of Income/Expenditure in 2017	Related Parties ^{Note 1}	Actual Occurrence in 2016	
					Amount Incurred (RMB) (tax inclusive)	Proportion in Same Type of Business
	Joint investment with related parties ^{Note 3}	Based on daily business development needs, the subsidiaries of the Company which are engaged in the investment business, co-sponsor the establishment of equity investment fund partnerships and investment-related enterprises, with related parties, etc.	Pricing will be determined by reference to the market level. Due to the uncertainties associated with business occurrence and scale, the actual amount incurred will be adopted for calculation.	All related legal persons of the Company	430,851,600.00 (closing actual contribution amount)	24.20%

Note 1: Related parties in the above table refer to related legal persons and related natural persons as defined under the SZSE Listing Rules.

Note 2: The actual amount of income from securities underwriting and sponsorship and income from financial advisory incurred in 2016 in the above table mainly refer to the income generated from the provision of investment banking services to Bluedon Information Security Technology Co., Ltd. (藍盾資訊安全技術股份有限公司), a related person of the Company.

Note 3: The actual amount of the related transactions about joint investment with related parties incurred in 2016 in the above table refer to the actual amount of contribution in 2016 made by GF Xinde (廣發信德投資管理有限公司), a wholly-owned subsidiary of the Company, according to the cooperation agreement it entered into with Zhongshan Public Utilities (中山公用事業集團股份有限公司) and Jilin Aodong (吉林敖東藥業集團股份有限公司), shareholders holding more than 5% of shares of the Company, in May and June 2015 respectively. For details, please see the relevant announcements published on the website of CNINFO (www.cninfo.com.cn) by the Company on May 12, 2015 and June 18, 2016 respectively.

Apart from the aforesaid expected daily related transactions, the Company may be exempted from fulfilling the relevant obligations in accordance with Chapter 10 of the SZSE Listing Rules and Article 38 of the System for the Administration of Related Transactions when the following related transactions occur between the Company and related parties:

- (1) One party subscribes the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly issued by the other party in cash;
- (2) One party, as a member of the underwriting syndicate, underwrites the shares, corporate bonds or enterprise bonds, convertible corporate bonds or other derivatives publicly issued by the other party;
- (3) One party receives dividends, bonuses or returns in accordance with the resolution of the other party's general meeting;
- (4) Other transactions as recognized by the Shenzhen Stock Exchange.

II. Introduction of the Related Parties under the SZSE Listing Rules with which the Related Transactions are Confirmed to Occur in 2017 and their Related Relationship

E Fund has a registered capital of RMB120 million and its business scope includes: fund raising, fund sales; asset management; other businesses approved by the CSRC, with an address at Room 4004-8, 3 Baozhong Road, Hengqin New District, Zhuhai City, Guangdong Province. As of December 31, 2016, E Fund had total assets of RMB10.581 billion and net assets of RMB6.658 billion. In 2016, E Fund had an operating income of RMB4.037 billion and a net profit attributable to shareholders of the parent company of RMB1.347 billion.

As of March 24, 2017, the Company held 25% equity interest in E Fund and was its parallel largest shareholder. Mr. Qin Li, executive Director and standing deputy general manager of the Company, serves as a director of E Fund. E Fund falls within the related relationship under the provisions as set out in paragraph 3 of section 10.1.3 of the SZSE Listing Rules. The related party has good performance capacity and payment ability. E Fund does not constitute a connected person under the Listing Rules.

Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司) (hereinafter referred to as "Harvest Fund"), established in March 1999, is one of the ten earliest fund management companies established in China, and has so far developed a whole industry chain of financial services covering "full license" businesses, including mutual fund, institutional investment, pension business, overseas investment, private equity investment and wealth management, that integrates investments in the primary and secondary markets. As of the end of 2016, Harvest Fund has realized an amount of various assets under management of exceeding RMB950 billion, ranking top in the industry for successive ten years (source: the official website of Harvest Fund, 2017). Mr. Tang Xin, Independent Non-executive

Director of the Company, serves as an independent director of Harvest Fund. Harvest Fund falls within the related relationship under the provisions as set out in paragraph 3 of section 10.1.3 of the SZSE Listing Rules. The related party has good performance capacity and payment ability. Harvest Fund does not constitute a connected person under the Listing Rules.

Golden Eagle Fund Management Co., Ltd. (金鷹基金管理有限公司) (hereinafter referred to as “Golden Eagle Fund”) was established in December 2002, and its business scope includes: fund raising, fund sales, asset management, asset management for certain clients and other businesses approved by the CSRC, with an address at Unit 16, Floor 7, Commercial Bank Building, East Section of Jida Jiuzhou Avenue, Zhuhai, Guangdong Province. Golden Eagle Fund has a registered capital of RMB250 million (source: the official website of Golden Eagle Fund, 2017). Mr. Tan Yue, Supervisor of the Company, serves as an independent director of Golden Eagle Fund (Mr. Tan Yue has resigned as the independent director of Golden Eagle Fund in January 2017). Golden Eagle Fund falls within the related relationship under the provisions as set out in Paragraph 3 of Section 10.1.3 of the SZSE Listing Rules. The related party has good performance capacity and payment ability. Golden Eagle Fund does not constitute a connected person under the Listing Rules.

III. Daily Connected Transactions under the Listing Rules in 2017

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

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

- (1) transactions that meet the minimum exemption level;
- (2) financial assistance;
- (3) issuance of new securities by listed group companies;
- (4) trading of securities on stock exchanges;
- (5) directors’ service contracts and insurance;
- (6) repurchase of securities by listed group companies;
- (7) purchase or sales of consumer products or consumer services;
- (8) sharing of administration and management services;

(9) transactions with the associate(s) of passive investors;

(10) transactions with connected parties at the subsidiary level.

IV. Pricing Principles

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

1. Income from agency sale of funds and other products: Charges are made according to the unified sales policy when the products are issued by fund companies;
2. Commission income from brokerage business: Pricing is determined by reference to the commission rates for similar trading services in the market;
3. Income from securities underwriting and sponsorship: Pricing is determined by reference to the market level and industry practice;
4. Income from entrusted customer asset management business: Pricing is determined by reference to the market level and industry practice;
5. Subscription of fund products: Subscription is made at net asset value and handling fees are paid based on market standards;
6. Interest income from margin financing and securities lending, repurchase transaction services and money lending (Hong Kong): Pricing is determined by reference to the market level;
7. Interest expenses arising from the issuance of structured notes: Pricing is determined by reference to the market level and industry practice;
8. Income from market-making business: Pricing is determined by reference to the market level.

V. Purposes of the Transactions and Impact on the Company

1. Each of the related/connected transactions contemplated by the Company is beneficial for the Company in developing new businesses and broadening its income stream during its daily operations;
2. The pricing of the relevant related/connected transactions has market prices available for reference. The Company intends to implement at a fair price, which will not damage the interests of the Company and minority Shareholders;

3. The relevant related/connected transactions do not affect the independence of the Company. The major businesses of the Company have not relied on the related/connected parties as a result of the above related/connected transactions.

VI. Opinions of the Independent Directors

The Independent Directors have issued the following independent opinions on the “Resolution Regarding the 2017 Expected Daily Related Party/Connected Transactions”:

1. The related party/connected transactions are intended to be executed at a fair price and will not damage the interests of the Company and minority Shareholders;
2. The launch of the relevant businesses is beneficial for promoting the business growth of the Company, which is in line with the actual business needs of the Company, and is beneficial for the long-term development of the Company;
3. The relevant related party/connected transactions shall be disclosed in the annual report and the interim report of the Company in accordance with the SZSE Listing Rules and the Listing Rules;
4. It is agreed that the “Resolution Regarding the 2017 Expected Daily Related Party/Connected Transactions” be submitted to the Board for consideration.

It is hereby proposed to the AGM:

1. agree the implementation of the above related party/connected transactions; and agree that the Company shall perform its information disclosure obligations and perform the relevant procedures in accordance with the requirements under Chapter 14A of the Listing Rules if the above related party/connected transactions constitute connected transactions under the Listing Rules;
2. propose to the general meeting to authorize the Board and approve the Board to delegate the operating management to enter into new agreements or renew the relevant agreements within the scope of the expected daily related party/connected transactions in 2017 based on business needs.

Jilin Aodong, Liaoning Cheng Da, Zhongshan Public Utilities and their respective associates shall abstain from voting on this resolution, and shall not vote under the entrustment of other shareholders.

Please kindly consider the above resolution.

Shang Shuzhi, male, was born in October 1952. He is a senior economist and senior international business operator and holds a master's degree (EMBA). He was deputy general manager at Liaoning Province Textiles Import and Export Corporation from December 1987 to February 1991, deputy manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation in charge of operation from February 1991 to November 1991 and general manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation from December 1991 to July 1993. Mr. Shang Shuzhi has been chairman of Liaoning Cheng Da Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 600739, and principally engaged in business trade, energy development, bio-pharmaceuticals and financial service, formerly known as Liaoning Cheng Da (Group) Co., Ltd. (遼寧成大(集團)股份有限公司)) since August 1993, chairman of Liaoning Cheng Da Group Ltd. since January 1997 and a non-executive Director of the Company since July 2001. Mr. Shang Shuzhi has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; has connected relationship with Liaoning Cheng Da Co., Ltd., a Shareholder holding more than 5% of Shares of the Company.

Li Xiulin, male, was born in March 1953. He holds a bachelor's degree. He was general manager and engineer of Yanbian AoDong Pharmaceutical Company from August 1982 to December 1987, general manager of Yanbian Dunhua Deer Farm from December 1987 to February 1993, chairman and general manager of Yanbian AoDong Pharmaceutical Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000623, and renamed as Jilin Aodong Pharmaceutical Group Co., Ltd. in October 1998) from February 1993 to February 2000. Mr. Li Xiulin has been chairman of Jilin Aodong Pharmaceutical Group Co., Ltd. since February 2000 and a non-executive Director of the Company since May 2014. Mr. Li Xiulin has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; has connected relationship with Jilin Aodong Pharmaceutical Group Co., Ltd., a Shareholder holding more than 5% of Shares of the Company and does not have any connected relationship with other Directors, Supervisors and senior management of the Company.

Ms. Liu Xuetao, female, was born in September 1965. She holds a master's degree. She has been an assistant engineer of the Third Design Institute of Ministry of Chemical Industry (化學工業部第三設計院) from July 1989 to May 1992, an engineer of Shunde Rongqi Construction Development General Company (順德市容奇城建開發總公司) from May 1992 to June 1996. She was assistant to division head of water supply division, head of technology and management office, assistant to general manager, deputy general manager and general manager of Zhongshan Water Supply Co., Ltd. (中山市供水有限公司) from June 1996 to August 2008; deputy general manager of water business department, executive vice general manager of water business department, general manager of water business department, deputy general manager of Zhongshan Public Utilities from August 2008 to November 2016. Ms. Liu Xuetao has been director and general manager of Zhongshan Public Utilities since November 2016, concurrently served as director of Jining Zhongshan Public Utilities Water Co., Ltd. (濟寧中山公用水務有限公司) since July 2009, concurrently served as chairman of Zhongshan Municipal Dafeng Water Supply Co. Ltd. (中山市大豐自來水有限公司) since October 2011, concurrently served as chairman of Zhongshan Sino French Water Supply Co. Ltd. (中山中法供水有

限公司) since October 2011, concurrently served as executive director of Zhongshan Sewage Treatment Co. Ltd. (中山市污水處理有限公司) since March 2012, concurrently served as executive director of Zhongshan Water Supply Co., Ltd. since March 2012, concurrently served as executive director and general manager of Zhongshan Tianyi Energy Co., Ltd. (中山市天乙能源有限公司) since October 2016, and concurrently served as chairman of Zhongshan — Hong Kong Passenger Shipping CO-OP Co., Ltd. (中港客運聯營有限公司) since January 2017. Ms. Liu Xuetao has not yet obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; has connected relationship with Zhongshan Public Utilities Group Company Limited, a Shareholder holding more than 5% of Shares of the Company; and does not have any connected relationship with other Directors, Supervisors and senior management of the Company.

Yang Xiong, male, was born in October 1966. He holds a bachelor's degree and is a certified public accountant. He has been vice chairman of the Guizhou Office of Certified Public Accountants from 1995 to August 1998, chief accountant of Guizhou Qianyuan Certified Public Accountants from September 1998 to November 2000, director and deputy chief accountant of Tianyi Certified Public Accountants from December 2000 to November 2002, chief accountant of Zhonghe Zhengxin Certified Public Accountants from December 2002 to October 2009, and chief accountant of Pan-China Certified Public Accountants from November 2009 to July 2011. He is currently and has been a member of the managing committee and a senior partner of BDO China Shu Lun Pan Certified Public Accountant LLP and general manager of Northern headquarters of BDO since August 2011. Mr. Yang Xiong was an independent director of Rizhao Port Co., Ltd. (a company listed on Shanghai Stock Exchange, stock code: 600017) from July 2008 to March 2014, an independent director of Beijing Shougang Company Limited (a company listed on Shenzhen Stock Exchange, stock code: 000959) from November 2009 to January 2016 and an independent director of JSTI Group Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 300284) from August 2008 to April 2015. Mr. Yang Xiong has been an Independent Non-executive Director of the Company since May 2014. He has also been an independent director of Easecompeace Technology Card Co., Ltd (a company listed on Shenzhen Stock Exchange, stock code: 002017) since April 2011, Rongfeng Holdings Co., Ltd (a company listed on Shenzhen Stock Exchange, stock code: 000668) since September 2013 and Aerospace Industrial Development Corp. Co., Ltd. (航太工業發展股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 000547) since August 2015. Mr. Yang Xiong has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

Tang Xin, male, was born in September 1971. He holds a doctor's degree and is a professor. Mr. Tang currently is a professor of the Law School of Tsinghua University and concurrently serves as the vice director of the Commercial Law Research Centre of Tsinghua University and an associate editor of Tsinghua Law Journal. Mr. Tang Xin was selected as a member of the first session and second session of the Mergers and Acquisitions Review Committee of the CSRC from February 2008 to October 2010. Mr. Tang Xin was an independent director of China Spacesat Co., Ltd (a company listed on Shanghai Stock Exchange, stock code: 600118) from July 2008 to November 2014 and has been a member of the third session of the listing committee of Shanghai Stock Exchange since August 2012. Mr. Tang served as an independent director of the seventh session and eighth session of the board of SDIC Power Holdings Co., Ltd. (previously known as SDIC Power Holdings Co., Ltd., a company listed on Shanghai Stock Exchange, stock code: 600886) from April 2009 to September 2013, an independent director of the fifth session and sixth session of the board of Changjiang Securities Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000783) from December 2007 to December 2013, an independent director of second session of the board of Beijing Rural Commercial Bank Co., Ltd. from May 2009 to October 2015 and an independent director of the first session of the board of Shandong Publication & Media Co., Ltd. from June 2012 to June 2015. Mr. Tang Xin has been an Independent Non-executive Director of the Company since May 2014. He has also been an independent director of Harvest Fund Management Co., Ltd since August 2010, an independent director of Oriza Holdings Co., Ltd. since November 2015, an external supervisor of Beijing Rural Commercial Bank Co., Ltd. since November 2015, and an independent director of China Life Insurance Company Limited since March 2016. In September 2014, Mr. Tang Xin served as the head of the committee of independent directors of the China Association for Public Companies. Mr. Tang Xin has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

Chan Kalok, male, was born in December 1961. He holds a doctor's degree and is a professor. He was professor, head of the finance faculty and acting president of business school of the Hong Kong University of Science and Technology from June 1995 to October 2014. Mr. Chan Kalok was a member of the risk management committee of the Hong Kong Exchanges and Clearing Limited from July 2005 to June 2011 and the president of Asian Finance Association from 2008 to 2010. Mr. Chan Kalok is currently the dean of business school of The Chinese University of Hong Kong, a member of the Hang Seng Index Advisory Committee and a member of the Hong Kong Housing Authority, and has been an Independent Non-executive Director of the Company since December 2014. Mr. Chan Kalok has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

Sun Shuming, male, was born in June 1962. He holds a doctor's degree. He was clerk, deputy chief officer and chief officer of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1984 to August 1990, deputy head of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1990 to September 1994, head of the Department of Treaty and Law of the Ministry of Finance of the PRC from September 1994 to March 1996, deputy mayor (a temporary post) of the People's Government of Zhuozhou, Hebei Provincial from July 1994 to July 1995, director of the general manager's office and assistant to the general manager of China Economic Development Trust & Investment Corporation from March 1996 to June 2000, deputy director of the Central Financial Work Commission Supervisors Work Department from June 2000 to March 2003, supervisor of China Galaxy Securities Co. Ltd from September 2003 to January 2006, deputy chief officer of the Accounting Department of the CSRC from January 2006 to April 2007 and chief officer of the Accounting Department of the CSRC from April 2007 to March 2011. Mr. Sun Shuming has been appointed as Chairman and executive Director of the Company since May 2015 and has also concurrently served as vice chairman of China Securities Inter-agency Quotation Systems Co., Ltd. since March 2015 and chairman of GF Fund Management Co., Ltd. since April 2016. Mr. Sun Shuming has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company. Mr. Sun Shuming holds the interest of 132,562 H shares of the Company in the capacity of owner of the trust shares. For details, please see the related disclosure in the 2016 Annual Report of the Company.

Lin Zhihai, male, was born in January 1964. He holds a doctor's degree and is an economist. He was teaching assistant of the finance faculty at the Northeast University of Finance and Economics (東北財經大學) from July 1986 to December 1991; assistant economist of the People's Bank of China (Dalian Branch) from January 1992 to May 1993; economist and deputy general manager at the investment banking department of Liaoning Trust & Investment Company (遼寧信託投資公司) from May 1993 to January 1995 and January 1995 to August 1996, respectively. He joined our Company in September 1996, and became a general manager at the Dalian branch of our Company from February 1997 to October 2001; chairman and general manager of Guangfa Northern Securities Company Limited (廣發北方證券有限責任公司) from October 2001 to March 2006; deputy general manager and standing deputy general manager of our Company from March 2006 to April 2011; chairman of GF Asset Management from January 2014 to August 2014. Mr. Lin Zhihai was appointed as the executive director of the Company since March 2008; general manager of the Company since April 2011 and chairman of GF Holdings (Hong Kong) Corporation Limited since July 2011. Mr. Lin Zhihai has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company. Mr. Lin Zhihai holds the interest of 132,562 H shares of the Company in the capacity of owner of the trust shares. For details, please see the related disclosure in the 2016 Annual Report of the Company.

Qin Li, male, was born in May 1968. He holds a doctor's degree. Mr. Qin Li served as standing deputy general manager at the department of investment banking administration, general manager of the investment management department, general manager of capital operation department, general manager of planning and management department, general manager of investment department, assistant to the general manager, deputy general manager of our Company successively since March 1997. Mr. Qin Li was appointed as the executive director and standing deputy general manager of the Company since April 2011, and served as director of GF Holdings (Hong Kong) Corporation Limited since September 2006; chairman of GF Xinde Investment Management Co., Ltd. from May 2010 to August 2013; director of E Fund Management Co., Ltd. since May 2012 and chairman of the board of Guangdong Equity Exchange Co., Ltd. since September 2013. Mr. Qin Li has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company. Mr. Qin Li holds the interest of 132,554 H shares of the Company in the capacity of owner of the trust shares. For details, please see the related disclosure in the 2016 Annual Report of the Company.

Sun Xiaoyan, female, was born in June 1972, a master. She has worked under the capital operation department, finance department and investment banking department respectively since joining the Company in July 1993. Ms. Sun was deputy general manager of the accounting department from September 1998 to January 2000, deputy general manager of the investment and proprietary trading department from January 2000 to October 2002, chief financial officer of GF Fund Management Co., Ltd. (preparatory) from October 2002 to August 2003, chief financial officer of GF Fund Management Co., Ltd. from August 2003 to October 2003, deputy general manager of GF Fund Management Co., Ltd. from October 2003 to March 2005, and general manager of finance department of the Company from November 2003 to March 2014. Ms. Sun Xiaoyan has been the chief financial officer of the Company from March 2006 to April 2011 and a director of GF Fund Management Co., Ltd. since June 2007. Ms. Sun Xiaoyan has been the deputy general manager and chief financial officer of the Company since April 2011 and concurrently has been the director of GF Holdings (Hong Kong) Corporation Limited since August 2013. She was appointed as the executive Director of the Company in December 2014 and the chairman of the first session of supervisory committee of Zhengtong Co., Ltd. in December 2014. Ms. Sun Xiaoyan has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company. Ms. Sun Xiaoyan holds the interest of 132,562 H shares of the Company in the capacity of owner of the trust shares. For details, please see the related disclosure in the 2016 Annual Report of the Company.

Zhan Lingzhi, female, was born in February 1956 and obtained the college diploma. Ms. Zhan Lingzhi was the deputy secretary to the Youth League general branch and secretary to the Party branch of workshop of Anqing Textile Factory (安慶紡織廠) from December 1978 to March 1984, deputy director, first deputy director and a member of the Party committee of Anqing Textile Factory from March 1984 to July 1998, director of Anhui Huamao Group Co. Ltd.(安徽華茂集團有限公司) and deputy general manager of Anhui Huamao Textile Co., Ltd. (安徽華茂紡織股份有限公司) from July 1998 to April 2004, director of Anhui Huamao Group Co. Ltd. and the deputy general manager, general manager and director of Anhui Huamao Textile Co. Ltd. from April 2004 to March 2007, chairman and the secretary to the Party committee of Anhui Huamao Group Co. Ltd. and chairman of Anhui Huamao Textile Co., Ltd. from March 2007 to March 2016 and supervisor of Guotai Junan Securities Co. Ltd. from September 2009 to May 2016. She has also served as the vice president of the China Federation of Entrepreneurs of Textile Industry(中國紡織企業家聯合會) since July 2008. Ms. Zhan Lingzhi has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

Tan Yue, male, was born in April 1959. He holds a doctor's degree and is a professor. He is currently the professor of the accounting faculty and lecturer for doctoral students in the Management School of Jinan University (暨南大學). Mr. Tan Yue served as a tutor of Zhuzhou Foundation University (株洲基礎大學) from December 1981 to August 1984; a lecturer of Changsha University of Electric Power (長沙電力學院) from January 1987 to August 1996; served as the deputy professor and professor of the finance faculty and professor and lecturer for doctoral students of the accounting faculty of Jinan University since August 1996; served as the head of accounting faculty of Jinan University, head of accounting department and deputy dean of the International School of Jinan University, deputy dean (acting for duties) of the Management School of Jinan University and executive dean of the Management School of Jinan University from April 2010 to June 2015. Mr. Tan Yue obtained his professor qualification during his tenure in Jinan University in January 2003. Mr. Tan Yue was an independent director of Hua'an Futures Co., Ltd. (華安期貨有限責任公司) from September 2009 to June 2015; the chairman of the Supervisory Committee of Luxiang Co., Ltd. (路翔股份有限公司) from November 2010 to November 2012; an independent director of MOSO Power Supply Technology Co., Ltd. (茂碩電源科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002660), from December 2010 to December 2013; an independent director of Golden Eagle Fund Management Co., Ltd.(金鷹基金管理有限公司) from April 2016 to January 2017; an independent director of Shenzhen Desay Battery Technology Co., Ltd. (深圳市德賽電池科技股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000049), since April 2015; an independent director of Suofeiya Home Collection Co., Ltd. (索菲亞家居股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002572), since January 2015; and an independent director of Bluedon Information Security Technology Co., Ltd. (藍盾資訊安全技術股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 300297), since July 2015. Mr. Tan Yue has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there

are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

Gu Naikang, male, was born in July 1965. He holds a doctor's degree and is a professor. He is currently a professor and lecturer for doctoral students of the finance and investment faculty of the Management School of Sun Yat-sen University (中山大學). Mr. Gu Naikang served as a tutor of Wuxi Institute of Light Industry (無錫輕工業學院) from July 1986 to July 1988; served as a lecturer, deputy professor, professor and lecturer of doctoral students of the Management School of Sun Yat-sen University since September 1991. Mr. Gu obtained his professor qualification during his tenure in Sun Yat-sen University in April 2004. Mr. Gu has been appointed as an independent director of Guangxi Guitang (Group) Co., Ltd. (廣西貴糖(集團)股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000833), since January 2013; an independent director of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 600684), since May 2014; and an independent director of Shenzhen Zhubo Design Co., Ltd. since January 2012; and an independent director of Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000429), since July 2016. Mr. Gu Naikang has obtained the relevant qualifications in accordance with the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms; there are no circumstances as set out in rule 3.2.3 of the Guidelines on the Standardized Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange; does not have any connected relationship with any Shareholder holding more than 5% of Shares of the Company, other Directors, Supervisors and senior management of the Company.

APPENDIX II 2016 WORK REPORT OF THE INDEPENDENT DIRECTORS

Dear Shareholders,

**2016 Work Report OF the Independent Directors of
GF Securities Co., Ltd.**

I. Performance of duties by the Independent Directors

In 2016, the Company convened 9 Board meetings and 1 general meetings of Shareholders, and the Independent Directors were actively involved in each of the meetings. During the period of their appointment, the Independent Directors had sufficient time and energy to carry out their duties; the Independent Directors carefully reviewed the relevant materials before each of the meetings, and fully expressed professional and independent opinions; when making independent judgments, they were not affected by the major Shareholders of the Company and any other entities and individuals which are our stakeholders.

The details of attendance of the Independent Directors at Board meetings and general meetings of Shareholders in 2016 are set out in the table below:

Name of Independent Director	Number of Board meetings required to be attended during the Reporting Period	Number of Board meetings attended in person	Number of Board meetings attended by telecommunication	Number of Board meetings attended by proxy	Number of absence from the Board meetings	Number of general meetings of Shareholders attended
Liu Jiwei	9	3	6	0	0	0/1
Yang Xiong	9	1	6	2	0	1/1
Tang Xin	9	2	6	1	0	0/1
Chan Kalok	9	3	6	0	0	0/1

II. Participation of Independent Directors in the Special Committees

The Board had four special committees, namely the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee.

In 2016, three Independent Directors, namely Mr. Liu Jiwei, Mr. Yang Xiong and Mr. Tang Xin, served as members of the Remuneration and Nomination Committee while Mr. Liu Jiwei separately served as the Chairman of the Remuneration and Nomination Committee of the Eighth Session of the Board; three Independent Directors, namely Mr. Yang Xiong, Mr. Liu Jiwei and Mr. Chan Kalok served as members of the Audit Committee, with Mr. Yang Xiong served as the Chairman of the Audit Committee of the eighth session of the Board.

In 2016, 4 meetings of the Audit Committee of the Board and 1 meetings of the Remuneration and Nomination Committee of the Board were convened in accordance with the Rules of Procedure of the Meeting of the Special Committees of the Board. Each of the Independent Directors attended each of the meetings of the Special Committees during their term of appointment and provided expert advice and consultation to the Board to help make informed decisions.

III. Performance of the Independent Directors in 2016

(I) In 2016, the Independent Directors of the Company, in accordance with the laws and regulations of the PRC and the Articles of Association, provided 8 special opinions on respective matters pursuant to statutory procedures, particulars of which are as follow:

1. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolutions regarding Distribution of Performance-based Remuneration of the Operating Management for 2015” as follows:

There was no objection against the distribution of performance-based remuneration to the members of the operating management for 2015.

2. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Special Report on Deposition and usage of the Funds Raised of GF Securities Co., Ltd. in 2015” as follows:

Deposition and usage of the funds raised by GF Securities in 2015 complied with the requirements of regulations and documents such as the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board and the Management System for the Use of Proceeds of the Company (募集資金使用管理制度). The Company deposited and used the funds raised in designated account and for specific purpose, without change in the use of funds raised and prejudice to the interests of the shareholders, and there were no violations regarding the use of proceeds; the Company has used the proceeds strictly in accordance with the relevant requirements and has truthfully, accurately, completely disclosed the relevant information in a timely manner; and approved the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015”.

3. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Report on Self-Evaluation of Internal Control of GF Securities in 2015” as follows:

GF Securities further established various systems on internal control in 2015, which improved and covered all the business and management aspects of the Company, and identified no significant defects in internal control in terms of the design and implementation as of December 31, 2015; the report on Self-Evaluation of Internal Control of the Company completely, truthfully and accurately reflects the actual condition of the Company’s internal control without misrepresentation, misleading statement or material omission; approved the “Report on Self-Evaluation of Internal Control of GF Securities in 2015”.

4. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “2015 Profit Distribution Proposal of GF Securities” as follows:

The 2015 Profit Distribution Proposal of the Company complied with the relevant requirements, including the Company Law of the PRC and the Articles of Association, was in line with the current actual operation condition of the Company and was not prejudicial to the Shareholders of the Company, particularly activities prejudicial to the interests of the minority Shareholders; approved the profit distribution proposal prepared by the Board and submitted the proposal to the 2015 Annual General Meeting of the Company for consideration.

5. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their advice of prior approval on the “Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as auditor in 2016”:

Deloitte Touche Tohmatsu Limited has experience in and is capable of providing audit services to the Company. During its term of service as our auditor, it adhered to independent audit standards, assured the smooth development of our operations and fulfilled its responsibilities and obligations as the auditor properly. We approved the re-appointment of Deloitte Touche Tohmatsu Limited as our auditor in 2016 and the submission of the resolution to the 2015 Annual General Meeting for consideration.

6. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” as follows:

Each of the related/connected transactions, which was intended to be executed at fair price, was not prejudicial to the interests of the Company and the minority Shareholders; related businesses were beneficial for the business growth, met the actual business requirements and would be favorable for the long-term development of the Company; particulars of the related/connected transactions shall be disclosed in the annual report and interim report of the Company in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Listing Rules; approved the submission of the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” to the Board for consideration.

7. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company’s funds and external guarantees provided by the Company: the Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company’s funds by related parties (except in the case of operational business transactions); The Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

8. On August 26, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company's funds and external guarantees provided by the Company: the Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company's funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.
- (II) In respect of auditing of the Company in 2016, the Independent Non-executive Directors strictly abide by the Annual Report Regulations of the Independent Directors of GF Securities and ensure that there is sufficient time and energy to fulfill their duties, and make timely communications with the certified public accountants of the annual audit before and after the audit. During the audit process, the Independent Directors conducted investigation and provided guidance, in person, at the Company, received reporting on the operation, financial position and audits of the Company from the operating management, financial controllers and auditors of the Company.

Three out of four Independent Directors of the Company are members of the Audit Committee, who participated in the communications with the certified public accountants of the annual audit before and after the audit and expressed opinions in a dual capacity as a member of the Audit Committee and an Independent Director. On December 23, 2016, the Independent Non-executive Directors heard the reporting of the 2016 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountants of the annual audit. The Independent Directors of the Company conducted a proper review on the related materials of the audit plan and reminded, and urged audit institutions to carry out audit procedures in place during the audit process. The corporate finance department and other related departments of the Company actively cooperated with the audit work.

On March 13, 2017, the certified public accountants of the annual audit of the Company issued a draft audit report with standard unqualified opinions on the 2016 annual financial report of the Company, held meeting with the Independent Directors to solicit advice, and made communication on problems discovered in the course of the audit. After full communication with the certified public accountants of the annual audit, the Independent Directors were of the view that Deloitte carried out appropriate audit procedures in the audit for the year strictly in accordance with requirements of the Auditing Standards for Certified Public Accountants of China and the International Auditing Standards, and standard unqualified opinions on the financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2016 and the operating results and cash flow for the year 2016.

IV. OTHER MATTERS

- (1) During the Reporting Period, the Independent Directors of the Company performed due diligence in carrying out their duties, provided recommendations for improvements in respect of individual matters that required deliberation. For details, please refer to the duty performance report of the Independent Directors.

APPENDIX II 2016 WORK REPORT OF THE INDEPENDENT DIRECTORS

- (2) During the Reporting Period, the Independent Directors had no objection to the relevant resolutions of the Board.
- (3) During the Reporting Period, the Independent Directors had not proposed the convening of any Board meeting by the Company.
- (4) During the Reporting Period, the Independent Directors had not proposed any engagement or removal of any accounting firms by the Company.
- (5) During the Reporting Period, the Independent Directors had not engaged any external auditors and consultants.

Independent Directors of the eighth session of the Board: Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok

Please kindly hear the above report.

Dear Shareholders,

2016 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.

Liu Jiwei

In 2016, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2015 duty performance report of the Independent Directors as follows:

I. Attendance of Board Meetings in 2016

In 2016, the Board convened 9 Board meetings, in which I should attend and practically attended. I devoted sufficient time and energy to carry out my duties during the term of my appointment; reviewed the relevant materials before each of the meetings, and fully expressed professional and independent opinions at the meetings; was not affected by the major Shareholders of the Company and any other entities and individuals which are our stakeholders when making independent judgments. In 2016, I exercised the voting right actively without any dissenting or abstention vote.

The details of my attendance of Board meetings in 2016 are set out in the table below:

Name of Independent Director	Number of Board meetings required to be attended during the Reporting Period	Number of Board meetings attended in person	Number of Board meetings attended by telecommunication	Number of Board meetings attended by proxy	Number of absence from the Board meetings
Liu Jiwei	9	3	6	0	0

During the Reporting Period, I did not raise any objection against the resolutions of the Board and other resolutions.

II. Participation in Special Committees in 2016

I served as the Chairman of the Remuneration and Nomination Committee, and a member of the Audit Committee, of the eighth session of the Board, respectively, in 2016.

In 2016, I chaired 1 meetings of the Remuneration and Nomination Committee, and attended 4 meetings of the Audit Committee, of the eighth session of the Board in accordance with the Rules of Procedure of the Meeting of the Special Committees of the Board. I attended each of the meetings of the Special Committees in person and provided expert advice and consultation to the Board to help make informed decisions.

III. Independent Opinions Given in 2016

(I) In 2016, in accordance with the laws and regulations of the PRC and the Articles of Association, I, as an Independent Director of the Company, and other Independent Directors, provided 8 special independent opinions specifically on respective matters pursuant to statutory procedures, particulars of which are as follows:

1. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolutions regarding Distribution of Performance-based Remuneration of the Operating Management for 2015” as follows:

There was no objection against the distribution of performance-based remuneration to the members of the operating management for 2015.

2. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015” as below:

Deposition and usage of the funds raised by GF Securities in 2015 complied with the requirements of regulations and documents such as the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board and the Management System for the Use of Proceeds of the Company (募集資金使用管理制度). The Company deposited and used the funds raised in designated account and for specific purpose, without change in the use of funds raised and prejudice to the interests of the Shareholders, and there were no violations regarding the use of proceeds; the Company has used the proceeds strictly in accordance with the relevant requirements and has truthfully, accurately, completely disclosed the relevant information in a timely manner; and approved the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015”.

3. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Report on Self-Evaluation of Internal Control of GF Securities in 2015” as follows:

GF Securities further established various systems on internal control in 2015, which improved and covered all the business and management aspects of the Company, and identified no significant defects in internal control in terms of the design and implementation as of December 31, 2015; the report on Self-Evaluation of Internal Control of the Company completely, truthfully and accurately reflects the actual condition of the Company’s internal control without misrepresentation, misleading statement or material omission; approved the “Report on Self-Evaluation of Internal Control of GF Securities in 2015”.

4. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “2015 Profit Distribution Proposal of GF Securities” as follows:

The 2015 Profit Distribution Proposal of the Company complied with the relevant requirements including the Company Law of the PRC and the Articles of Association, was in line with the current actual operation condition of the Company and was not prejudicial to the Shareholders of the Company, particularly activities prejudicial to the interests of the minority Shareholders; approved the profit distribution proposal prepared by the Board and submitted the proposal to the 2015 Annual General Meeting of the Company for consideration.

5. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their advice of prior approval on the “Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as auditor in 2016”:

Deloitte Touche Tohmatsu Limited has experience in and is capable of providing audit service to the Company. During its term of service as our auditor, it adhered to independent audit standards, assured the smooth development of our operations and fulfilled its responsibilities and obligations as the auditor properly. We approved the re-appointment of Deloitte Touche Tohmatsu Limited as our auditor in 2016 and the submission of the resolution to the General Meeting for consideration.

6. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2015” as follows:

Each of the related/connected transactions, which was intended to be executed at fair price, was not prejudicial to the interests of the Company and the minority Shareholders; related businesses were beneficial for the business growth, met the actual business requirements and would be favorable for the long-term development of the Company; particulars of the related/connected transactions shall be disclosed in the annual report and interim report of the Company in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Listing Rules; approved the submission of the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” to the Board for consideration.

7. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company's funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company's funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

8. On August 26, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company's funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company's funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

IV. Other Relevant Work

- (I) In respect of the auditing of the Company in 2016, I strictly abide by the Annual Report Regulations of the Independent Directors of GF Securities and ensure that there is sufficient time and energy to fulfill my duties, and make timely communications with the certified public accountants of the annual audit before and after the audit. During the audit process, I participated in the communications with the certified public accountants of the annual audit before and after the audit and expressed opinions in a dual capacity as a member of the Audit Committee and an Independent Director; I received reporting on the operation, financial position and audit of the Company from the operating management, financial controllers and auditors of the Company.

On December 23, 2016, I heard the reporting of the 2016 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountants of the annual audit. I conducted a proper review of the related materials of the audit plan and reminded, and urged the audit institutions to carry out audit procedures in place during the audit process. The corporate finance department and other related departments of the Company actively cooperated with the audit work.

APPENDIX III 2016 DUTY PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS

On March 13, 2017, the certified public accountants of the annual audit of the Company issued a draft audit report with standard unqualified opinions on the 2016 annual financial report of the Company, held meeting with the Independent Directors and made communication on problems discovered in the course of the audit. After full communication with the certified public accountants of the annual audit, I am of the view that Deloitte Touche Tohmatsu Limited carried out appropriate audit procedures in the audit for the year strictly in accordance with requirements of the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, and standard unqualified opinions on the 2016 annual financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2016 and the operating results and cash flow for the year 2016.

- (II) In respect of training and development, I put strong emphasis on learning the latest laws, regulations and various rules and systems and actively participated in relevant training of the Company and training organized in different forms in order to keep upgrading my own performance ability, enhance my own ability in supervising the operation of the Company, provide better opinion on and advice to the Company for informed decisions and precautions of risks as well as promoting the Company's standardized operation.

Independent Director (Liu Jiwei)

Please kindly hear the above report.

Dear Shareholders,

2016 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.

Yang Xiong

In 2016, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2016 duty performance report of the Independent Directors as follows:

I. Attendance of Board Meetings in 2016

In 2016, the Board convened 9 Board meetings, in which I should attend and practically attended. I devoted sufficient time and energy to carry out my duties during the term of my appointment; reviewed the relevant materials before each of the meetings, and fully expressed professional and independent opinions at the meetings; was not affected by the major Shareholders of the Company and any other entities and individuals which are our stakeholders when making independent judgments. In 2016, I exercised the voting right actively without any dissenting or abstention vote.

The details of my attendance of Board meetings in 2016 are set out in the table below:

Name of Independent Director	Number of Board meetings required to be attended during the Reporting Period	Number of Board meetings attended in person	Number of Board meetings attended by telecommunication	Number of Board meetings attended by proxy	Number of absence from the Board meetings
Yang Xiong	9	1	6	2	0

During the Reporting Period, I did not raise any objection against the resolutions of the Board and other resolutions.

II. Participation in Special Committees in 2016

I served as the Chairman of the Audit Committee, and a member of the Remuneration and Nomination Committee, of the eighth session of the Board, respectively, in 2016.

In 2016, I chaired 4 meetings of the Audit Committee, and attended 1 meetings of the Remuneration and Nomination Committee, of the eighth session of the Board in accordance with the Rules of Procedure of the Meeting of the Special Committees of the Board. I attended each of the meetings of the Special Committees in person and provided expert advice and consultation to the Board to help make informed decisions.

III. Independent Opinions Given in 2016

(I) In 2016, in accordance with the laws and regulations of the PRC and the Articles of Association, I, as an Independent Director of the Company, and other Independent Directors, provided 8 special independent opinions specifically on respective matters pursuant to statutory procedures, particulars of which are as follows:

1. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolutions regarding Distribution of Performance-based Remuneration of the Operating Management for 2015” as follows:

There was no objection against the distribution of performance-based remuneration to the members of the operating management for 2015.

2. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Special Report on Deposition and usage by the Funds Raised by GF Securities Co., Ltd. in 2015” as below:

Deposition and usage of the funds raised by GF Securities in 2015 complied with the requirements of regulations and documents such as the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board and the Management System for the Use of Proceeds of the Company (募集資金使用管理制度). The Company deposited and used the funds raised in designated account and for specific purpose, without change in the use of funds raised and prejudice to the interests of the Shareholders, and there were no violations regarding the use of proceeds; the Company has used the proceeds strictly in accordance with the relevant requirements and has truthfully, accurately, completely disclosed the relevant information in a timely manner; and approved the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015”.

3. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Report on Self-Evaluation of Internal Control of GF Securities in 2015” as follows:

GF Securities further established various systems on internal control in 2015, which improved and covered all the business and management aspects of the Company, and identified no significant defects in internal control in terms of the design and implementation as of December 31, 2015; the report on Self-Evaluation of Internal Control of the Company completely, truthfully and accurately reflects the actual condition of the Company’s internal control without misrepresentation, misleading statement or material omission; approved the “Report on Self-Evaluation of Internal Control of GF Securities in 2015”.

4. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “2015 Profit Distribution Proposal of GF Securities” as follows:

The 2015 Profit Distribution Proposal of the Company complied with the relevant requirements including the Company Law of the PRC and the Articles of Association, was in line with the current actual operation condition of the Company and was not prejudicial to the Shareholders of the Company, particularly activities prejudicial to the interests of the minority Shareholders; approved the profit distribution proposal prepared by the Board and submitted the proposal to the 2015 Annual General Meeting of the Company for consideration.

5. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their advice of prior approval on the “Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as auditor in 2016”:

Deloitte Touche Tohmatsu Limited has experience in and is capable of providing audit service to the Company. During its term of service as our auditor, it adhered to independent audit standards, assured the smooth development of our operations and fulfilled its responsibilities and obligations as the auditor properly. We approved the re-appointment of Deloitte Touche Tohmatsu Limited as our auditor in 2016 and the submission of the resolution to General Meeting for consideration.

6. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” as follows:

Each of the related/connected transactions, which was intended to be executed at fair price, was not prejudicial to the interests of the Company and the minority Shareholders; related businesses were beneficial for the business growth, met the actual business requirements and would be favorable for the long-term development of the Company; particulars of the related/connected transactions shall be disclosed in the annual report and interim report of the Company in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Listing Rules; approved the submission of the “Resolution Regarding the Estimated Daily Related/ Connected Transactions of the Company for 2016” to the Board for consideration.

7. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company’s funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company’s funds by related parties (except in

the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

8. On August 26, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company's funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company's funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

IV. Other Relevant Work Performed in 2015

- (I) In respect of the auditing of the Company in 2016, I strictly abide by the Annual Report Regulations of the Independent Directors of GF Securities and ensure that there is sufficient time and energy to fulfill my duties, and make timely communications with certified public accountants of the annual audit before and after the audit. During the audit process, I participated in the communications with the certified public accountants of the annual audit before and after the audit and expressed opinions in a dual capacity as a member of the Audit Committee and an Independent Director; I received reporting on the operation, financial position and audit of the Company from the operating management, financial controllers and auditors of the Company.

On March 18, 2016, I heard the reporting of the 2016 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountants of the annual audit. I conducted a proper review of the related materials of the audit plan and reminded, and urged the audit institutions to carry out audit procedures in place during the audit process. The corporate finance department and other related departments of the Company actively cooperated with the audit work.

On March 13, 2017, the certified public accountants of the annual audit of the Company issued a draft audit report with standard unqualified opinions on the 2016 annual financial report of the Company, held meeting with the Independent Directors and made communication on problems discovered in the course of the audit. After full communication with the certified public accountants of the annual audit, I am of the view that Deloitte Touche Tohmatsu Limited carried out appropriate audit procedures in the audit for the year strictly in accordance with requirements of the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, and standard unqualified

APPENDIX III 2016 DUTY PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS

opinions on the 2016 annual financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2016 and the operating results and cash flow for the year 2016.

- (II) In respect of training and development, I put strong emphasis on learning the latest laws, regulations and various rules and systems and actively participated in relevant training of the Company and training organized in different forms in order to keep upgrading my own performance ability, enhance my own ability in supervising the operation of the Company, provide better opinion on and advice to the Company for informed decisions and precautions of risks as well as promoting the Company's standardized operation.

Independent Director (Yang Xiong)

Please kindly hear the above report.

Dear Shareholders,

2016 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.

Tang Xin

In 2016, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2016 duty performance report of the Independent Directors as follows:

I. Attendance of Board Meetings in 2016

In 2016, the Board convened 9 Board meetings, in which I should attend and practically attended. I devoted sufficient time and energy to carry out my duties during the term of my appointment; reviewed the relevant materials before each of the meetings, and fully expressed professional and independent opinions at the meetings; was not affected by the major Shareholders of the Company and any other entities and individuals which are our stakeholders when making independent judgments. In 2016, I exercised the voting right actively without any dissenting or abstention vote.

The details of my attendance of Board meetings in 2016 are set out in the table below:

Name of Independent Director	Number of Board meetings required to be attended during the Reporting Period	Number of Board meetings attended in person	Number of Board meetings attended by telecommunication	Number of Board meetings attended by proxy	Number of absence from the Board meetings
Tang Xin	9	2	6	1	0

I did not raise any objection against the resolutions of the Board and other resolutions.

II. Participation in Special Committees in 2016

I served as a member of the Remuneration and Nomination Committee of the eighth session of the Board in 2016. I attended 1 meetings of the Remuneration and Nomination Committee of the eighth session of the Board in accordance with the Rules of Procedure of the Meeting of the Special Committees of the Board. During the term of my appointment, I attended each of the meetings of the Special Committees in person and provided expert advice and consultation to the Board to help make informed decisions.

III. Independent Opinions Given in 2016

(I) In 2016, in accordance with the laws and regulations of the PRC and the Articles of Association, I, as an Independent Director of the Company, and other Independent Directors, provided 8 special independent opinions specifically on respective matters pursuant to statutory procedures, particulars of which are as follows:

1. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolutions regarding Distribution of Performance-based Remuneration of the Operating Management for 2015” as follows:

There was no objection against the distribution of performance-based remuneration to the members of the operating management for 2015.

2. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015” as below:

Deposition and usage of the funds raised by GF Securities in 2015 complied with the requirements of regulations and documents such as the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board and the Management System for the Use of Proceeds of the Company (募集資金使用管理制度). The Company deposited and used the funds raised in designated account and for specific purpose, without change in the use of funds raised and prejudice to the interests of the Shareholders, and there were no violations regarding the use of proceeds; the Company has used the proceeds strictly in accordance with the relevant requirements and has truthfully, accurately, completely disclosed the relevant information in a timely manner; and approved the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015”.

3. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Report on Self-Evaluation of Internal Control of GF Securities in 2015” as follows:

GF Securities further established various systems on internal control in 2015, which improved and covered all the business and management aspects of the Company, and identified no significant defects in internal control in terms of the design and implementation as of December 31, 2015; the report on Self-Evaluation of Internal Control of the Company completely, truthfully and accurately reflects the actual condition of the Company’s internal control without misrepresentation, misleading statement or material omission; approved the “Report on Self-Evaluation of Internal Control of GF Securities in 2015”.

4. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “2015 Profit Distribution Proposal of GF Securities” as follows:

The 2015 Profit Distribution Proposal of the Company complied with the relevant requirements including the Company Law of the PRC and the Articles of Association, was in line with the current actual operation condition of the Company and was not prejudicial to the Shareholders of the Company, particularly activities prejudicial to the interests of the minority Shareholders; approved the profit distribution proposal prepared by the Board and submitted the proposal to the 2015 Annual General Meeting of the Company for consideration.

5. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their advice of prior approval on the “Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as auditor in 2016”:

Deloitte Touche Tohmatsu Limited has experience in and is capable of providing audit service to the Company. During its term of service as our auditor, it adhered to independent audit standards, assured the smooth development of our operations and fulfilled its responsibilities and obligations as the auditor properly. We approved the re-appointment of Deloitte Touche Tohmatsu Limited as our auditor in 2016 and the submission of the resolution to General Meeting for consideration.

6. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolution Regarding the Estimated Daily Related/ Connected Transactions of the Company for 2016” as follows:

Each of the related/connected transactions, which was intended to be executed at fair price, was not prejudicial to the interests of the Company and the minority shareholders; related businesses were beneficial for the business growth, met the actual business requirements and would be favorable for the long-term development of the Company; particulars of the related/connected transactions shall be disclosed in the annual report and interim report of the Company in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Listing Rules; approved the submission of the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” to the Board for consideration.

7. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company’s funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company’s funds by related parties (except in

the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

8. On August 26, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company's funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company's funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

IV. Other Relevant Work

- (I) In respect of the auditing of the Company in 2016, I strictly abide by the Annual Report Regulations of the Independent Directors of GF Securities and ensure that there is sufficient time and energy to fulfill my duties, and make timely communications with certified public accountants of the annual audit before and after the audit. During the audit process, I participated in the communications with the certified public accountants of the annual audit before and after the audit and expressed opinions in a capacity as an Independent Director; I received in person reporting on the operation, financial position and audit of the Company from the operating management, financial controllers and auditors of the Company.

On December 23, 2016, I heard the reporting of the 2016 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountants of the annual audit. I conducted a proper review of the related materials of the audit plan and reminded, and urged the audit institutions to carry out audit procedures in place during the audit process. The corporate finance department and other related departments of the Company actively cooperated with the audit work.

On March 13, 2017, the certified public accountants of the annual audit of the Company issued a draft audit report with standard unqualified opinions on the 2016 annual financial report of the Company, held meeting with the Independent Directors and made communication on problems discovered in the course of the audit. After full communication with the certified public accountants of the annual audit, I am of the view that Deloitte Touche Tohmatsu Limited carried out appropriate audit procedures in the audit for 2015 strictly in accordance with requirements of the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, and standard unqualified

opinions on the 2016 annual financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2016 and the operating results and cash flow for the year 2016.

- (II) In 2016, I was concerned about the event that the Company was subject to administrative penalty by the CSRC by reason of its failure to review and understand clients' true identity in accordance with requirements, and communicated with the operating management of the Company at the thirty third meeting of the eighth session of the Board. This event is subject to the Company's comprehensive assessment.

The operating management of the Company has responded to at the Board by reporting the overall situation, process of investigation, countermeasures, etc. with regard to the event in full details. For such event, upon receipt of a prior notification of the administrative penalty in September 2015, the Company has made complete rectification in terms of regulating access to third party information system, improving procedural transactions and enhancing client suitability management. In November 2016, the Company received the written decision of administrative penalty and made immediate disclosure of information, timely payment of fines, review of each rectification, and reported the same to the CSRC.

- (III) In respect of training and development, I put strong emphasis on learning the latest laws, regulations and various rules and systems and actively participated in relevant training of the Company and training organized in different forms in order to keep upgrading my own performance ability, enhance my own ability in supervising the operation of the Company, provide better opinion on and advice to the Company for informed decisions and precautions of risks as well as promoting the Company's standardized operation.

Independent Director (Tang Xin)

Please kindly hear the above report.

Dear Shareholders,

2016 Duty Performance Report of the Independent Directors of GF Securities Co., Ltd.

Chan Kalok

In 2016, as an Independent Director of GF Securities Co., Ltd., I participated in decision-making of significant events of GF Securities Co., Ltd. independently and objectively pursuant to the relevant requirements of relevant laws and regulations and the Articles of Association, performed responsibilities truthfully and diligently, protected the interests of the Company and the minority Shareholders effectively, and promoted the role of an Independent Director into full play. I hereby present the 2016 duty performance report of the Independent Directors as follows:

I. Attendance of Board Meetings in 2016

In 2016, the Board convened 9 Board meetings, out of which I should attend and practically attended 9 meetings. I devoted sufficient time and energy to carry out my duties during the term of my appointment; reviewed the relevant materials before each of the meetings, and fully expressed professional and independent opinions at the meetings; was not affected by the major Shareholders of the Company and any other entities and individuals which are our stakeholders when making independent judgments. In 2016, I exercised the voting right actively without any dissenting or abstention vote.

The details of my attendance of Board meetings in 2016 are set out in the table below:

Name of Independent Director	Number of Board meetings required to be attended during the Reporting Period	Number of Board meetings attended in person	Number of Board meetings attended by telecommunication	Number of Board meetings attended by proxy	Number of absence from the Board meetings
Chan Kalok	9	3	6	0	0

I did not raise any objection against the resolutions of the Board and other resolutions during the term of my appointment.

During the Reporting Period, on deliberation of the Audit Work Report of GF Securities for the Year of 2015, I proposed to the Company for introducing risk assessments of branches and sub-branches; on deliberation of the Interim Report for the First Half of 2016 and the Summary thereof, I proposed to the Company for introducing the influence of downgrading classification assessments on the Company's operation; on deliberation of the Audit Work Report of GF Securities for the First Half of 2016, I proposed to the Company for introducing contents relating to branches and sub-branches. Such proposal and optimization recommendation were responded in time by the management of the Company.

II. Participation in Special Committees in 2016

In 2016, I served as a member of the Audit Committee of the eighth session of the Board.

In 2016, I attended 4 meetings of the Audit Committee, of the eighth session of the Board in accordance with the Rules of Procedure of the Meeting of the Special Committees of the Board. I attended each of the meetings of the Special Committees in person and provided expert advice and consultation to the Board to help make informed decisions.

III. Independent Opinions Given in 2016

(I) In 2016, in accordance with the laws and regulations of the PRC and the Articles of Association, I, as an Independent Director of the Company, and other Independent Directors, provided 8 special independent opinions specifically on respective matters pursuant to statutory procedures, particulars of which are as follows:

1. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolutions regarding Distribution of Performance-based Remuneration of the Operating Management for 2015” as follows:

There was no objection against the distribution of performance-based remuneration to the members of the operating management for 2015.

2. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Special Report on Deposition and Usage of the Funds Raised by GF Securities Co., Ltd. in 2015” as below:

Deposition and usage of the funds raised by GF Securities in 2015 complied with the requirements of regulations and documents such as the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines of the Shenzhen Stock Exchange for the Standardized Operation of Companies Listed on the Main Board and the Management System for the Use of Proceeds of the Company (募集資金使用管理制度). The Company deposited and used the funds raised in designated account and for specific purpose, without change in the use of funds raised and prejudice to the interests of the Shareholders, and there were no violations regarding the use of proceeds; the Company has used the proceeds strictly in accordance with the relevant requirements and has truthfully, accurately, completely disclosed the relevant information in a timely manner; and approved the “Special Report on Deposition and usage of the Funds Raised by GF Securities Co., Ltd. in 2015”.

3. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Report on Self-Evaluation of Internal Control of GF Securities in 2015” as follows:

GF Securities further established various systems on internal control in 2015, which improved and covered all the business and management aspects of the Company, and identified no significant defects in internal control in terms of the design and implementation as of December 31, 2015; the report on Self-Evaluation of Internal Control of the Company completely, truthfully and accurately reflects the actual condition of the Company’s internal control without misrepresentation, misleading statement or material omission; approved the “Report on Self-Evaluation of Internal Control of GF Securities in 2015”.

4. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “2015 Profit Distribution Proposal of GF Securities” as follows:

The 2015 Profit Distribution Proposal of the Company complied with the relevant requirements including the Company Law of the PRC and the Articles of Association, was in line with the current actual operation condition of the Company and was not prejudicial to the Shareholders of the Company, particularly activities prejudicial to the interests of the minority Shareholders; approved the profit distribution proposal prepared by the Board and submitted the proposal to the 2015 Annual General Meeting of the Company for consideration.

5. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their advice of prior approval on the “Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as auditor in 2016”:

Deloitte Touche Tohmatsu Limited has experience in and is capable of providing audit service to the Company. During its term of service as our auditor, it adhered to independent audit standards, assured the smooth development of our operations and fulfilled its responsibilities and obligations as the auditor properly. We approved the re-appointment of Deloitte Touche Tohmatsu Limited as our auditor in 2016 and the submission of the resolution to General Meeting for consideration.

6. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, expressed their independent opinion on the “Resolution Regarding the Estimated Daily Related/ Connected Transactions of the Company for 2016” as follows:

Each of the related/connected transactions, which was intended to be executed at fair price, was not prejudicial to the interests of the Company and the minority shareholders; related businesses were beneficial for the business growth, met the actual business requirements and would be favorable for the long-term development

of the Company; particulars of the related/connected transactions shall be disclosed in the annual report and interim report of the Company in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Listing Rules; approved the submission of the “Resolution Regarding the Estimated Daily Related/Connected Transactions of the Company for 2016” to the Board for consideration.

7. On March 18, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company’s funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company’s funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

8. On August 26, 2016, Independent Directors, namely Liu Jiwei, Yang Xiong, Tang Xin and Chan Kalok, provided specific description and expressed their independent opinion on the misappropriation by the controlling Shareholder and other related parties of the Company’s funds and external guarantees provided by the Company:

The Company did not have a controlling Shareholder and de facto controller, as such there was no misappropriation of the Company’s funds by related parties (except in the case of operational business transactions); the Company has been in strict compliance with the requirements of the relevant laws and regulations, and has taken practicable measures and avoided misappropriation of funds by the controlling Shareholder and other related parties, and imposed strict control on external guarantees.

IV. Other Relevant Work

- (I) In respect of the auditing of the Company in 2015, I strictly abide by the Annual Report Regulations of the Independent Directors of GF Securities and ensure that there is sufficient time and energy to fulfill my duties, and make timely communications with certified public accountants of the annual audit before and after the audit. During the audit process, I participated in the communications with the certified public accountants of the annual audit before and after the audit and expressed opinions in a dual capacity as a member of the Audit Committee and an Independent Director; I received in person reporting on the operation, financial position and audit of the Company from the operating management, financial controllers and auditors of the Company.

APPENDIX III 2016 DUTY PERFORMANCE REPORT OF THE INDEPENDENT DIRECTORS

On December 23, 2016, I heard the reporting of the 2016 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountants of the annual audit. I conducted a proper review of the related materials of the audit plan and reminded, and urged the audit institutions to carry out audit procedures in place during the audit process. The corporate finance department and other related departments of the Company actively cooperated with the audit work.

On March 13, 2017, the certified public accountants of the annual audit of the Company issued a draft audit report with standard unqualified opinions on the 2016 annual financial report of the Company, held meeting with the Independent Directors and made communication on problems discovered in the course of the audit. After full communication with the certified public accountants of the annual audit, I am of the view that Deloitte Touche Tohmatsu Limited carried out appropriate audit procedures in the audit for 2015 strictly in accordance with requirements of the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, and standard unqualified opinions on the 2016 annual financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2016 and the operating results and cash flow for the year 2016.

- (II) In respect of training and development, I put strong emphasis on learning the latest laws, regulations and various rules and systems and actively participated in relevant training of the Company and training organized in different forms in order to keep upgrading my own performance ability, enhance my own ability in supervising the operation of the Company, provide better opinion on and advice to the Company for informed decisions and precautions of risks as well as promoting the Company's standardized operation.

Independent Director (Chan Kalok)

Please kindly hear the above report.

APPENDIX IV SPECIAL DESCRIPTION OF THE PERFORMANCE ASSESSMENT AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2016

Dear Shareholders,

In 2016, according to the relevant requirements of laws and regulations including the Company Law (公司法) and the Rules on Governance of Securities Firms (證券公司治理準則), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (董事、監事履職考核與薪酬管理辦法) and the Performance Appraisal and Remuneration Management Regulations for the Operating Management (經營管理層績效考核與薪酬管理辦法), by taking into consideration of the actual circumstances of the Company and making reference to industry standards, the Company conducted duty performance appraisal of its Directors for the Year of 2016 and determined the remuneration of its Directors on this basis. The particulars are set out as follows:

I. Principles for the Duty Performance Appraisal and Remuneration of the Directors for the Year of 2016

According to the requirements of the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (董事、監事履職考核與薪酬管理辦法), the Company conducted duty performance appraisal of the Directors for the Year of 2016 pursuant to the principles that “duty performance appraisal of directors shall include their attendance at statutory meetings, their expression of opinions at the statutory meetings, whether they are subject to penalty imposed by the regulatory authorities and whether serious harm to the interest of the Company has occurred”.

Remuneration of the non-executive Directors of the Company is in the form of annual allowance and distributed in equal amounts on monthly basis, and the individual income tax will be withheld and paid by the Company on their behalf. The remuneration of executive Directors of the Company includes salaries, bonus and welfare benefits, the human resources management system and other relevant requirements of the Company are applicable; for those personnel to whom the Performance Appraisal and Remuneration Management Regulations for the Operating Management (經營管理層績效考核與薪酬管理辦法) are applicable, they are also required to comply with such regulations.

II. Procedures for the Duty Performance Appraisal of the Directors for the Year of 2016

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

The procedures of duty performance appraisal for the executive Directors of the Company shall be in compliance with the other relevant requirements such as the human resources management system and the Performance Appraisal and Remuneration Management Regulations for the Operating Management (經營管理層績效考核與薪酬管理辦法).

**APPENDIX IV SPECIAL DESCRIPTION OF THE PERFORMANCE ASSESSMENT
AND REMUNERATION OF THE DIRECTORS FOR THE YEAR OF 2016**

III. Duty Performance Appraisal Result and Remuneration of the Directors for the Year of 2016

Pursuant to the principles and procedures as stated above, particulars of the duty performance appraisal result and remuneration of the Directors for the Year of 2016 are set out as follows:

- (1) The duty performance appraisal result of all Directors of the Company for 2016 are satisfactory.
- (2) The annual remuneration of the non-executive Directors adopts the allowance system, under which the annual allowance for an Independent Non-executive Director was RMB270,000 (tax inclusive) per annum, the annual allowance for a non-executive Director working for a shareholder's unit was RMB180,000 (tax inclusive) per annum. The above allowances were distributed in equal amounts on monthly basis, and the individual income tax will be withheld and paid by the Company on their behalf. The relevant expenses incurred by the non-executive Directors for participating in Board meetings of the Company, general meetings of shareholders and in the course of performing their Director's duties shall be borne by the Company.
- (3) Executive Directors shall be appraised and their remuneration shall be determined according to the relevant system of the Company.

Please kindly hear the above report.

**APPENDIX V SPECIAL DESCRIPTION OF THE DUTY PERFORMANCE APPRAISAL AND
REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2016**

Dear Shareholders,

In 2016, according to the relevant requirements of laws and regulations including the Company Law (公司法) and the Rules on Governance of Securities Firms (證券公司治理準則), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (董事、監事履職考核與薪酬管理辦法) and the Performance Appraisal and Remuneration Management Regulations for Chairman of Supervisory Committee (監事長績效考核與薪酬管理辦法), by taking into consideration of the actual circumstances of the Company and making reference to industry standards, the Company formulated the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the year of 2016 (廣發證券監事會對監事2016年度履職監督評價實施方案), and according to such implementation plan, conducted duty performance appraisal of its Supervisors for the Year of 2016 and determined the remuneration of its Supervisors on this basis. The particulars are set out as follows:

I. Principles for the Duty Performance Appraisal of the Supervisors for the Year of 2016

According to the requirements of the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (董事、監事履職考核與薪酬管理辦法), the Company conducted duty performance appraisal of the Supervisors for the Year of 2016 pursuant to the principles that “duty performance appraisal of Supervisors shall include their attendance at statutory meetings, their expression of opinions at the statutory meetings, whether they are subject to penalty imposed by the regulatory authorities and whether serious harm to the interest of the Company has occurred”.

II. Procedures for the Duty Performance Appraisal of the Supervisors for the Year of 2016

The duty performance appraisal of the Supervisors of the Company is composed of several parts, including self-evaluation by the Supervisors, mutual evaluation between the Supervisors, evaluation by the Supervisory Committee and reports to general meetings of shareholders. When the Supervisory Committee deliberates on the duty performance of each Supervisor, the Supervisor being appraised shall abstain from voting.

For the appraisal and remuneration of employee Supervisors, the human resources management system of the Company and other relevant requirements are also applicable. Meanwhile, the employee Supervisors presented their duty performance report to the employees’ general meeting for the year of 2016 and accepted the democratic appraisal by employee representatives. In the appraisal of the Chairman of the Supervisory Committee, the Performance Appraisal and Remuneration Management Regulations for the Chairman of Supervisory Committee (監事長績效考核與薪酬管理辦法) are also applicable.

**APPENDIX V SPECIAL DESCRIPTION OF THE DUTY PERFORMANCE APPRAISAL AND
REMUNERATION OF THE SUPERVISORS FOR THE YEAR OF 2016**

III. Duty Performance Appraisal Result and Remuneration of the Supervisors for the Year of 2016

Pursuant to the principles and procedures as stated above and the Duty Performance Supervision and Assessment Implementation Plan of the Supervisory Committee of GF Securities for Supervisors for the year of 2016 (廣發証券監事會對監事2016年度履職監督評價實施方案), particulars of the duty performance appraisal result and remuneration of the Supervisors for the Year of 2016 are set out as follows:

- (1) The duty performance appraisal result of all Supervisors of the Company for the Year of 2016 is satisfactory.
- (2) Annual appraisal of Supervisors is satisfactory and they are entitled to their corresponding remuneration. The annual remuneration of the non-employee Supervisors adopts the allowance system, under which the annual allowance for a non-employee Supervisor was RMB150,000 (tax inclusive) per annum. The aforesaid allowance was distributed in equal amounts on monthly basis, and the individual income tax will be withheld and paid by the Company on their behalf. The relevant expenses incurred by non-employee Supervisors for participating in meetings of the Supervisory Committee of the Company, attending Board meetings as observers, attending general meetings of shareholders and in the course of performing Supervisor's duties shall be borne by the Company.
- (3) The human resources management system and other relevant requirements are applicable to the remuneration of employee Supervisors of the Company, and the Performance Appraisal and Remuneration Management Regulations for the Chairman of the Supervisory Committee (監事長績效考核與薪酬管理辦法) are also applicable to the Chairman of the Supervisory Committee.
- (4) The ratio of deferred payment of performance-based remuneration of the Chairman of the Supervisory Committee in 2016 was 40% and the deferred payment period was three years, the distribution of deferred payment of performance-based remuneration was made based on the principle of division in equal amounts. During the deferred payment period, if material misconduct in the personal performance of duties or in the aspect of decision-making by the Chairman of the Supervisory Committee had occurred, the deferred payment portion will not be distributed.

Please kindly hear the above report.

APPENDIX VI SPECIAL DESCRIPTION OF THE DUTY PERFORMANCE, PERFORMANCE ASSESSMENT AND REMUNERATION OF THE OPERATING MANAGEMENT FOR THE YEAR OF 2016

Dear Shareholders,

In 2016, according to the relevant requirements of laws and regulations including the Company Law (公司法) and the Rules on Governance of Securities Firms (證券公司治理準則), as well as the Articles of Association, the Duty Performance Appraisal and Remuneration Management Regulations for Directors and Supervisors (董事、監事履職考核與薪酬管理辦法) and the Performance Appraisal and Remuneration Management Regulations for the Operating Management (經營管理層績效考核與薪酬管理辦法), by taking into consideration of the actual circumstances of the Company and making reference to industry standards, the Company conducted appraisal of the duty performance of the operating management for the Year of 2016 and determined the remuneration of the operating management on this basis. The particulars are set out as follows:

I. Duty Performance of the Operating Management for the Year of 2016

In 2016, the operating management of the Company was capable of implementing all resolutions of the general meetings of shareholders, meetings of the Board and meetings of the Supervisory Committee conscientiously, diligently and responsibly; actively proceeded and completed various work plans and arrangements of the Company, strengthened comprehensive risk prevention measures and executed the same with great efforts; regulated business practice voluntarily, applied for abstention timely on matters where abstention was necessary, and carried out business practice with integrity; no breach of laws, regulations or rules of the Company and no acts which were detrimental to the interest of the Company or right and interest of shareholders had occurred; the operating management was capable of performing its obligations of honesty and diligence in a practical manner, which safeguarded the legitimate rights and interests of customers, employees and Shareholders.

II. Performance Assessment of the Operating Management for the Year of 2016

In 2016, other relevant requirements such as human resources management system and the Performance Appraisal and Remuneration Management Regulations for the Operating Management (經營管理層績效考核與薪酬管理辦法) were complied in the procedures of performance assessment of the operating management of the Company. In the specific appraisal plan, the Board of the Company would grant the corresponding total amount of performance-based remuneration according to the operating results of the Company, the performance-based remuneration of the operating management would be distributed according to the annual appraisal results. The distribution plan has been subject to independent comments from the Independent Directors and the issuance of a written opinion from the Remuneration and Nomination Committee.

**APPENDIX VI SPECIAL DESCRIPTION OF THE DUTY PERFORMANCE, PERFORMANCE ASSESSMENT
AND REMUNERATION OF THE OPERATING MANAGEMENT FOR THE YEAR OF 2016**

III. Remuneration of the Operating Management for the Year of 2016

The annual remuneration of the operating management is composed of two parts, including a basic remuneration and a performance-based remuneration. The basic remuneration is determined by the human resources management system. In 2016, the performance-based remuneration of the operating management was determined by linking the position to performance. Under the existing legal framework, the annual results bonus incentive mechanism is adopted. The Board of the Company conducted appraisal on the operating management and determined the remuneration according to the Annual Performance-based Remuneration Appraisal Plan for the Operating Management (經營管理層年度績效薪酬考核方案). The ratio of deferred payment of performance-based remuneration of the operating management in 2016 was 40% and the deferred payment period was three years, the distribution of deferred payment of performance-based remuneration was made based on the principle of division in equal amounts. During the deferred payment period, if material misconduct in personal performance of duties or in the aspect of decision-making by the business managers had occurred, the deferred payment portion will not be distributed.

Please kindly hear the above report.