

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



(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)

2024 ACTION PLAN FOR "QUALITY IMPROVEMENT, EFFICIENCY ENHANCEMENT, AND FOCUS ON SHAREHOLDER RETURNS"

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

To thoroughly implement the spirit of the 20th National Congress of the Communist Party of China and the Central Financial Work Conference, adhere to the fundamental principle of "financial services for the real economy", uphold the value orientation of "people-centered development", establish a good image of the capital market, strengthen the ability to create value, and effectively fulfill the social responsibilities and obligations as a listed company, DFZQ (the "**Company**") has formulated the 2024 action plan for the "quality improvement, efficiency enhancement, and focus on shareholder returns", in accordance with the "Opinions on Strengthening Regulatory Measures, Risk Prevention, and Promoting the High-Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》)" of the State Council, the "Opinions on Strengthening the Supervision of Listed Companies (Trial) (《關於加強上市公司監管的意見(試行)》)" of the China Securities Regulatory Commission and the "Initiative on Conducting the 'Quality Improvement, Efficiency Enhancement, and Focus on Shareholder Returns' Special Action for Companies Listed on the Shanghai Stock Exchange (《關於開展滬市公司"提質增效重回報"專項行動的倡議》)" of the Shanghai Stock Exchange:

I. UPHOLDING THE ORIGINAL MISSION AND ADHERING TO THE FUNCTIONAL POSITIONING

We are committed to steadfastly pursuing the path of financial development with Chinese characteristics. We will persistently uphold the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, consolidate our ideals and beliefs, accurately grasp the essential features of the path of financial development with Chinese characteristics, thoroughly implement the "eight adherences", deeply comprehend the decisive significance of the "two establishes", and firmly adhere to the "two upholds". We will actively practice the political and people-oriented nature of financial work, effectively enhance our sense of responsibility and mission in carrying out financial work in the new era, adhere to the general principle of seeking progress while maintaining stability, promoting stability through progress, and establishing before breaking. We will comprehensively and accurately implement the new development philosophy, focus on optimizing and strengthening our core business, and strive to contribute to the construction of Chinese-style modernization by pursuing high-quality development.

We will focus on serving the real economy and wealth management for residents. We will adhere to the functional positioning of securities firms and fulfill our roles as a service provider for direct financing, a gatekeeper for the capital market, and a manager of social wealth. In the field of investment banking, we will closely align our business layout with national policy guidance, and support the listing of outstanding companies with core technologies, core competitiveness, excellent entrepreneurial teams, and a commitment to investor interests. In asset management and wealth management, we will uphold a value creation orientation and adhere to a long-term approach. Through diversified investment strategies, a well-developed product lineup, and professional investment education services, we will provide residents with comprehensive and diverse high-quality products to facilitate the growth of their wealth.

We will earnestly fulfill our missions and responsibilities as a state-owned financial enterprise. Over the past two years, the Company's MSCI ESG rating has improved from A to AA. We will continue to adhere to the principles of ESG development, enhance ESG information disclosure, and continuously elevate our ESG governance standards. Furthermore, we will deepen the public welfare initiatives within the securities industry to promote rural revitalization. We will persistently establish a series of outstanding public welfare projects with distinctive characteristics of the Company and social reputation, thereby exemplifying our commitment as a financial state-owned enterprise in contributing to the national strategy of "rural revitalization".

II. CONTINUOUSLY STRENGTHENING CAPABILITY AND ENHANCING QUALITY AND EFFICIENCY

We will emphasize systematic planning. We will conduct a comprehensive evaluation of the implementation of the previous strategic plan and initiate a new round of strategic planning in a timely manner. The new plan will focus on the development goals of building a strong financial nation and revolve around the transformation and development of wealth management and investment banking industries. We will forge three core capabilities, namely comprehensive customer base management, digital technology-driven operations, and endogenous compliance and risk control. We will deepen transformations in four major aspects of customers, products, investment and transaction, while strategically addressing five significant areas of financial technology, green finance, inclusive finance, pension finance, and digital finance.

We will implement a talent empowerment strategy. We are resolute in implementing the Party's organizational guidelines in the new era and fully implementing new concepts, strategies, and measures for talent development in the new era. We will formulate and implement a talent empowerment strategy and special talent programs, aiming to gather talents from different sectors and create a high-level talent team with excellent political qualities, outstanding professional capabilities, and a reasonable structure. Our goal is to gradually establish a talent management mechanism that aligns with the industry's development trends and talent growth patterns, thereby enhancing the Company's comprehensive financial service capabilities.

We will strengthen centralized capital management. We will optimize asset structure and business layout, and focus on promoting the balanced development of light and heavy asset businesses. We will guide the rational allocation of resources among various business sectors, continuously improve asset quality and profitability. We will revitalize existing assets, enhance centralized capital management, improve the efficiency of capital utilization, and strive to achieve tangible results in transformation, structural adjustment, quality improvement, and efficiency enhancement.

We will promote cost reduction and efficiency enhancement. We adhere to an ROE-oriented approach by strengthening budget management and comprehensive cost accounting. Through digital transformation, we aim to drive down marginal costs and lead value creation. We will optimize the allocation of various resources, strive to reduce overall financing costs, prioritize benefits, and innovate cost control measures, thereby establishing a management system that is characterized by clear rights and responsibilities, effective control, and professional operations.

III. PERSISTING IN SERVING THE REAL ECONOMY AND EMPOWERING NEW HIGH-QUALITY PRODUCTIVITY

We will anchor ourselves to major national strategies. We will actively participate in the construction of Shanghai's "Five Centers" by playing a greater role in supporting the establishment of a global asset management center, a fintech center, an international green finance hub, and an international financial talent highland. In line with the national strategic goal of "carbon peaking and carbon neutrality", we will formulate and implement a "Three-Year Action Plan for Green Finance Development". Leveraging on our unique resources endowments, we will continue to deepen our involvement in the field of green finance, actively promote innovation in products, services, and models, provide comprehensive green financial services across the entire life cycle and value chain, and establish distinctive strengths as an "energy investment bank" and "green securities firm".

We will contribute to nurturing new high-quality productivity. By actively leveraging our financial expertise, guided by technological innovation and national strategic priorities, and supported by the comprehensive advantages of integrated industry-finance cooperation, we will focus on ensuring the quality of listed companies from the source. We will strengthen financial support for strategic emerging industries with advanced technologies and significant driving effects, and provide financial services that cover the whole value chain and full life cycle of technology-oriented enterprises, aiming to promote a virtuous cycle of technology, industry, and finance.

We will comprehensively promote digital transformation. Recently, the Company has received several awards in financial technology development from the People's Bank of China. We firmly believe in technology as the primary productivity and scientifically coordinate our efforts in information technology innovation. We will continue to increase strategic investments in information technology innovation, and actively facilitate comprehensive digital transformation. We will focus on enhancing our digital technology-driven capabilities to achieve high-quality customer experiences, convenient business expansion for employees, implementation of management strategies, and resource sharing among subsidiaries, thereby enabling comprehensive empowerment in the areas of business, management, and technology through digitalization efforts, and promoting the Company's high-quality development with financial technology.

IV. ADHERING TO FINANCIAL SERVICES FOR PUBLIC INTEREST AND STABILIZING SHAREHOLDERS' RETURNS

We will prioritize shareholders' returns and steadily increase the level of cash dividends. Taking into account capital utilization arrangements and operational development needs, the Company has formulated the "Shareholders' Return Plan for the Next Three Years (2023-2025)". The plan includes clear institutional arrangements for profit distribution of the Company with focus on long-term and sustainable development. It establishes a continuous, stable, and scientific return plan and mechanism for investors, ensuring the continuity and stability of the profit distribution policy. From 2020 to 2022, the Company has distributed cash dividends of RMB5.147 billion, with an average cash dividend ratio of over 46% per year. On March 27, 2024, the Company held the 33rd meeting of the fifth session of the board of directors and approved the "Proposal on the 2023 Profit Distribution Plan of the Company", and planned to distribute a cash dividend of RMB1.50 per 10 shares to the Company's shareholders. In the future, the Company will consider increasing the frequency of cash dividends as and when appropriate to stabilize investors' dividend expectations and effectively enhance their satisfaction.

We will carry out share repurchases and proactively convey confidence to the market. In order to safeguard the Company's value and shareholders' rights and interests, the Company held a meeting of the board of directors on October 30, 2023, and approved the "Proposal on Repurchase of A Shares of the Company through Centralized Price Bidding", and completed the repurchase of 34,843,324 A shares on January 30, 2024. In the future, the Company will prudently study and implement the plan for handling repurchased shares, taking into account regulatory requirements, market conditions, and the Company's situation, thereby further boosting investors' confidence.

We will strengthen market capitalization management and enhance the investment value of the Company. By leveraging market capitalization management, we will enhance the level of market capitalization management through value creation and managing market expectations. While benchmarking against industry leaders and strengthening our core business, we will establish a sound market capitalization management system and incorporate market capitalization management into the management performance evaluation mechanism in order to effectively enhance the investment value of the Company.

V. UPHOLDING OPENNESS AND TRANSPARENCY AND STRENGTHENING INVESTOR RELATIONS MANAGEMENT

We will prioritize the quality of information disclosure and enhance its effectiveness. The Company always attaches great importance to information disclosure. In strict accordance with relevant laws, regulations and regulatory requirements, we continuously improve the relevant systems for information disclosure of the Company, optimize the disclosure process, and fulfill our information disclosure obligations in a truthful, accurate, complete, timely, and fair manner, thereby continuously enhancing the transparency as a listed company. We are guided by investors' needs and utilize visual formats such as results presentation, graphical reports, and short videos to interpret regular reports and interim announcements. This approach ensures a diverse range of communication methods and provides concise and clear information, thereby improving the effectiveness of information disclosure.

We will strengthen investor relations management and proactively communicate with investors. We will continuously improve the system, policies, and processes for investor relations management, hold timely annual, interim and quarterly results presentation and investor meetings. Through platforms such as the Shanghai Stock Exchange’s e-interactive platform, investor relations hotlines, investor relations email, dedicated section of investor relations on the official website, and various social media channels, we will actively engage with different types of investors, accurately convey information about the Company’s reform, development, and operational management, listen to the opinions and suggestions of all types of investors, especially minority investors, and effectively address market concerns and investor inquiries.

VI. UPHOLDING THE LEADERSHIP OF THE PARTY AND PROMOTING FINANCIAL CULTURE

We will promote the effective integration of Party leadership and corporate governance. We will always adhere to the principle of “consistency in two areas” and leverage the leadership role of the Party committee in setting direction, managing the overall situation, and ensuring implementation. We will continuously improve the collective decision-making system for “decisions on major issues, appointment and dismissal of important executives, major project investment decisions, and large-scale fund utilization”, the Party committee’s pre-research procedures and the list of relevant matters. In addition, we will further enhance the governance structure as a listed company to ensure that each role and responsibility is clearly defined, coordinated, and effectively balanced, thereby guaranteeing that the shareholders’ general meeting, the board of directors, the supervisory committee, and management team fulfill their respective roles and responsibilities diligently.

We will adhere to compliance and risk-oriented operations. We will deepen the value creation through effective risk management, following the principles of centralization and thoroughness. Placing personnel as a key priority, backed by robust systems, supported by technology, and driven by consolidated management, we will strengthen the compliance and risk management system for parent company and subsidiaries, emphasizing both group-level integration and vertical alignment. We will intensify efforts in building a talent team and information systems for compliance and risk control, and harness the supervisory role of internal and external audits to firmly maintain the bottom line of financial risks, thereby establishing a solid foundation for the stable development of the Company.

We will promote and uphold the distinctive financial culture of China. The Company was honored as the “Outstanding Unit of Financial Industry Culture Construction in 2021-2022”. The Company will further strengthen the cultivation of a distinctive financial culture in China. It aims to uphold the principles of “honesty and trustworthiness, without crossing ethical boundaries; seeking profit with integrity, not solely driven by self-interest; adopting a cautious and prudent approach, not pursuing short-term gains at the expense of stability; maintaining tradition while embracing innovation, avoiding superficiality; complying with laws and regulations, refraining from any improper behavior”, and fully leverage the significant role of cultural values in fostering unity and driving actions. We will maintain a strict and unwavering stance, and safeguard and support the reform and development endeavors of the Company through comprehensive education on compliance and integrity that deeply resonates with the staff.

The Company will diligently implement the action plan for “quality improvement, efficiency enhancement, and focus on shareholder returns”, consistently uphold the principles of respecting and rewarding investors, establish effective channels for communication with investors, closely monitor the market’s evaluation of the Company’s value, enhance investors’ confidence, improve investors’ returns, and strive to become “a modern investment bank with first class core competitiveness that provides integrated financial services for customers”.

The implementation of this action plan may be affected by internal and external environments and is subject to a certain degree of uncertainty, and investors are advised to pay attention to relevant risks.

By order of the Board of Directors

JIN Wenzhong

Chairman

Shanghai, PRC

April 29, 2024

As at the date of this announcement, the Board of Directors comprises Mr. JIN Wenzhong, Mr. GONG Dexiong and Mr. LU Weiming as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Ms. LI Yun, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. WU Hong, Mr. FENG Xingdong, Mr. LUO Xinyu, Mr. CHAN Hon and Mr. ZHU Kai as independent non-executive Directors.