

GF Securities Co., Ltd.

2015 Annual Results (IFRS)

March 2016

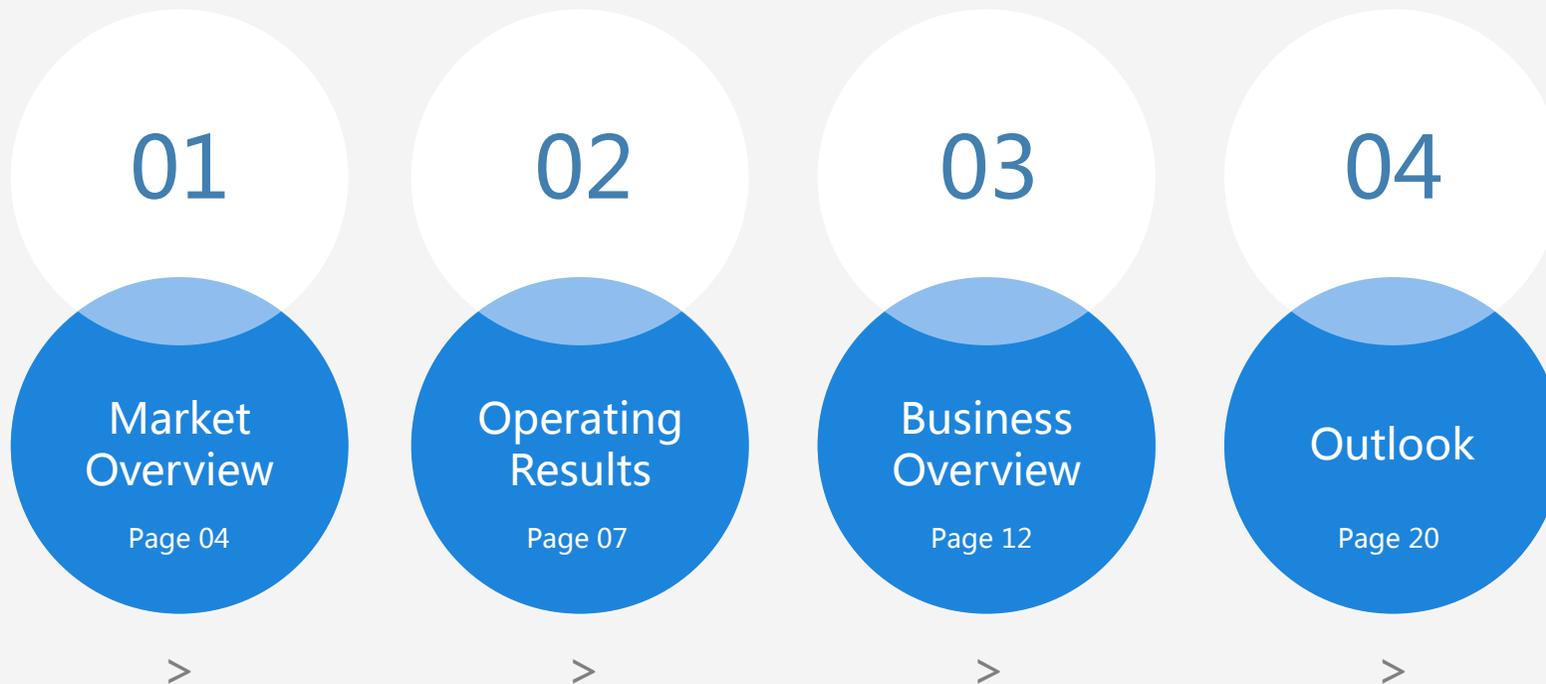
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| Market Overview |



2015 market overview (I)

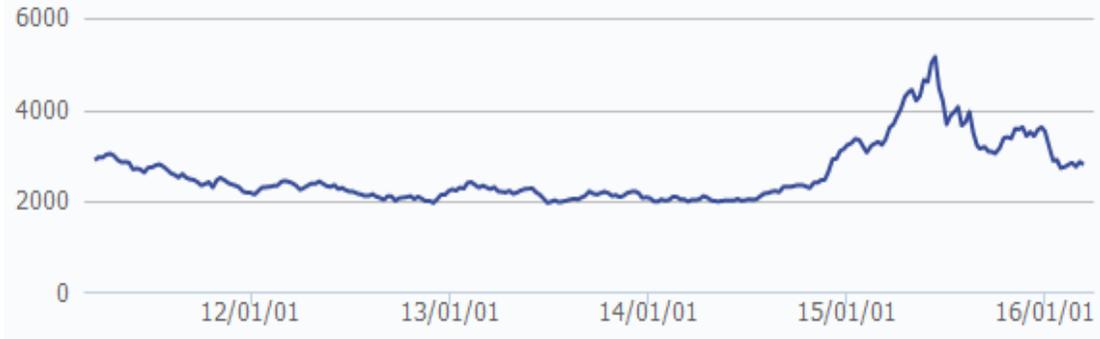
Economic environment

- Domestic and overseas economic conditions were very complicated in 2015; the State Council issued a series of policy measures focusing on achieving stable growth, promoting reform, restructuring the economy, and improving people's livelihood.
- Economic growth slowed further in 2015, with GDP growth easing from 7.4% in 2014 to 6.9%.

13th Five-Year Plan

- Accelerating financial reform, and enhancing the efficiency with which the finance industry services the real economy
- Developing a multi-layered capital market
- Reforming the equity and bond issuance and trading systems
- Raising the proportion of direct financing
- Deleveraging

Daily closing price of the Shanghai Composite Index over past five years

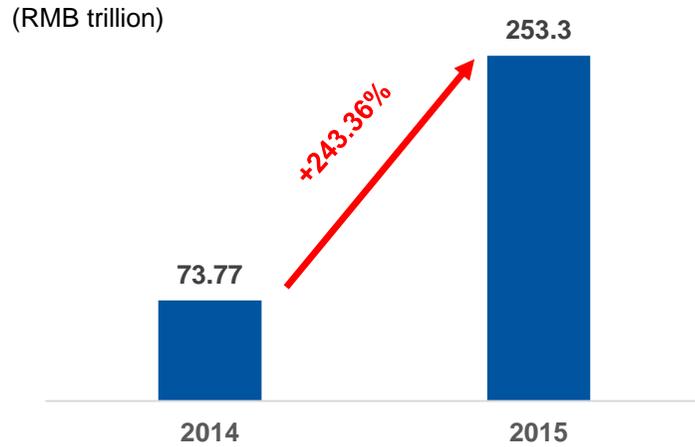


- Shanghai Composite Index was up 9.41% in 2015
- CSI 300 up 5.58%
- SME Index up 53.70%
- ChiNext Index up 84.41%

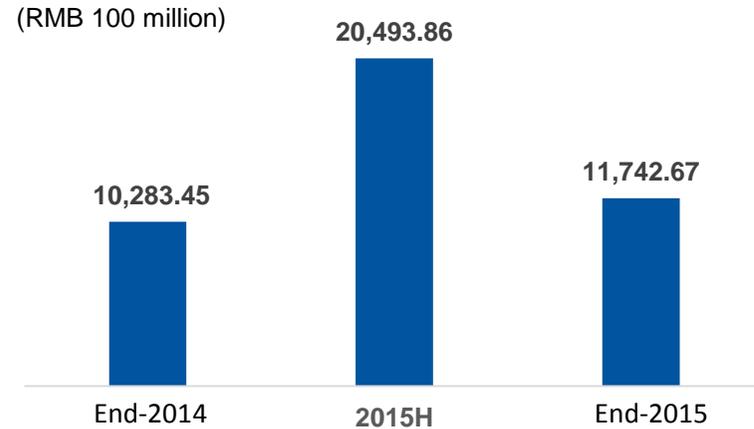
- In response to the considerable market volatility during 2015 2H (volatility 81.65%), the government effectively contained market risks with a series of stabilizing measures.

2015 market overview (II)

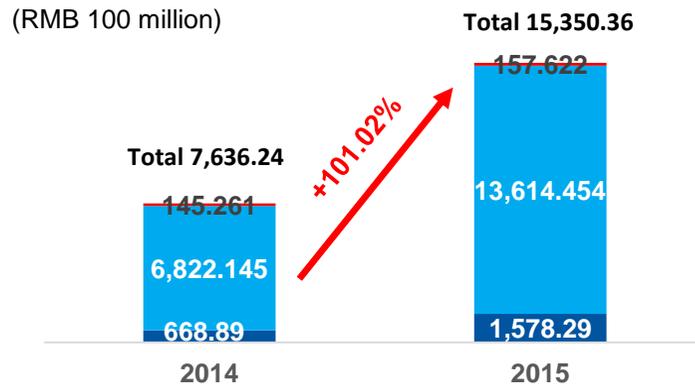
2015 A-share market trading volume



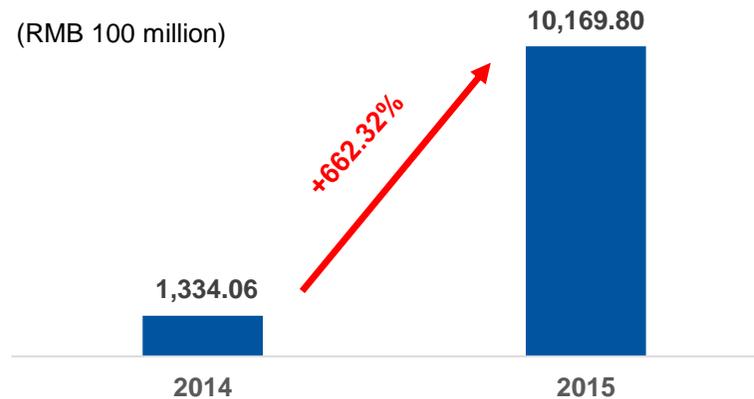
Balance of margin financing and securities lending of Shanghai & Shenzhen stock markets



A-share equity financing



Corporate bond financing



Source: Wind

■ IPO ■ Additional offering ■ Rights issue

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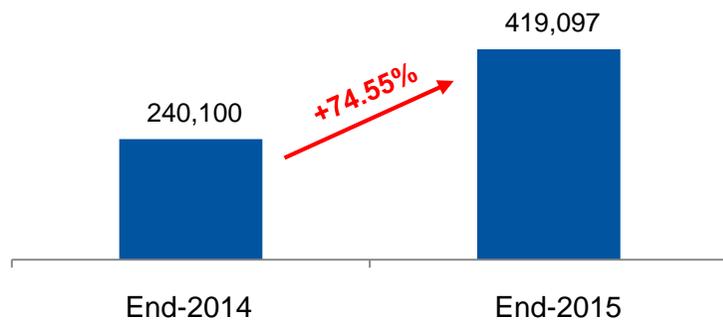
| Operating Results |



Key financial performance: rapid growth in assets, revenue and profit

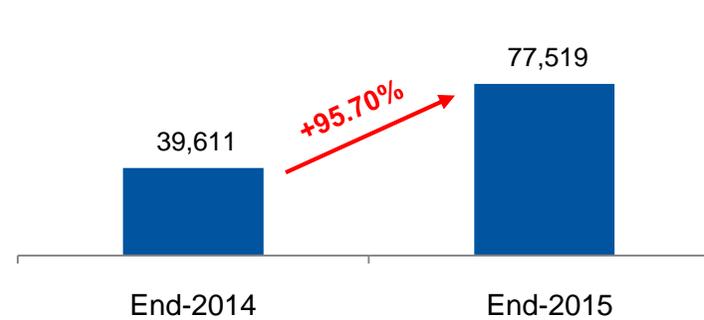
Total assets

(RMB million)



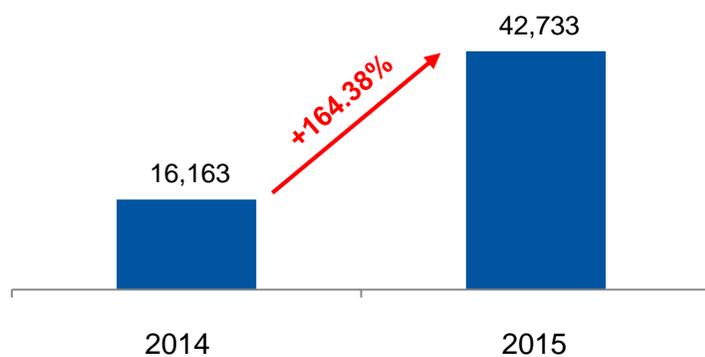
Equity attributable to owners of the Company

(RMB million) End-2015 BPS RMB 10.17



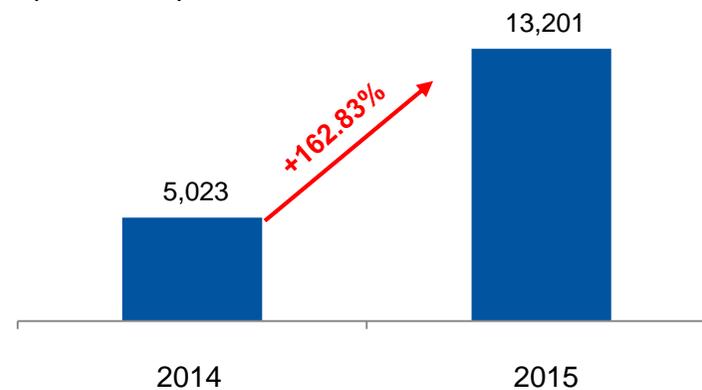
Revenue and other income

(RMB million)



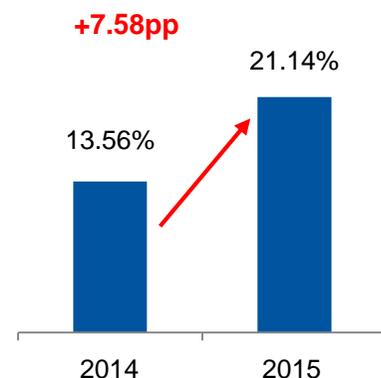
Net profit attributable to owners of the Company

(RMB million) 2015 EPS RMB 1.85

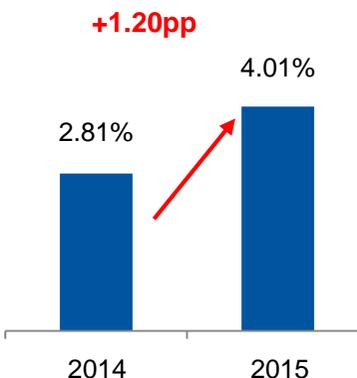


Key financial data: improved profitability and high dividend payout

ROAE



ROAA



Cash dividend for common shareholders over past 3 years

(RMB)	Cash dividend (tax included)	As % of net profit attributable to common shareholders in consolidated financial statement
2015: RMB 0.8/share (proposed)	6,096,870,131.20	46.18%
2014: RMB 0.2/share	1,183,858,292.80	23.57%
2013: RMB 0.2/share	1,183,858,292.80	42.09%

Revenue, expense and profit breakdown

(RMB million)	2014	2015	2015/2014 growth
Revenue and other income	16,163	42,733	164.38%
Commission and fee income	8,217	20,046	143.96%
Interest income	4,325	12,336	185.23%
Net investment gains	3,605	10,396	188.38%
Total expenses	9,852	25,217	155.96%
Share of results from associates and JVs	337	290	-13.95%
Net profit attributable to owners of the Company	5,023	13,201	162.83%
<i>Cost-to-income ratio¹</i>	60.95%	59.01%	-1.94pp ²
<i>Adjusted cost-to-income ratio³</i>	50.76%	47.04%	-3.72pp ²

Source: Company financial reports

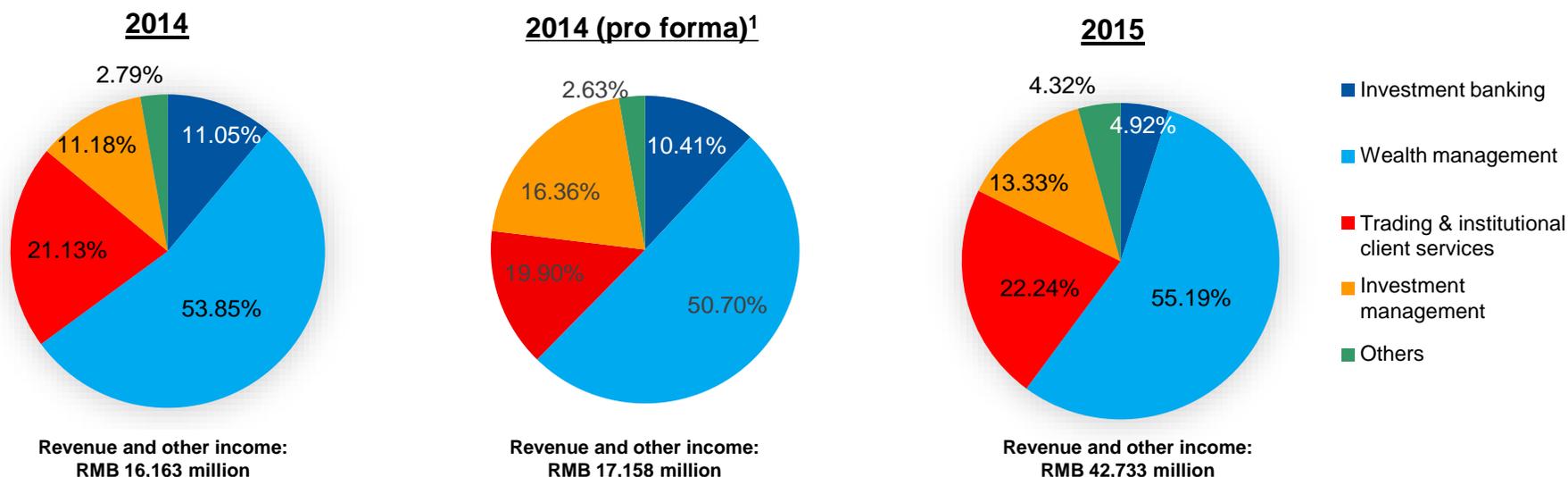
¹ Cost-to-income ratio = Total expenses / revenue & other income

² Represents absolute % change from 2014 to 2015

³ Adjusted cost-to-income ratio = (Total expenses – interest expense – commission & fee expense) / (revenue & other income + share of earnings from associates & JVs – interest expense – commission & fee expense)

Segment results: positive growth across all segments

Revenue breakdown by segment



Revenue and other income by segment

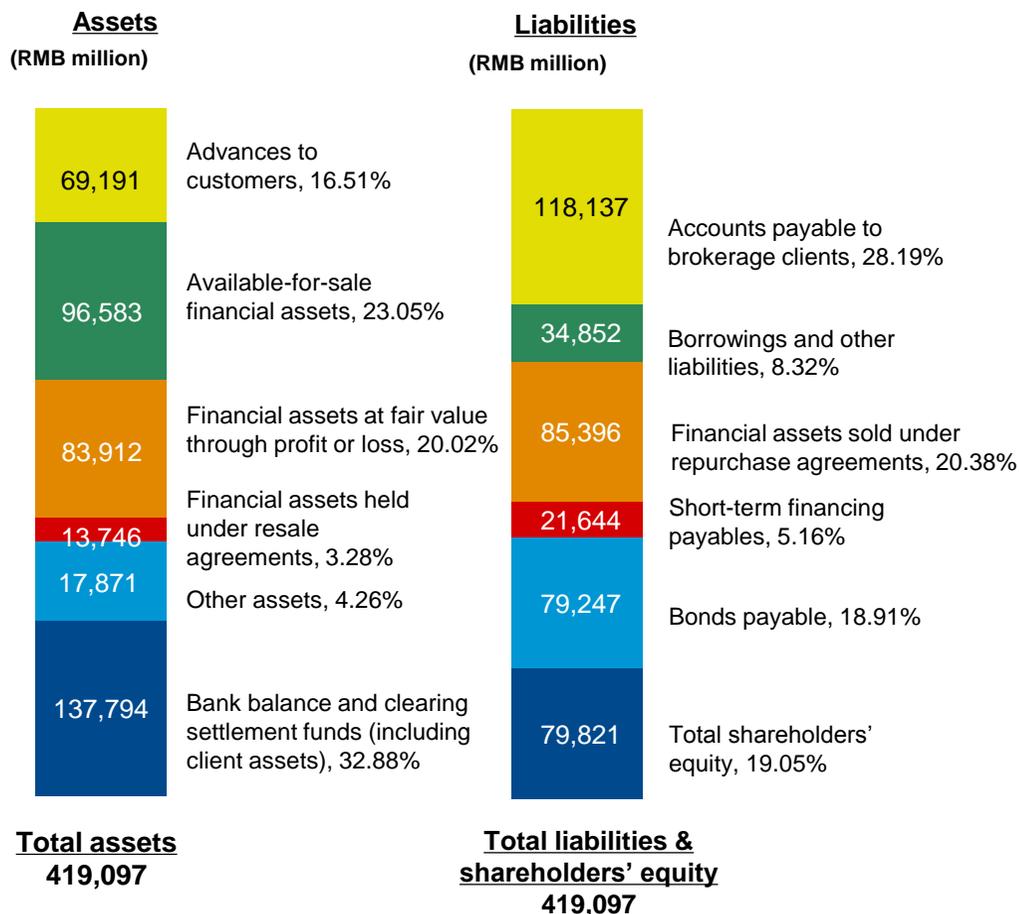
(RMB million)	2014 Revenue & other income	2015 Revenue & other income	2015/2014 growth
Investment banking	1,786	2,101	↑ 17.63%
Wealth management	8,703	23,584	↑ 170.98%
Trading & institutional client services	3,415	9,505	↑ 178.37%
Investment management	1,808	5,698	↑ 215.14%

Source: Company financial reports

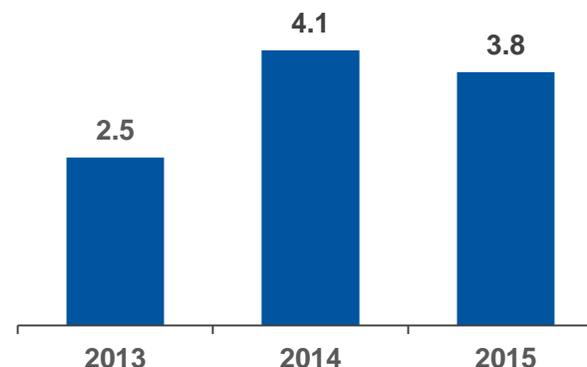
¹ Given that we started to consolidate income from GF Fund from Aug 2014, this chart shows the Company's revenue makeup when income from GF Fund was consolidated for Jan-Dec

Balance sheet structure and leverage ratio pointing to ample liquidity

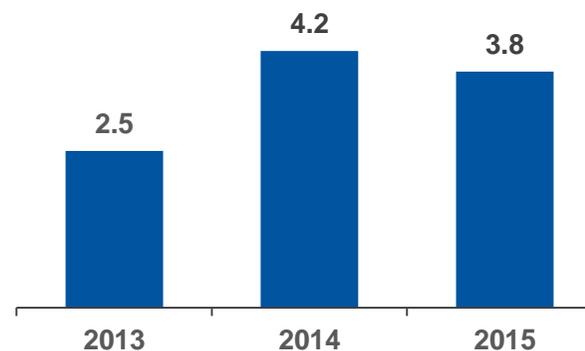
Balance sheet breakdown (as of Dec 31, 2015)



Leverage ratio (consolidated)¹



Leverage ratio (parent company)¹



Source: Company financial reports

¹ Leverage ratio = (Total assets – accounts payable to brokerage clients) / total shareholders' equity

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| Business Overview |



Business overview: provider of comprehensive capital market services with industry-leading innovation capabilities focused on serving China's quality SMEs and affluent individuals

Investment banking



Equity financing:

Acting as sponsor and lead underwriter in equity financing



Debt financing:

Underwriting enterprise bonds, corporate bonds and non-financial enterprise private placement debt instruments



Financial advisory:

Providing financial advisory services regarding M&A, corporate restructuring and NEEQ listing

Wealth management



Wealth management:

Providing professional recommendations regarding client asset allocation and investment products through investment advisors



Margin financing and securities lending:

Providing margin loans or securities lending for affluent customers



Retail brokerage:

Providing trading services for customers trading stocks, bonds, investment funds, warrants, futures and other tradable securities

Trading & institutional client services



Sales and trading:

Sales, trading and market making in the stock, bond and derivatives markets; OTC market making



Equity research:

Providing sector research reports and services for professional, institutional investors



Prime brokerage:

Providing tailor-made trading services to meet institutional clients' investment and financing, risk management and liquidity management needs

Investment management



Asset management:

Engaged in asset management business through GF Asset Management, GF Futures and GF Asset Management (Hong Kong) to help customers maintain and increase the value of their financial assets



Fund management:

Engaged in fund management business through subsidiary GF Fund and affiliate E Fund



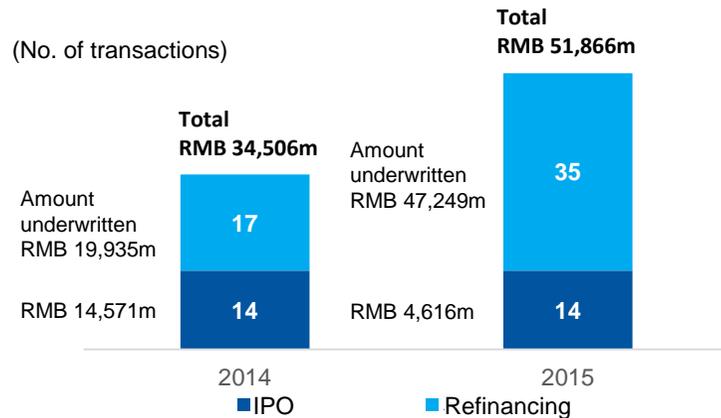
Private equity and alternative investment:

Engaged in private equity investment and management through GF Xinde; engaged in alternative investment through GF Qianhe

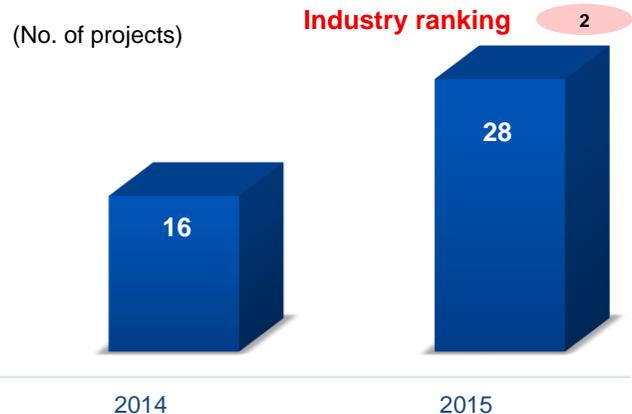
Investment banking: focusing on quality SMEs, maintaining industry leadership

Equity underwriting business

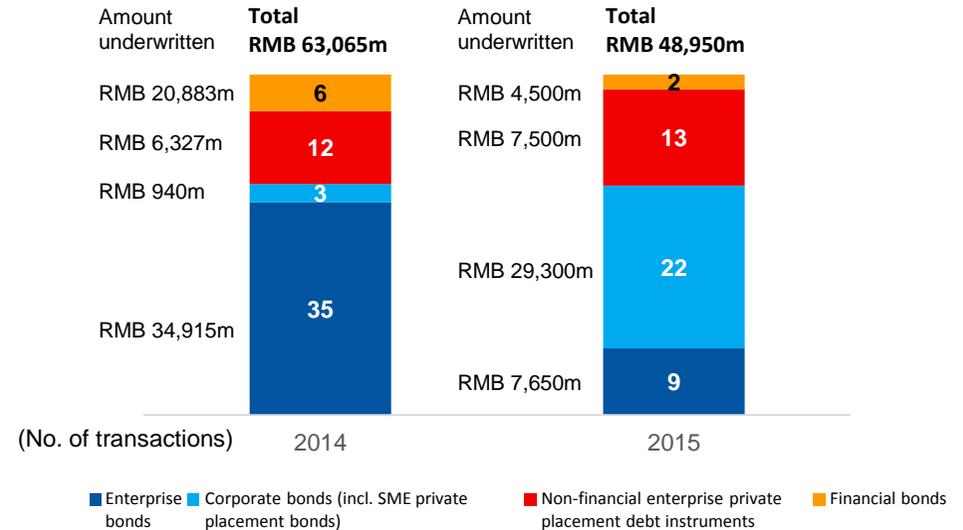
Ranking by No. of equity financing projects **3**
 Ranking by No. of IPOs **2**



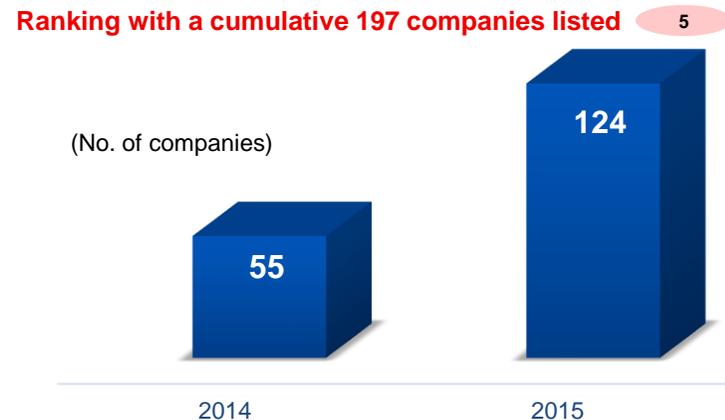
Major asset restructuring projects on which financial advisory service was provided



Bond underwriting business



NEEQ listing

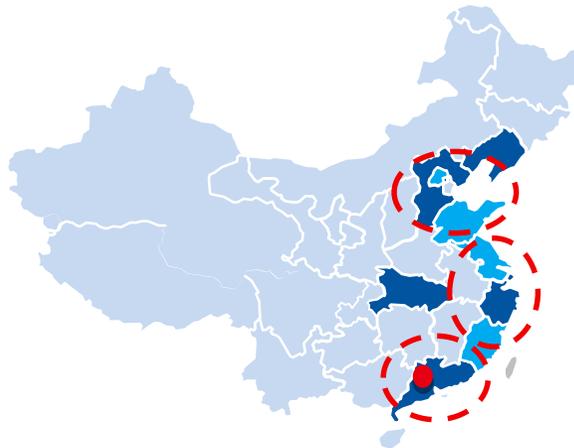


Source: Wind, NEEQ website

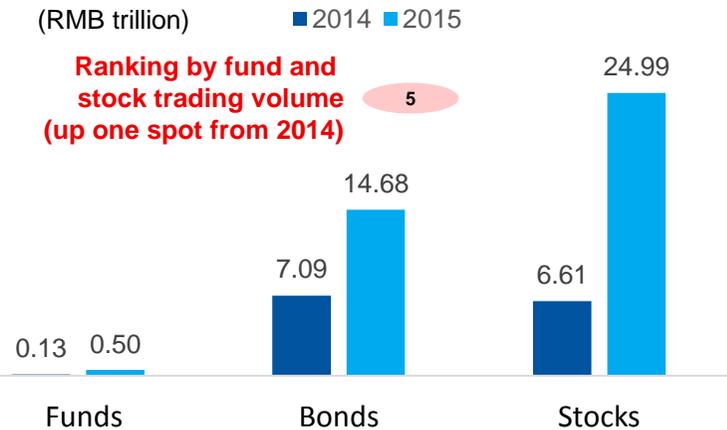
Major asset restructuring projects for financial advisory are those that have been approved by the M&A and Restructuring Examination Committee

Wealth management (I): focusing on affluent individuals, market share rising

As of Dec 31, 2015, the Company has 264 business branches, 70% of which are located in the economically developed regions of the PRD, YRD and Bohai Rim

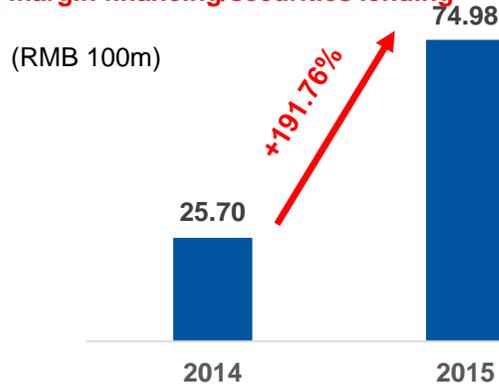


Securities brokerage business trading volume (2015)



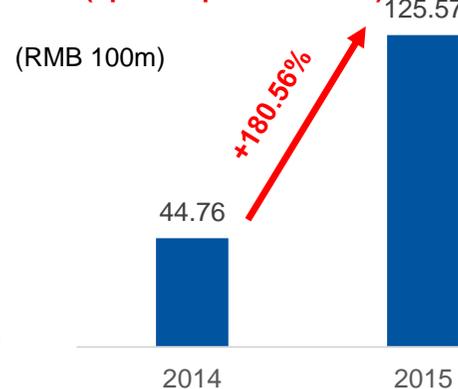
Interest income from margin financing/securities lending

Ranking by monthly balance of margin financing/securities lending **1**

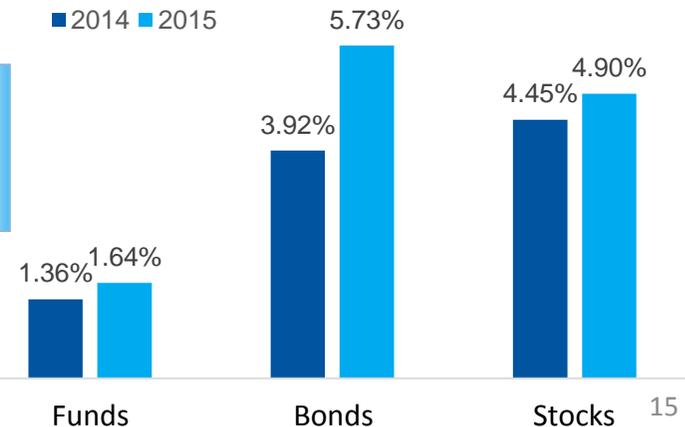


Securities brokerage commission & fee income

Industry ranking (up one spot from 2014) **4**



Securities brokerage business market share



Wealth management (II): leading internet finance platform

First to launch a complete online wealth management business chain comprising platforms, accounts, payment, products, trading and a 24/7 inquiry system

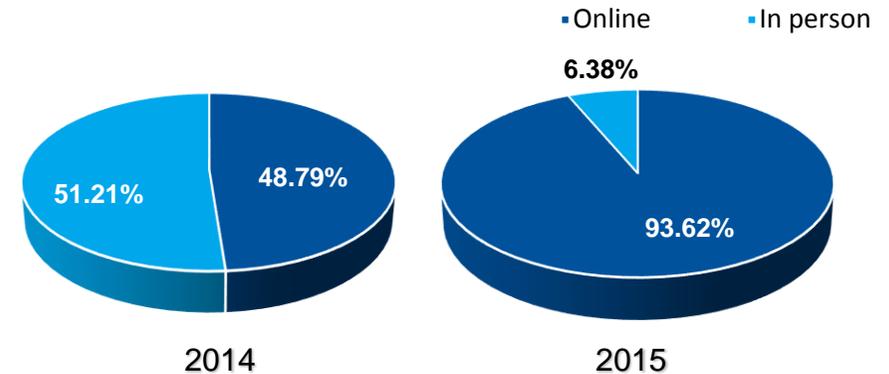
Providing real-time online advisory service through 24/7 interactive inquiry system



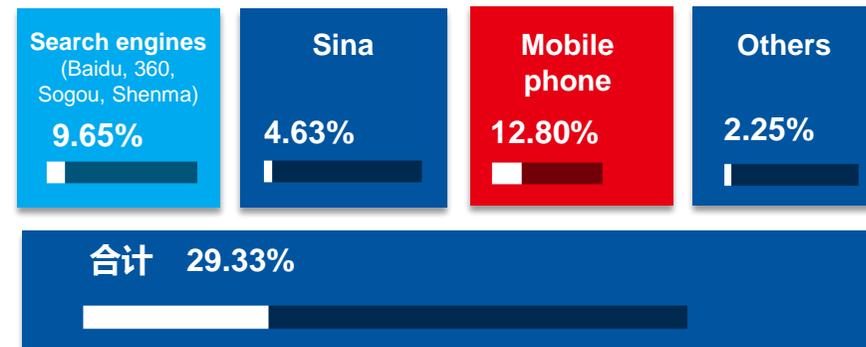
Golden Key system

First in the industry to offer such a service. In 2015, the system serviced 2.99m investors, with more than 4.69m orders processed and 5,219 online stores opened.

Online self-serviced account opening as % of total account opening (2015)



Internet client referral (2015)



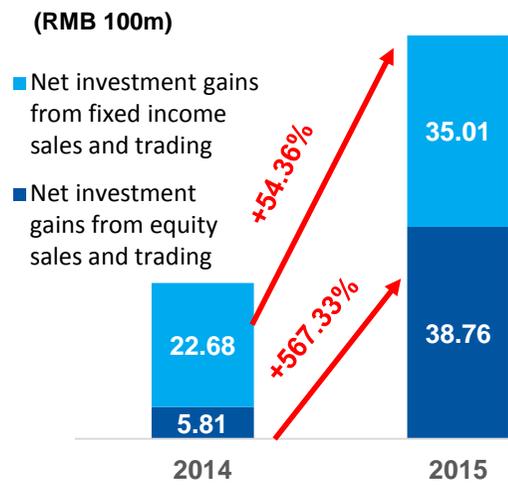
Trading & institutional client services: results solid with capital intermediary business particularly strong

- **Strong research capabilities**

Our equity research team covers 24 sectors and more than 600 companies listed in China, as well as over 70 companies listed in Hong Kong. Well recognized in the industry for our research capabilities, our research team came in fourth in the New Fortune poll for the “Best Domestic Research House” in 2015.

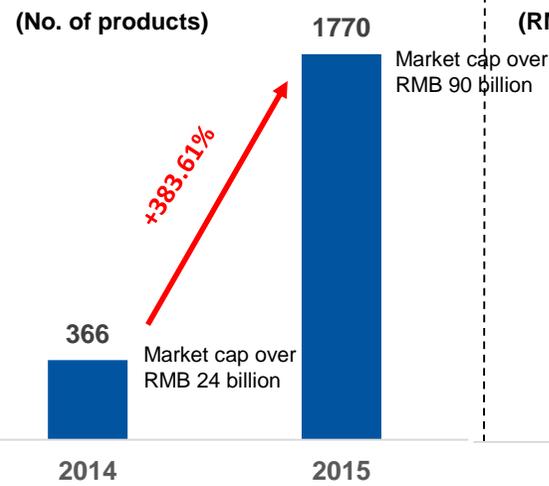


- **Net investment gains**



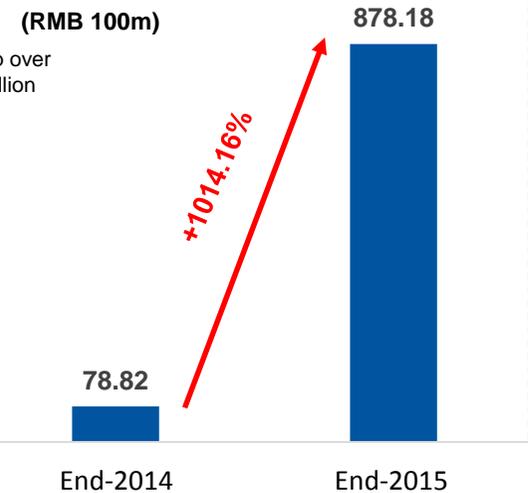
Solid investment performance

- **Registered OTC products**



OTC market sales and trading

- **Size of asset custody and fund operation outsourcing services**



Asset custody service

Investment management: maintaining industry leading position

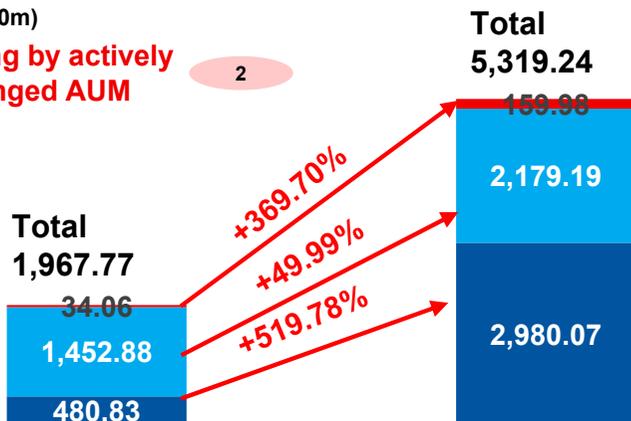
Asset management

GF Asset Management's business size

(RMB 100m)

Ranking by actively managed AUM

2



End-2014

End-2015

■ Collective asset management

■ Targeted asset management

■ Special asset management

Fund management

GF Fund's mutual fund AUM

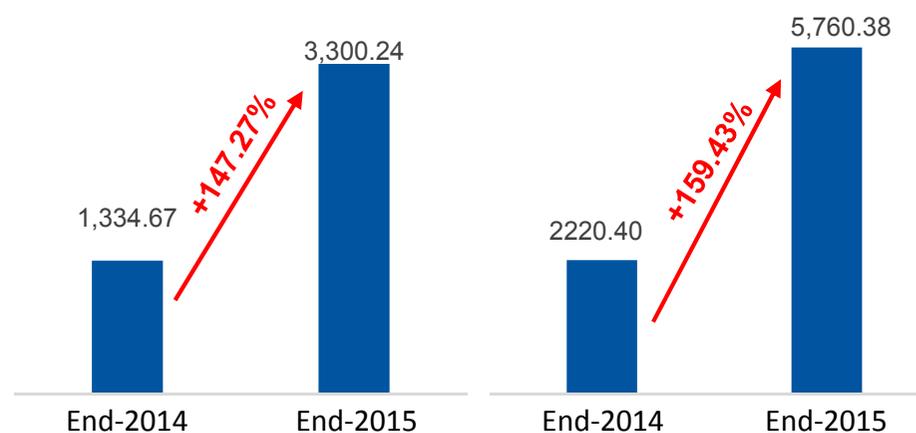
(RMB 100m)

Ranking 7

E Fund's mutual fund AUM

(RMB 100m)

Ranking 3



End-2014

End-2015

End-2014

End-2015

Private equity and alternative investment

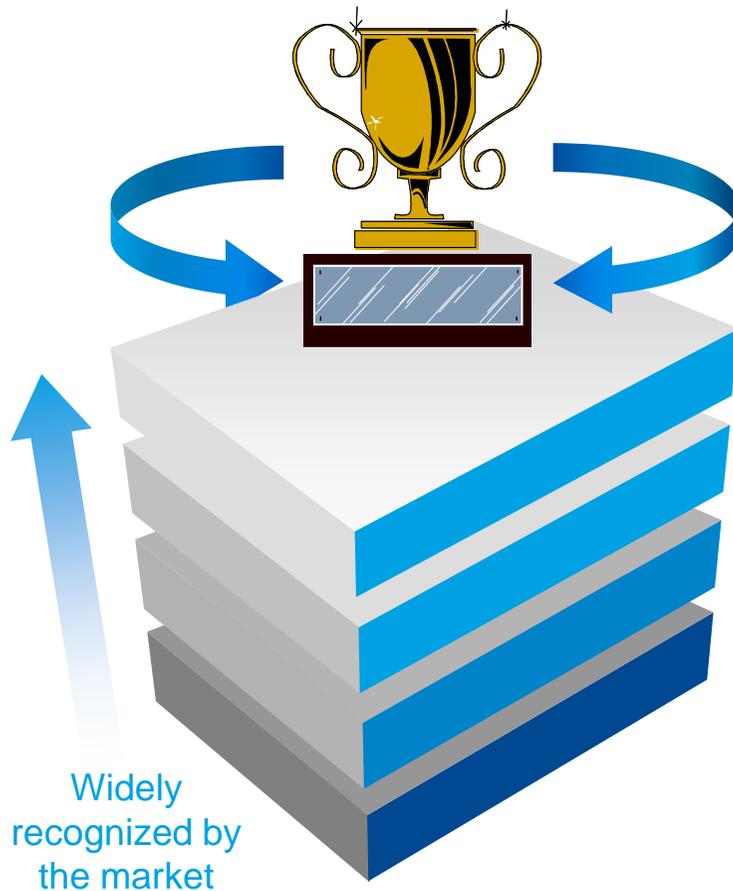
GF Xinde (private equity investment platform)

- GF Xinde (along with funds under its management) completed 64 equity investment projects in 2015, investing RMB 1,371 million.
- GF Xinde earned RMB 843 million in revenue and other income during 2015, up 160.49% YoY.

GF Qianhe (alternative investment platform)

- GF Qianhe invested a total of RMB 2,524 million in 19 projects during 2015.
- Revenue and other income rose 427.84% YoY to RMB 425 million in 2015.

Awards and rankings



The parent company's total assets, net assets and net capital came in the third, fifth and fourth highest in the industry in 2015, with its revenue and net profit ranking fourth and fifth (based on unaudited industry data).

Some of the key awards given to the Company during 2015: Strongest Market Influence Award, Best Market Maker, Outstanding Sponsor for Enterprise Bond Listing, Best Full-Service Investment Bank, Annual Social Responsibility Award for Financial Institutions, China's Best Wealth Management Institution 2015, China's Best Internet Securities Firm 2015, China's Best Asset Management Broker 2015, and Top 100 Listed Companies Most Respected by Investors 2015

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| Outlook |



Industry trends: risk management to be enhanced; domestic capital market still has substantial room for growth

Domestic capital market's potential for future development

- Strong policy support: As the central government pushes for financial reform and more efficient support from the financial industry to the real economy, measures regarding the construction of a multi-layered capital market, the creation of conditions for registration-based IPO, the establishment of SZ-HK Stock Connect and bond market development are expected to be introduced.
- Capital market infrastructure and structure will continue to improve, while financial reform will provide opportunities for the securities industry.

- Room for internationalization: With the implementation of national strategies such as One Belt One Road, RMB internationalization and the bilateral opening-up of capital market, as well as financial reform measures, domestic companies' and investors' demand for cross-border financing, investment, M&A, risk management and asset allocation is growing rapidly.
- Quickly expanding room for international business development is urging domestic securities firms to step up their global presence and overseas business development.

- Growing demand for wealth management: Chinese residents' personal investable assets reached RMB 112 trillion at the end of 2014; the figure for high-net-worth individuals was RMB 32 trillion, representing 29% of the total number. HNWI's wealth management demand continues to rise.

- Government initiative to raise proportion of direct financing: Direct financing through equity and debt by non-financial companies currently accounts for 24% of total financing in China, compared with 80% in the US. The government has on various occasions called for a higher proportion of direct financing. This would lead to more diversified financing instruments, driving growth in various businesses for securities firms.

- While innovation and development remain key industry themes, more emphasis will be put on standardized practices and risk control.
- Regulation strengthening with risk management to be enhanced: The government, market and securities firms have all learned a lesson from last year's considerable market turbulence. However, strengthened regulation and risk management are beneficial for long-term industry development.

Strategy for future development: focusing on customer groups and businesses with greatest growth potential



Investment banking

Key development plans

- Expanding customer base by improving sector classification, so as to have stronger pricing power in the investment banking business under registration-based IPO
- Enhancing the Company's ability to sell various financial instruments by integrating customer networks and improving sales networks
- Speeding up the transition of investment banking business towards higher industry chain specialization and diversified profit-making models, enhancing client service capabilities and growing along with clients
- Further solidifying the Company's leading position in serving quality SME customers, while developing the ability and competitiveness in serving larger clients

Wealth management

- Improving the Company's ability to serve wealth management customers, increasing affluent customer coverage and product penetration, so as to achieve stable revenue growth
- Partnering with more financial institutions to diversify the Company's product mix and develop its product platforms
- Developing the margin financing and securities lending business by expanding the Company's investment advisor team, providing research reports and offering innovative products, so as to create value for wealth management customers

Trading and institutional client services

- Capturing the growth of the institutional client business and strengthening the Company's ability to offer comprehensive financial solutions, so as to build its position as a leading market maker
- Shifting its business focus from offering products to providing comprehensive financial solutions; expanding its capital intermediary business and strengthening its leading research capabilities by developing the market making business, so as to meet the needs of different institutional clients and diversify its income sources

Investment management

- Further improving the Company's multi-layered asset management platform which consists of mutual funds, broker-run asset management, private equity investment funds and alternative investment funds, so as to consolidate its customer resources
- Meeting customers' various investment needs and building the Company's investment management franchise by tapping its advantage as a full-service firm with multiple business platforms and business synergy

Internationalization: promoting overseas business development amid globalization of Chinese economy



- Set up in 2006
- Offering comprehensive financial services including investment banking, securities brokerage, research, sales and trading, asset management, investment, insurance, etc.
- Parent group's strategic business center and platform for overseas expansion



- Set up through acquisition in 2014
- First LME ring dealing member owned by a Chinese broker; engaged in FCA regulated commodity business, and applying for forex trading qualification
- Parent group's strategic platform for developing FICC business and European market

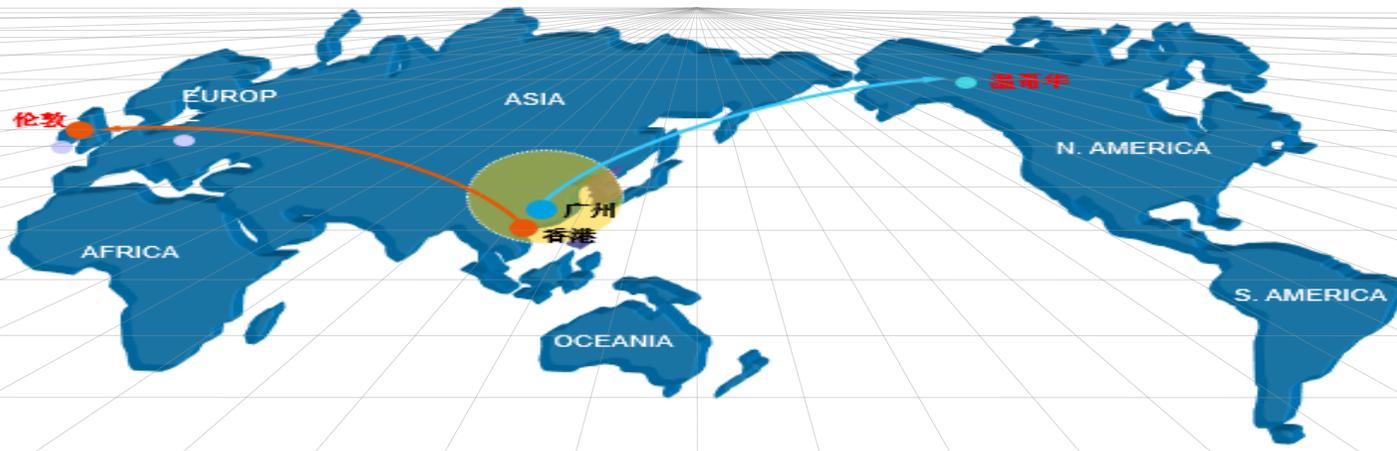


- UK subsidiary set up in 2015
- First Chinese-owned asset management firm to set up a subsidiary in Europe
- Obtained RQFII quota of RMB 3 billion
- Strategic platform for developing asset management business in Europe



- Set up in 2014; became IIROC member in 2015
- First Chinese broker to enter Canada market
- Parent group's wealth management center in North America

- Development relying on both organic growth and external expansion, with a focus on investment banking, wealth management and FICC businesses
- Striving to set up a unified international business management platform, so as to build comprehensive overseas business presence and achieve stable growth



Thank you!

Metro Plaza, No. 183-187 Tianhe North Road, Tianhe District, Guangzhou
P.C.510075

Tel: 020-87555888 Fax: 020-87550265
www.gf.com.cn