东方证券
DFZQ

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "东方证券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))

(Stock Code: 03958)

ANNOUNCEMENT REGARDING THE MAIN OPERATION SITUATION OF THE COMPANY

This announcement is made by 東方證券股份有限公司 (the "**Company**") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Listing Rules.

Reference is made to the announcement on the expected increase in annual results for the year of 2021 dated February 9, 2022 in relation to the preliminary reviewing data of the Company's annual results for the year ended December 31, 2021.

I. MAIN OPERATING CONDITIONS FOR THE YEAR OF 2021

In 2021, the Company adhered to the operation strategy of "growth stabilization, risk control and reform promotion" and achieved excellent results. The Company achieved operating revenue and net profit attributable to shareholders of the listed company of RMB24,373 million and RMB5,372 million respectively in the year of 2021, representing year-on-year growth of 5.36% and 97.27% respectively. The operating results of the Company increased substantially and ROE improved significantly, all hitting new highs since 2016. Outstanding results were achieved in revenue balance transformation, with growth in both light and heavy asset business. The net profit of Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司) ("**Orient Securities Asset Management**"), Orient Futures Co., Ltd (上海東證期貨有限公司), and Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司) hit the best level in history, which formed a strong support for the Company's performance. The mechanism reform of the Company became effective with solid and steady management, regaining AA rating in classification evaluation.

II. DISCUSSION AND ANALYSIS OF THE MAIN OPERATING CONDITIONS FOR THE YEAR OF 2021

The Company carried out operations with focus on the key tasks of "two enhancement, two consolidation and one breakthrough", being enhancing wealth management business and investment banking business, consolidating asset management business and securities investment business and making breakthrough in fintech driven development, with particulars as follows:

1. The Company's asset management business seized development opportunities and continued to expand its brand strength. Orient Securities Asset Management achieved record high in revenue and profit, with total size of assets under management exceeding RMB360 billion at the end of 2021, up 23% from the beginning of the year. China Universal Asset Management Company Limited adhered to a long-term approach and continued to refine its four core competitiveness in investment management, product innovation, customer service and risk management, resulting in another new high in operating results, with the total size of assets under management exceeding RMB1.2 trillion at the end of 2021.

2. The Company's general proprietary segment focused on depolarization and volatility reduction, and promoted the transformation of sales transactions represented by FICC, derivatives, quantitative trading and market making. The Company ranked among the top in the industry in terms of trading volume of spot bonds in the inter-bank market, trading volume of interest rate swaps, market-making volume of spot bonds in the inter-bank market and trading volume through the Bond Connect. OTC derivatives business performed strongly, with the existing size increasing by 20 times year-on-year, and ranked among the top three in monthly rating for options market making in China Financial Futures Exchange and received A+ monthly rating for Exchange Traded Fund options on the Shanghai Stock Exchange and Shenzhen Stock Exchange.

3. The Company achieved effective breakthrough in its wealth management transformation, further optimised its revenue structure and vigorously promoted its product distribution business. As at the end of 2021, the Company held equity products of RMB64.7 billion, with an increase of 43% year-on-year, and ranked 7th among securities companies in terms of the size of equity+mixed publicly offered funds held by the Company. The Company obtained the qualification of publicly offered fund investment advisor business and was the first one to be approved to commence operation in the same batch, and seized the opportunity from standardization of investment advisory license, explored channel innovation and expansion, and launched a new mode of cooperation for fund investment advisory business of securities dealers.

4. The competitiveness of the Company's investment banking business improved significantly, with key indicator of equity financing size ranking among the top ten in the industry. The Company actively utilized the Group's resources advantage to provide professional investment banking services covering the entire industry chain for outstanding real enterprises and actively contributed to the development of the real economy.

5. With a focus on key areas of financial technology, the Company accelerated its digital transformation process. The Company facilitated business development and formed the dual drivers and in-depth integration of technology and business, in order to provide professional and comprehensive technical support to all business segments of the Company, including wealth management, institutional and retail services, and proprietary investments.

Facing the new era of promising development prospects of China's economy, accelerated reform and development of the capital market and comprehensive promotion of the registration system, and the significant development of China's wealth management business, the Company will continue to pursue professional and high-quality development, uphold the general keynote of "maintaining stability with steady progress", fully facilitate development driven by three major strategies of collective management, digital transformation, and internationalization, capture opportunities to promote the construction of four major business segments of retail finance, institutional finance, corporate finance and asset management, deepen the reform in five major areas of capital, talent, mechanism, management and technology, strive to improve the operating results of the Company, put tireless efforts in building a first-class modern investment bank, and contribute to the capital market reform and development and the construction of Shanghai as an international financial center.

Since the beginning of this year, the Company's asset management, securities investment, wealth management, investment banking, futures and other businesses have maintained normal and stable operation. The Company will continue to diligently carry out operating activities, continuously improve its standards of corporate governance and standardized operations, actively enhance its core competitiveness, strive to enhance its ROE and corporate value, and make every effort to create better returns for investors.

III. RISK ALERTS

The data set out above is based on the Company's preliminary assessment and have not been audited by the accounting firm. The specific and accurate financial data and information should be subject to the audited 2021 annual report to be officially disclosed by the Company. Investors are advised to pay attention to the investment risks.

By order of the Board of Directors
JIN Wenzhong
Chairman

Shanghai, PRC
March 9, 2022

As at the date of this announcement, the Board of Directors comprises Mr. SONG Xuefeng and Mr. JIN Wenzhong as executive Directors; Mr. YU Xuechun, Mr. LIU Wei, Mr. ZHOU Donghui, Mr. CHENG Feng, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. XU Zhiming, Mr. JIN Qinglu, Mr. WU Hong, Mr. FENG Xingdong and Mr. LUO Xinyu as independent non-executive Directors.