

2020 Final Results

For the year ended 31 December 2020

Results Presentation, 11 March 2021



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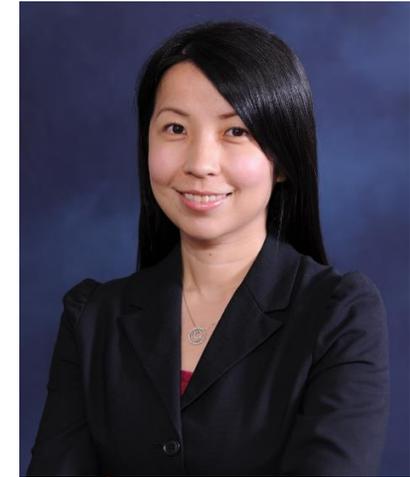
The management team



Louis SO
Co-Chairman and
Co-Chief Investment Officer



William ZHONG
Managing Director
Co-Head of China Business



Icy WONG CPA, FRM
Chief Financial Officer and
Chief Administrative Officer

Agenda

-  2020 key highlights
-  Business and strategy updates
-  China growth plans
-  Financial review



Financial performance

- Third highest financial results. Net profit reached **HK\$1,379 mn (+169% YoY)**
- Strong rebound in AUM with performance fees structure
- Recommended **HK\$0.34** dividend per share
- Achieved **28%** ROE



Business and strategy updates

- Strong growth in AUM from overseas markets
- Progress in asset class expansion
- Capturing opportunities in the China onshore market



Business and strategy updates

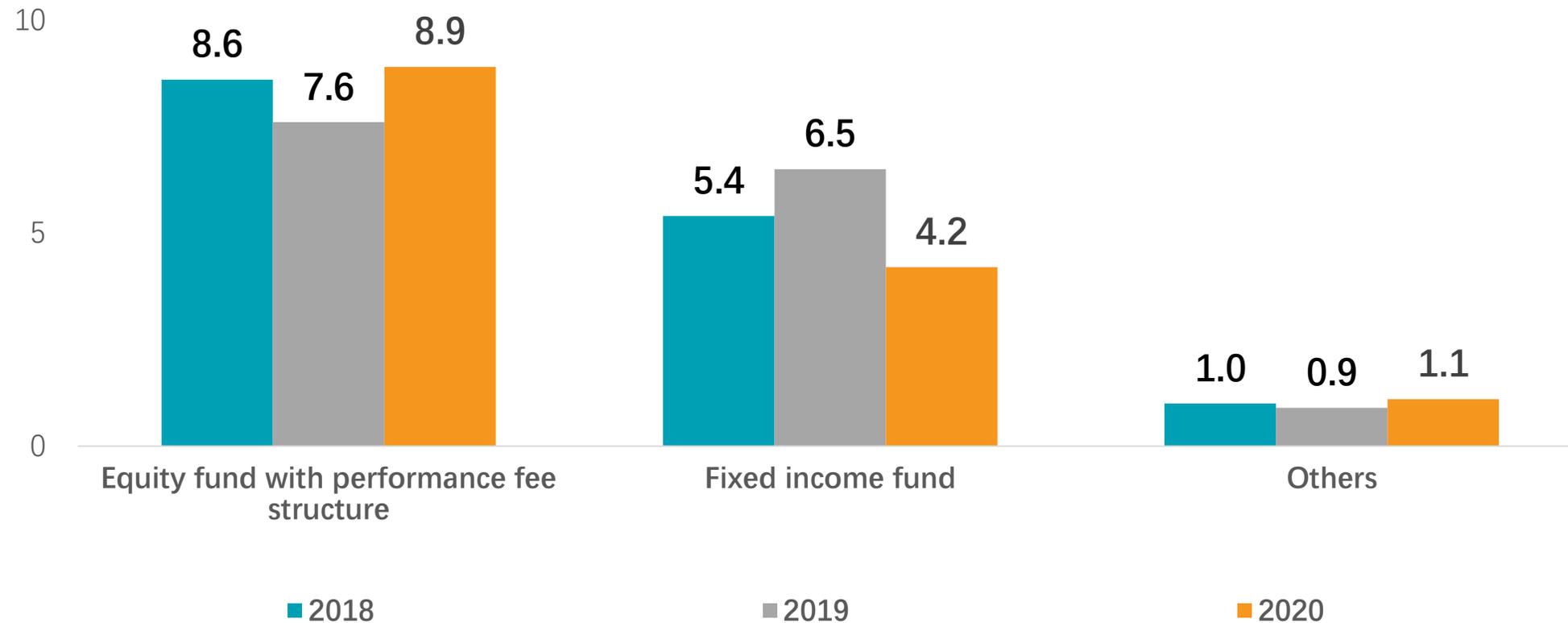
By Louis SO

Co-Chairman and Co-Chief Investment Officer

Strong rebound in AUM with performance fees structure

AUM breakdown by asset class

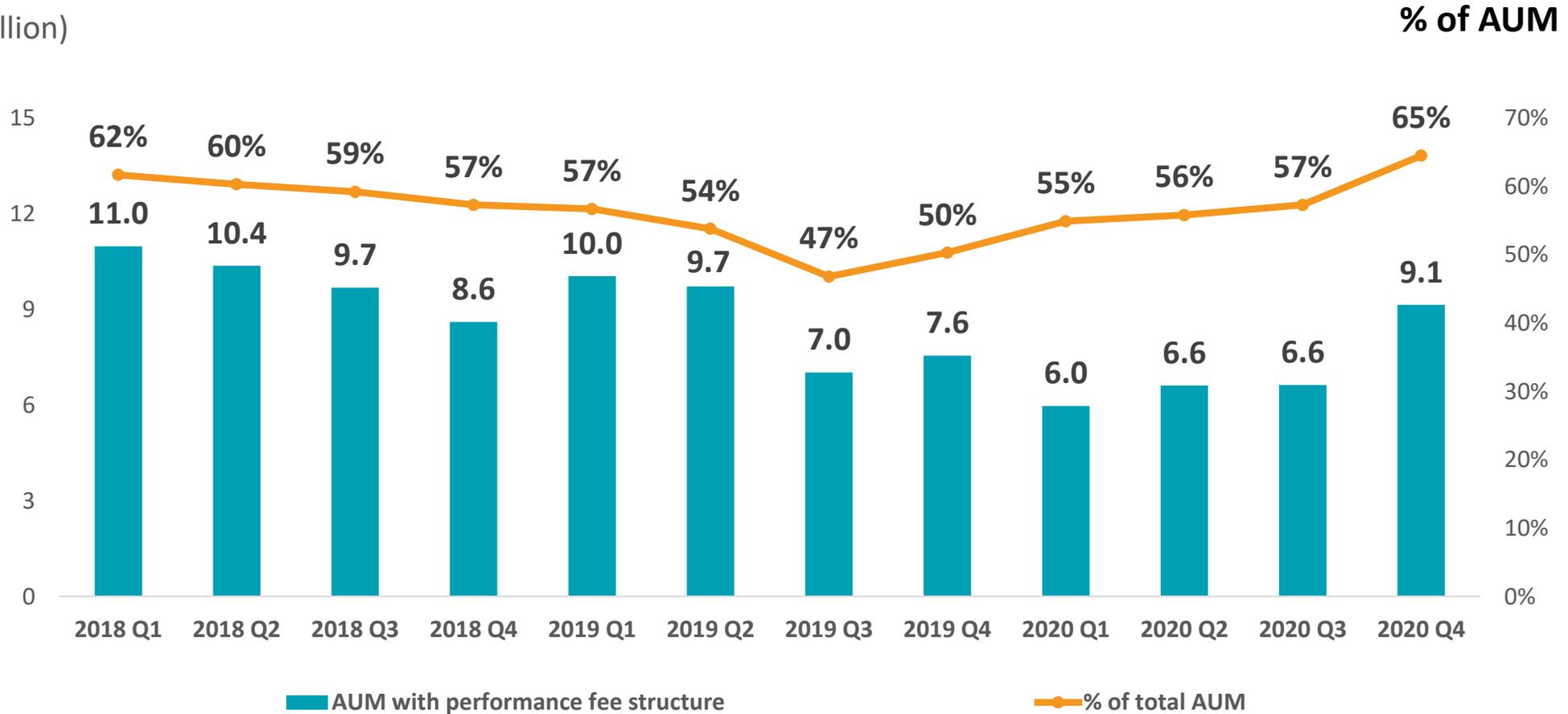
(US\$ billion)



Strong rebound in AUM with performance fees structure

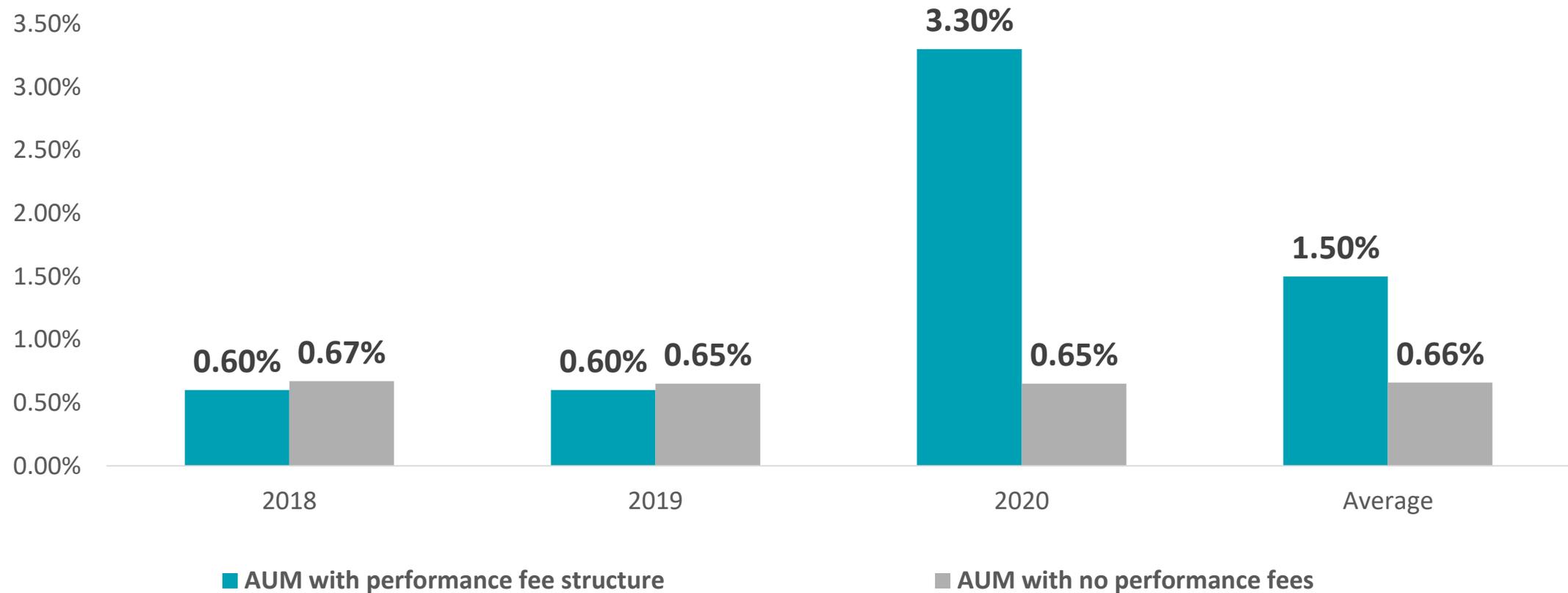
AUM with performance fees structure

(US\$ billion)



Net fee margin analysis by AUM type

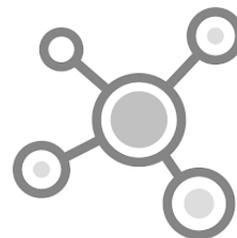
Net fee margin



Value Partners 3 key growth drivers



Expand
geographical and
channel reach



Grow product
range in new
asset classes

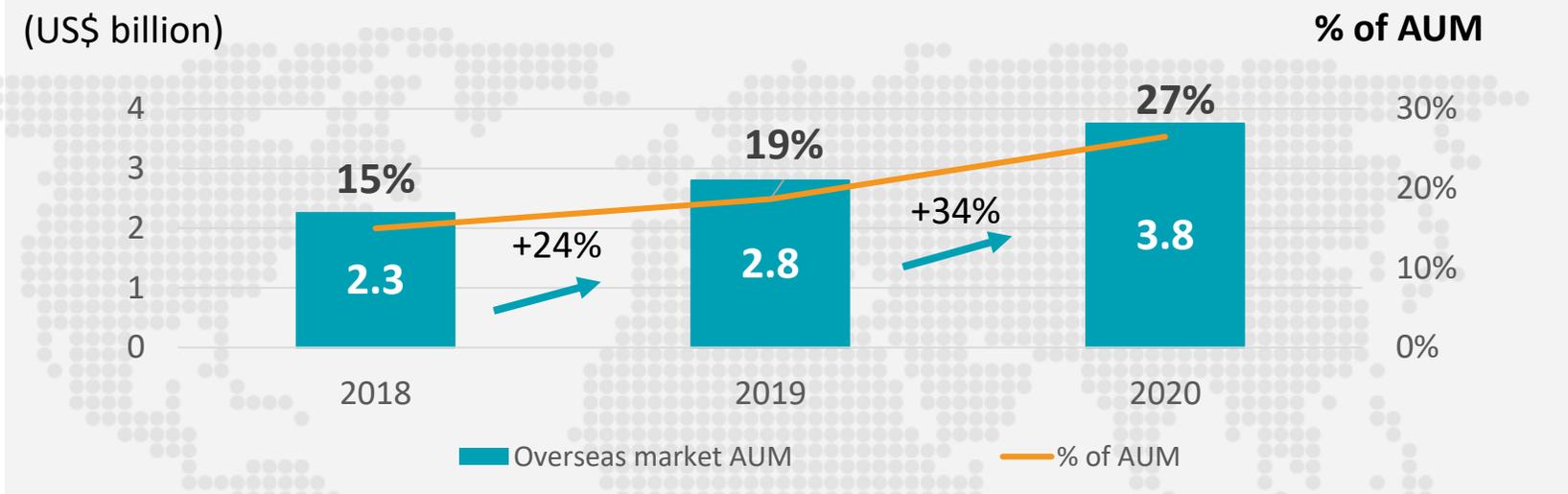


Capture
opportunities
in China onshore
market

Strong growth in AUM from overseas markets

AUM from overseas markets

(US\$ billion)



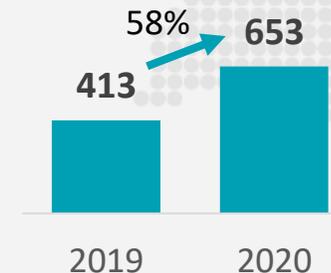
Europe AUM (US\$ million)



Asia AUM (US\$ million)



North America AUM (US\$ million)



Major milestone marked by a significant mandate won in the UK

Asia Asset Management
The Journal of Investments & Pensions EST. 1995

Hong Kong's Value Partners wins £500 million China equities mandate from UK's M&G

By Goh Thean Eu DECEMBER 17, 2020

Asia Malaysia News

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Hong Kong's Value Partners has won a £500 million (US\$672 million)-plus tender to manage onshore and offshore Chinese equities for UK-based savings and investments firm M&G.

The asset manager says it was selected after a "highly-competitive" worldwide search for the mandate, which is part of M&G's £2 billion-plus of investments in Chinese equities.

"The mandate recognises Value Partners' longstanding strength as a bottom-up stock-picker, and proven track record in China investing," the company says in a statement on December 16.

Cheah Cheng Hye, the co-chairman and co-chief investment officer, describes Value Partners as a "pioneer in investing in China based on fundamental research and a quality value strategy".

He points to projections for China's middle-class population to double within 20 years from over 400 million now as underscoring the scope of the investment potential.

"There really is no shortage of investment opportunities and we feel well equipped to get the job done," he says in the statement.

Value Partners, the first asset manager to be listed on the Hong Kong stock exchange main board, had \$12.5 billion of assets under management as at end-October.

Significant progress in Japanese retail fund market

Morningstar Rating™

The Japan Fund, Greater China Equity category

	1/1/2020 – 12/31/2020	
	Return (Cumulative)	Peer group rank
A co-branded Greater China equity product with Daiwa	69.91%	1

中国では、すでに未来が始まっていることを

2億2,800万人
「オンライン医療利用者数」
平安ドットコム登録者数

98%
「モバイル決済の利用率」
過去12ヶ月以内にモバイル決済を利用したと回答した人の割合（都市部消費者）

60%
「EV（電気自動車）普及率」
深セン市内を走行するタクシーに占める割合

世界の未来を映し出す中国のイノベーション企業に投資する
ダイワ/パリュールパートナーズ
チャイナ・イノベーター・ファンド

チェン・チェン・ハイ
アジアのパフェットー 謝清海会長

市場の非効率な株価形成に着目し、市場価格が著しく本源的価格を下回った時に買い、逆の状況になった時に売却する投資手法を貫いています。

このような投資手法がウォーレン・バフェット氏と似ていることから、「アジアのパフェット」と呼ばれるようになりました。

運用哲学

「適格な経営者」と「適切な事業」を併せ持つ
『優れた企業』に『適正な価格』で投資する

Right
people

適格な経営者

Right
business

適切な事業

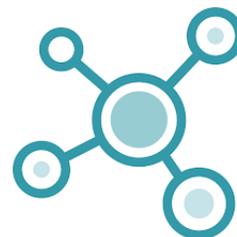
Right
price

適正な価格で投資

Value Partners 3 key growth drivers



Expand
geographical and
channel reach



Grow product
range in new
asset classes



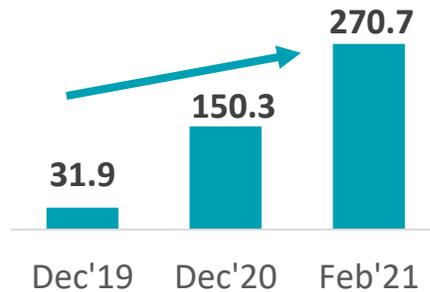
Capture
opportunities
in China onshore
market

Fund menu expansion: thematic equity and multi-asset



Thematic Funds

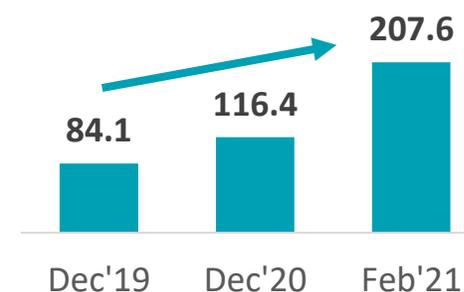
A healthcare product
AUM (US\$ million)



Launched: Apr 2015

2020 Peer quartile: 1st

An A-share tech-focused product
AUM (US\$ million)



Launched: Nov 2018

2020 Peer Quartile: 1st



Multi-asset funds

An Asian income product
AUM (US\$ million)



Launched: Nov 2017

2020 Peer quartile: 2nd

A product focuses Asia's innovative industries
AUM (US\$ million)



Launched: Feb 2019

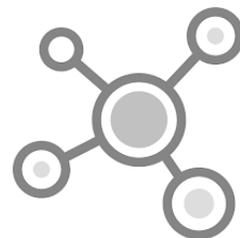
2020 Peer quartile: 1st

+ New product pipelines in thematic equities and IG fixed income products in 2021

Value Partners 3 key growth drivers



Expand
geographical and
channel reach



Grow product
range in new
asset classes



Capture
opportunities
in China onshore
market



China growth plans

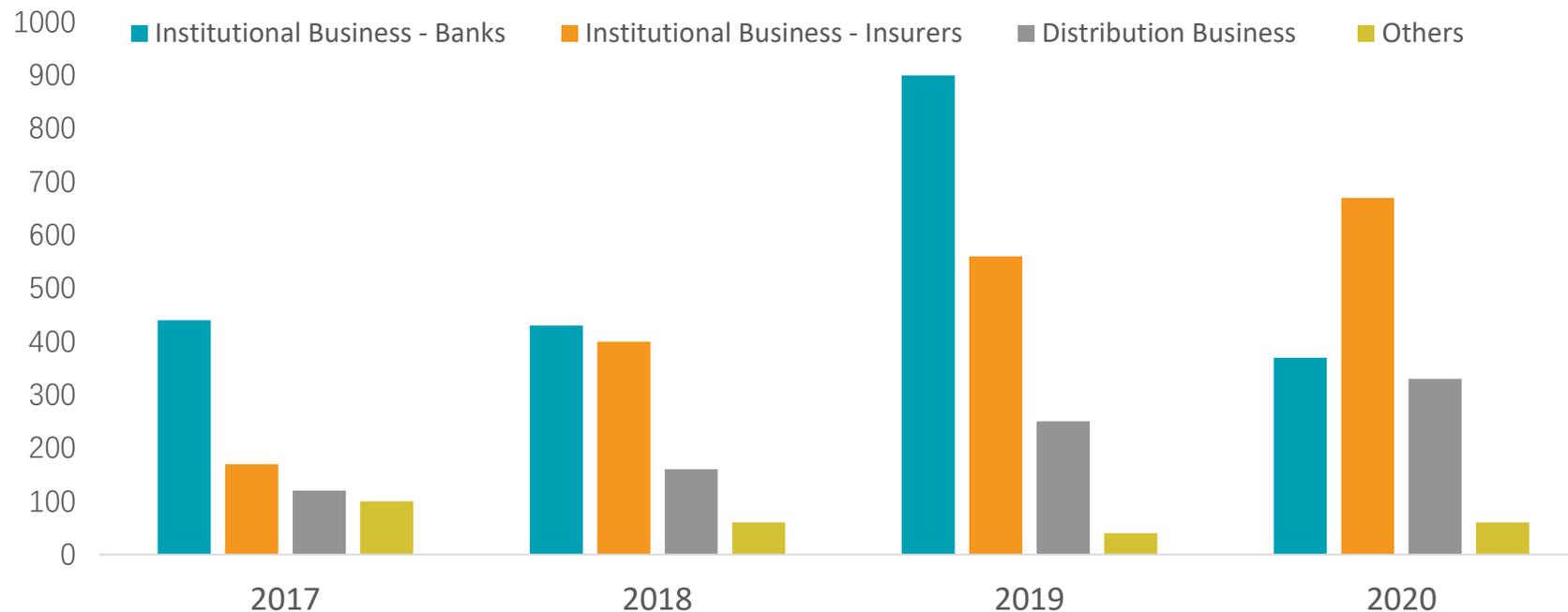
By William ZHONG

Managing Director, Co-Head of China Business

Value Partners China business development

Value Partners China - Assets Under Management

(US\$ million)



Compared to end of 2019

- Institutional Business —Banks: **-58%**
- Institutional Business —Insurers: **+19%**
- Distribution Business —PE, MRF, QDLP: **+32%**

Share of Value Partners Group's AUM



Insurance companies

- Value Partners China started to partner with mainland insurance companies in 2015 and, as of Dec 2020, AUM in this sector reached **RMB 4.5 billion**
- In 2020, the AUM **increased 19%**; Added one top insurer client – Ping An Asset Management

Partnership with insurance companies

Provides investment advisory for more than 6 major insurance players in China, including large state-owned and global insurers

Banks

- Value Partners China established partnerships with mainland banks from 2014; As of Dec 2020, the AUM in this sector reached **RMB 2.8 billion**; Our partners include leading SOE and joint-venture banks.
- Comply with the new regulations, the scale of business with bank institutions declined in 2020; Adjusted institutional client development strategy is expected to be implemented in the first half of 2021.

Partnership with leading mainland banks

Provides investment advisory for more than 10 leading banks / bank WMs, including the top 10 banks in China

Private Fund Management business

PFM business

Number

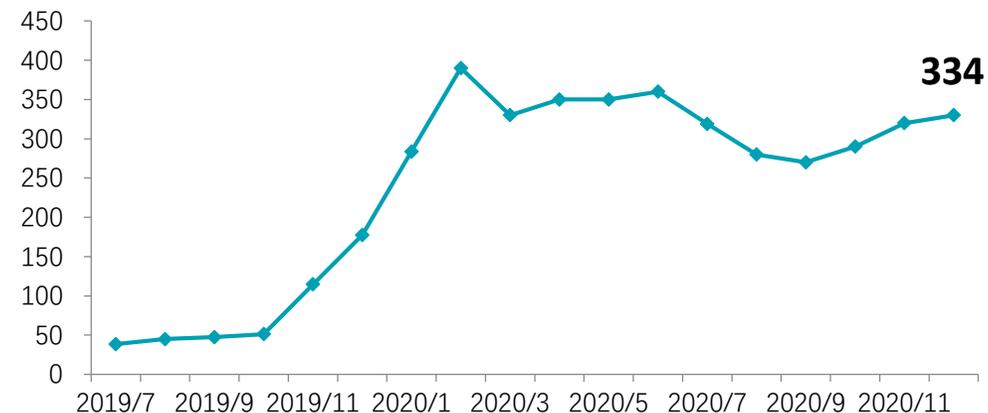
11 PFM products

Our partnership with the key institutions in the mainland

- **Private Banks:** partnerships established with 4 out of top 10 PBs, and in close discussion with the rest
- **Securities companies:** partnership established with 5 major securities firms

Mutual Recognition of Fund business

(RMB million)



Value Partners Classic Fund MRF distribution

Mainland China Sales Institutions*

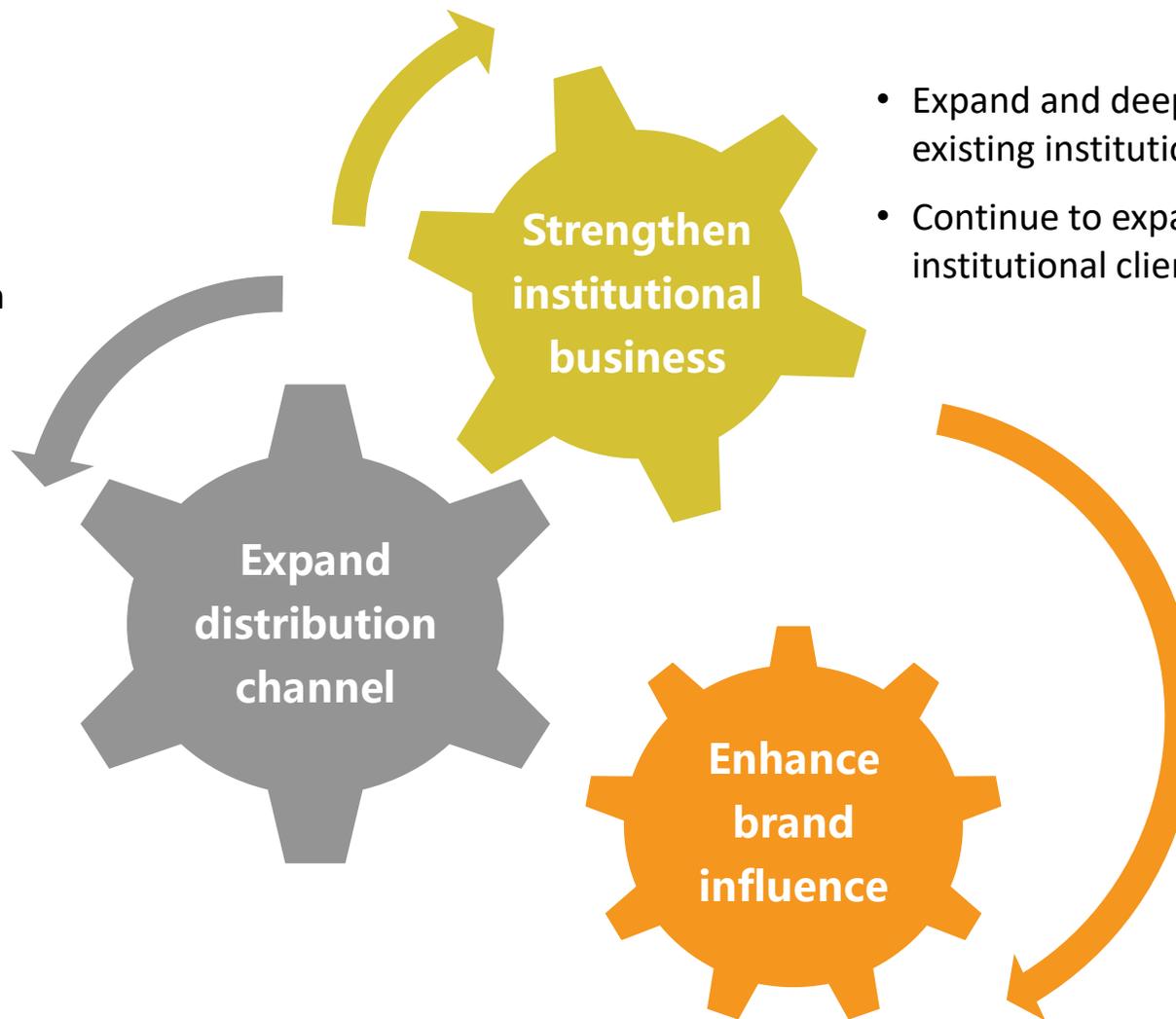
- partnership established with 7 distribution intermediaries including banks, securities firms, Internet/E-commerce platforms and etc.

Direct Clients*: Banks/Bank WMs, insurers, and etc.

Note:* Distributed through our Master Agent, Tian Hong FMC

Value Partners China – business strategy

- Partner with 3 to 5 distribution channels in 2021
- Focus on innovative distribution channels expansion, like Internet, e-commerce
- Beef up distribution channel sales team, to multi-regional and multi-type of customers coverage
- Build a unified sales and marketing structure to serve distribution partners



- Expand and deepen cooperation with the existing institutional clients
- Continue to expand the network of new institutional clients

- Build our professional brand of quality value investing in mainland China and continuously enhance the brand influence of Value Partners
- Improve the client service system and enhance the interaction and communication with investors



Financial review

By Icy WONG

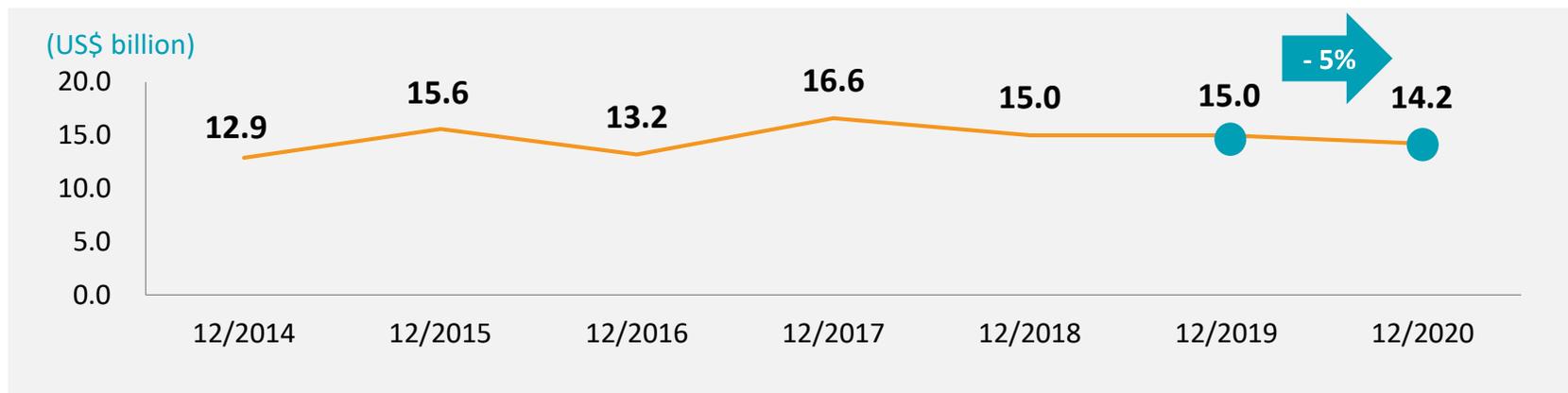
*Chief Financial Officer and
Chief Administrative Officer*

Financial highlights

(In HK\$ million)	2020	2019	% Change
Profit attributable to owners of the Company	1,379.5	513.4	+168.7%
Total revenue	2,561.5	1,603.9	+59.7%
Gross management fees	1,013.2	1,362.4	-25.6%
Gross performance fees	1,468.1	55.3	+2,554.8%
Total expenses	(824.8)	(552.7)	+49.2%
Operating profit (before other gains/losses)	1,308.5	343.7	+280.7%
Other gains - net	263.7	193.8	+36.1%
Basic earnings per share (HK cents)	74.4	27.7	+168.6%
Diluted earnings per share (HK cents)	74.4	27.7	+168.6%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	26.0	9.0	+188.9%
Special dividend per share (HK cents)	8.0	13.0	-38.5%
Total dividends per share (HK cents)	34.0	22.0	+54.5%

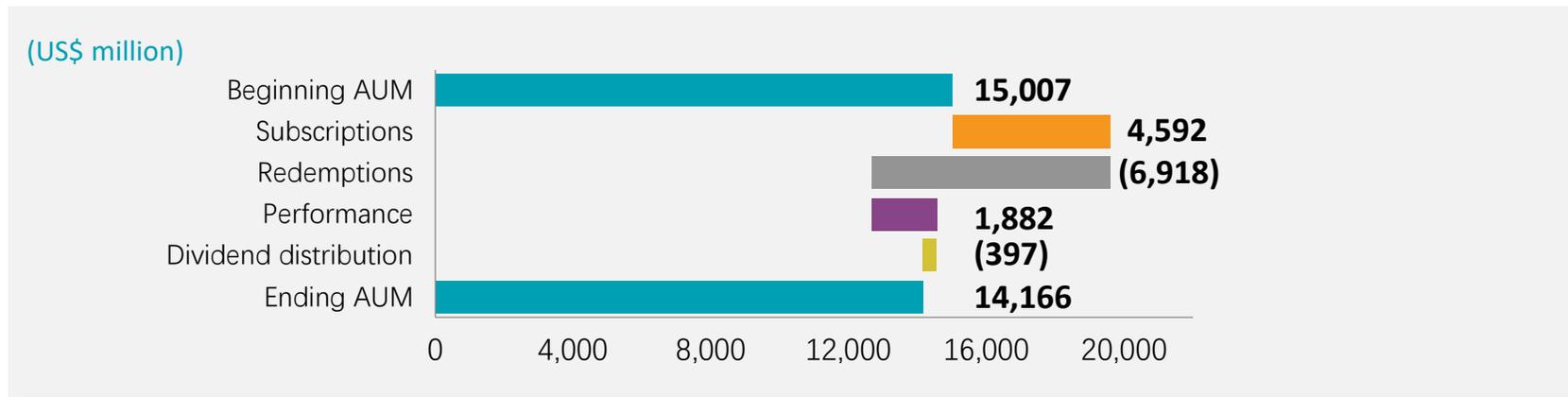
Assets under management (“AUM”)

Value Partners’ AUM stood at US\$14.2 billion as of 31 Dec 2020 ¹



2020 fund flows
net outflow: US\$2.3 billion

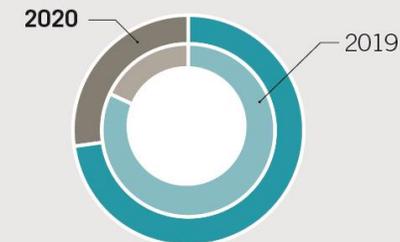
AUM change in 2020 ²



2020 fund flows
Gross subscriptions: US\$4.6 billion
Gross redemptions: US\$6.9 billion

Classification by brand

	2020	2019
Own Branded Funds	73%	82%
White Label & Co-branded Funds	27%	18%



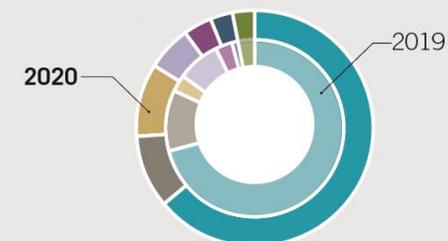
Classification by strategy

	2020	2019
Absolute Return Long-biased Funds	67%	53%
Fixed Income Funds	30%	44%
Alternative Funds	2%	2%
Quantitative Funds & ETF	1%	1%

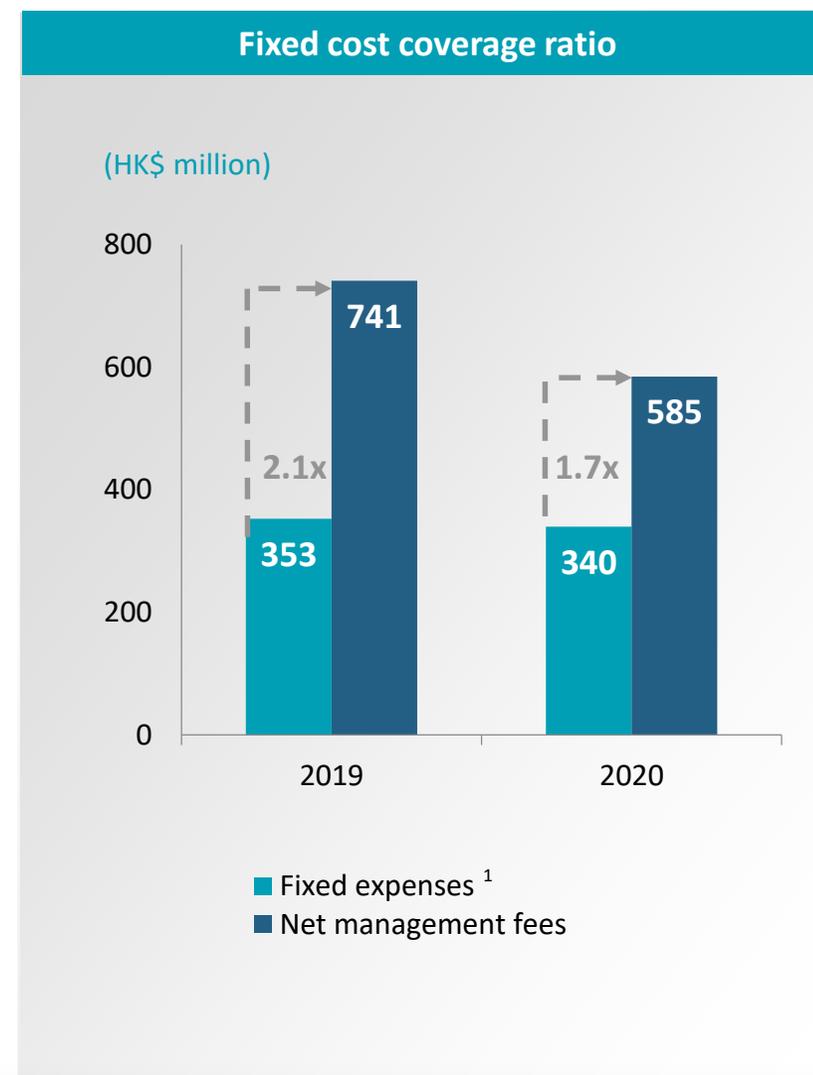
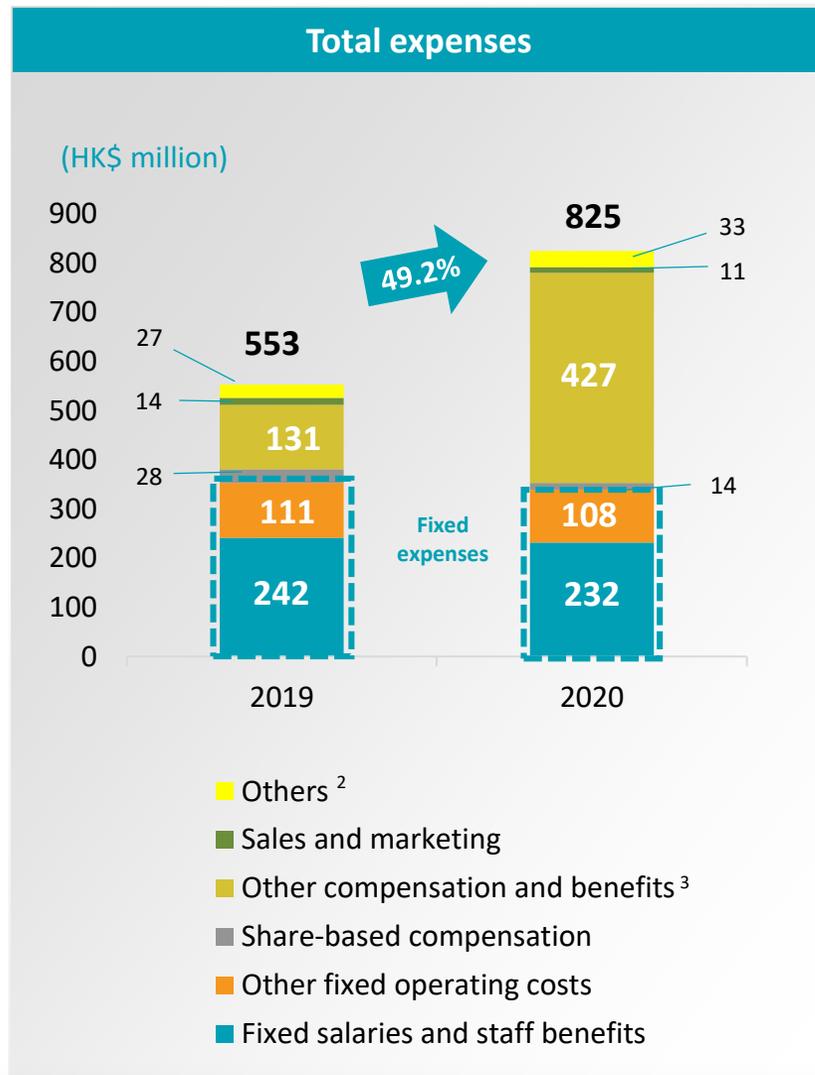


Client analysis by geographical region

	2020	2019
Hong Kong SAR	64%	71%
Mainland China	10%	11%
Europe	10%	3%
Singapore	6%	8%
United States	4%	3%
Japan	3%	1%
Others	3%	3%



Stringent cost control



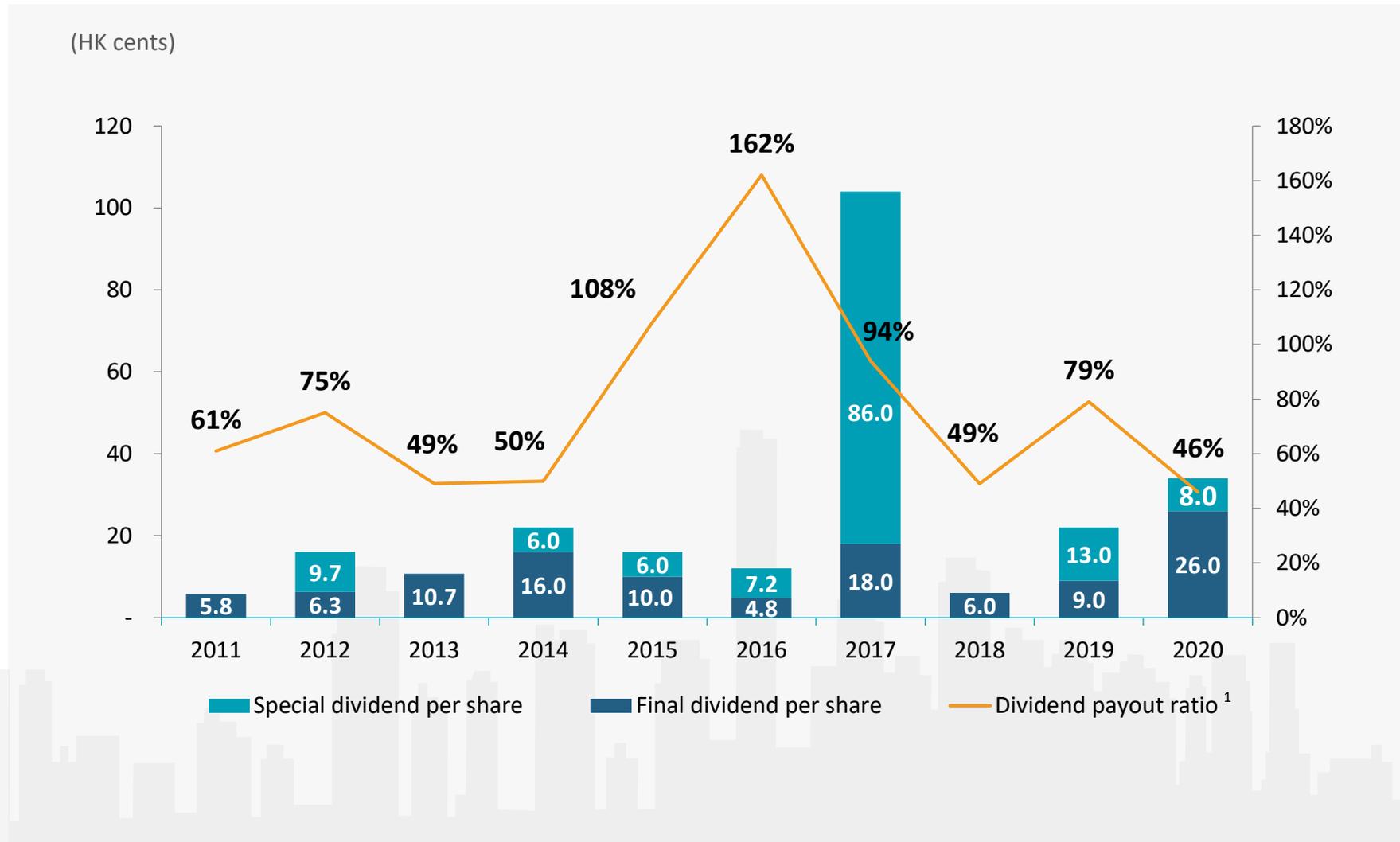
Source: Value Partners; For the year ended 31 Dec 2019 and 2020

1. Fixed expenses mainly represent fixed salaries and benefits, rent, investment research, other administrative and office expenses for asset management business.

2. Others includes depreciation and non-recurring expenses.

3. Other compensation and benefits includes the management bonus and staff rebates.

Dividend history



Source: Value Partners; For the year ended 31 Dec 2011 to 2020

1. As a percentage of net profit

Strong balance sheet

As at 31 December 2020	HK\$ million
ASSETS	
Current assets	3,671
• Cash & cash equivalents	• 1,974
• Investments ¹	• 17
• Fees receivables	• 1,495
Non-current assets	2,628
• Investments (including investment in JV and investment property) ¹	• 2,400
Total assets	6,299
LIABILITIES	
Current liabilities	829
• Accrued bonus	• 385
• Distribution fee expenses payable	• 110
Non-current liabilities	52
Total liabilities	881
EQUITY	
Equity attributable to owners of company	5,418
• Issued equity	• 1,407
• Retained earnings	• 3,714
Total equity	5,418

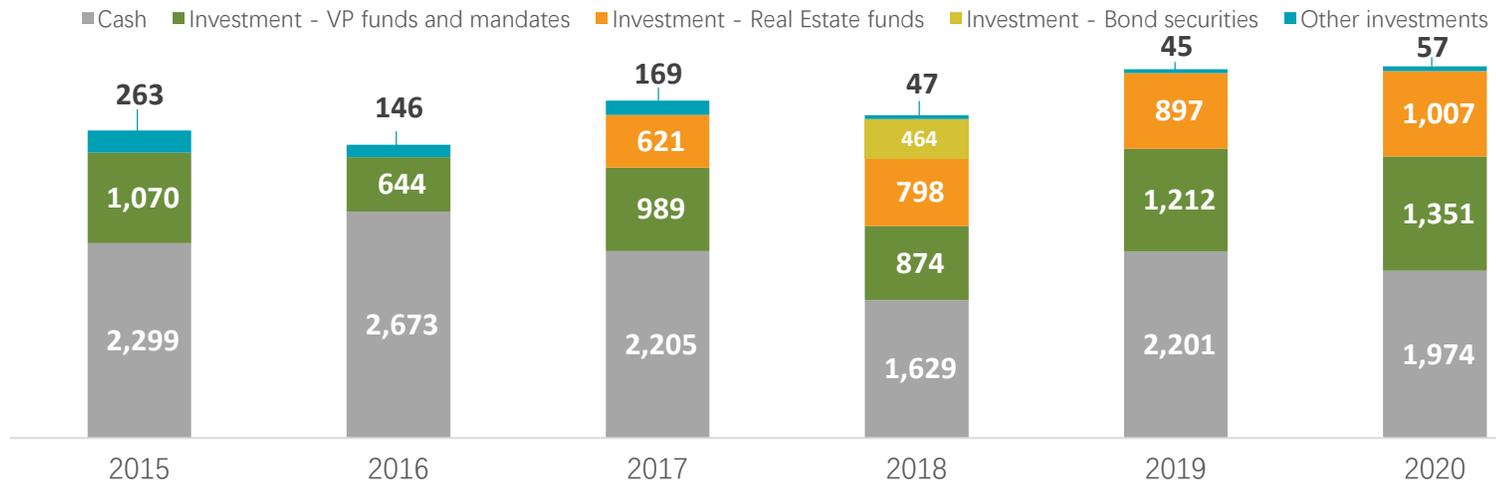
Source: Value Partners; As at 31 Dec 2020

1. Investments (including investments, investment in joint ventures and investment property) = HK\$ 2,417 million

Further deploy cash in 2020



Value Partners 2015-2020 House Money Investments 2015-2020, HK\$ million



► Further deploy cash to invest in our products for stable returns

Investor relations contacts

Value Partners Group Limited

43rd Floor, The Center
99 Queen's Road Central, Hong Kong
www.valuepartners-group.com
ir@vp.com.hk

Ms. Icy Wong

Chief Financial Officer and Chief Administrative Officer
Email: icywong@vp.com.hk
Tel: (852) 2143 0464

Ms. Daphne Duan

Manager, Marketing and Communications
Email: daphneduan@vp.com.hk
Tel: (852) 2143 0449



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