

【 For Immediate Release 】
Value Partners Group announces 2021 final results

The Group remained profitable and maintained a strong balance sheet despite a challenging environment
The Group remains positive on the long-term outlook of the asset and wealth management industry

Key highlights:

- Reported **net profit of HK\$458 million**, despite challenging market conditions across Asian and Chinese financial markets in 2021; on a year-on-year basis net profit dropped 66.8%.
- Gross management fees decreased 8.5%, while total revenue decreased 50.0% due to a drop in gross performance fees.
- **Total expenses decreased 36.9%** as the Group continues to maintain stringent cost control.
- **Its balance sheet remained strong**, with a cash balance of HK\$1.7 billion and zero corporate debt.
- At the end of December 2021, **the Group's assets under management ("AUM") stood at US\$10 billion**; Its average AUM slightly dropped by 3.1% to US\$12.2 billion as compared to 2020.
- The Board of Directors **recommended paying a final dividend of 8.0 HK cents**.
- **The Group continues to make progress on its three-pronged strategy to capture structural growth of Asia's wealth management demand, particularly in China:**
 - Strengthening of global sales and marketing channels
 - New asset class expansion and product theme expansion
 - Capturing opportunities in China's market-opening
- **Successful build-out of multi-asset franchise**; The Group's Asian multi-asset product generated strong consistent first quartile performance¹, and its AUM had grown four times in 2021.
- **Enhanced management leadership with senior appointments across front, middle and back-office functions during the year**
 - Key hires include the appointments of Ms. June WONG as President, Ms. Winnie LAM as Chief Operating Officer, Mr. James ONG as Head of Southeast Asia and CEO of Singapore

Financial highlights:

(In US\$ million)	31/12/2021	31/12/2020	Change
Assets under management	10,037	14,166	-29.1%
(In HK\$ million)	31/12/2021	31/12/2020	Change
Profit attributable to owners of the Company	457.8	1,379.5	-66.8%
Total revenue	1,281.6	2,561.5	-50.0%
Gross management fees	926.7	1,013.2	-8.5%
Gross performance fees	200.5	1,468.1	-86.3%
Operating profit (before other gains/losses)	360.3	1,308.5	-72.5%
Basic earnings per share (HK cents)	24.7	74.4	-66.8%
Diluted earnings per share (HK cents)	24.6	74.4	-66.9%
Interim dividend per share	Nil	Nil	
Final dividend per share (HK cents)	8.0	26.0	-69.2%
Special dividend per share (HK cents)	Nil	8.0	-100.0%
Total dividends per share (HK cents)	8.0	34.0	-76.5%

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(Hong Kong, 10 March 2022) — Value Partners Group Limited (together with its subsidiaries, “Value Partners” or “the Group”, Hong Kong Stock Code: 806) is pleased to announce its 2021 annual results for the year ended 31 December 2021.

In 2021, Asia’s financial markets had a challenging year, especially in China. Overall, investors were concerned about inflationary pressures caused by supply chain disruptions and moderating economic growth globally due to the continued impact from COVID-19. In China, investor sentiment was further exacerbated during the second half, driven by a series of regulatory changes targeted at various sectors and concerns over the property sector. The new regulations made investors worry about their impact on companies’ long-term outlook, while the unfolding of property developers’ credit events raised concerns about systemic risks within the sector.

Heading towards the fourth quarter, although concerns over regulatory risks and property have slightly eased, the market remained subdued with the appearance of the new Omicron variant, which dragged recovery expectations globally. In China, the MSCI China Index dove 21.7%² in 2021, almost wiping out the nearly 30% gains in 2020. Meanwhile, the region as a whole was more mixed as there was a divergence in performances among countries and sectors, with the MSCI AC Asia ex Japan Index down 4.7%² in 2021. Given the sour market sentiment, the Group’s funds’ performances and corporate profitability suffered.

Despite the challenging year, Value Partners continued to make developments on the business front, including strengthening its senior management team and further growing its businesses in various markets.

The Group expects financial markets to remain volatile in the short-term in 2022 given the heightened geopolitical tensions. Nevertheless, the Group believes that in long run it is poised in capturing new opportunities with its efforts in improving the Group’s business and product suite.

Ms. June WONG, Value Partners’ President, highlights three key industry macro trends that she sees playing out that are highly favorable to Value Partners:

In the thirty-year history of Value Partners, it has weathered through many market cycles. Looking forward, we remain firmly positive about the mid to long-term prospects of the firm.

The first macro trend is the wealth management opportunity in Asia is significant. Client assets in Asia-Pacific continue to grow across all segments. Specifically, asset and wealth management AUM, which represents Value Partner’s focused client segment, is expected to enjoy significant growth in the coming years to reach US\$65 trillion by 2025 if we combine Ultra HNW with Mass Affluent, implying a 7.4% CAGR from 2020 to 2025.

The key driving force of this growth is China. Driven by rising household wealth and capital markets reform, Chinese household investable financial assets are expected to grow at 10% CAGR through 2025. In particular, demand for mutual funds and private funds is expected to outstrip categories such as deposits, as households search for higher yield and regulators continue to drive development away from the shadow banking sector into capital markets.

The second macro trend is the increasing and very real demand by global investors to create standalone China mandates as China as an asset class has become “too big to ignore”.

Historically, global institutional investors typically gain their China exposure via their investments through Global Emerging Markets mandates. However, as the size of the Chinese capital markets continues to grow at a much faster rate than the other emerging markets, the percentage of China in global emerging market indices have become very significant, dwarfing the percentages of the other emerging markets. At full A-share inclusion, for example, the total China exposure would increase to more than 40% of the equities index. Global institutional investors therefore increasingly see the need to carve out dedicated China portfolios to be run by China expert fund managers, as evidenced by our M&G win. We see this as an important growth opportunity with the global institutional client base.

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The third macro trend is ESG, a topic that has emerged to be an important structural trend for the industry. Global sustainable fund assets grew by US\$1 trillion in 2021, as asset managers repurposed existing products and also launched new products driven by strong client demand. In Asia, despite being a relative latecomer in terms of ESG adoption, the pace is also picking up. And we see strong interest not only from the traditional institutional segment but across all client categories globally and locally.

To capture these above long-term secular trends, the Group continues to execute upon its three-prong growth strategy and strong progress was made during the year:

1. Strengthening of global sales and marketing channels

Major initiatives include strengthening relationships with key bank and insurance channels, as well as developing new relationships with online distribution platforms. The Group also strengthened its Client Portfolio Manager (CPM) team and resource in the marketing function to ensure client demands on investment communication and product development needs are met effectively. Senior appointments have also been made across the front, middle and back-office functions during the year, including Ms. June WONG as President, Ms. Winnie LAM as Chief Operating Officer, Mr. James ONG as Head of Southeast Asia and CEO of Singapore.

2. New asset class expansion and product theme expansion

Success in multi-asset franchise build-out, with our Asian multi-asset product's AUM growing four times in 2021, backed by strong consistent first quartile performance. The Group believes it has the potential to be another billion size flagship product.

In addition, the Group is committed to investing in ESG for it to become a long-term competitive advantage. In 2021, a dedicated ESG investment team was formed and ESG has been fully incorporated in the Group's investment process, achieving 100% portfolio coverage of equities and listed fixed income issuers with in-house proprietary scorecards. The Group also launched its first product with ESG considerations in Japan this year and have plans to roll out more ESG-related products in 2022.

3. Capturing opportunities in China's market-opening

The Group remains as one of the top foreign Private Fund Managers ("PFM") in China. In 2021, new QDLP quota and also two eligible products were onboarded onto bank partners' shelves via the Greater Bay Area ("GBA") Wealth Connect Scheme, which allowed the Group to access a population 10 times larger than the Hong Kong home market. The Group is active in seeking to gain further access to the onshore China market by obtaining a fund management company ("FMC") and/or wealth management company ("WMC") license qualification or partnerships with recent relaxation of regulation allowing for foreign majority or full ownership.

For more details on the Group's business and strategy updates, please download the [2021 Annual Results Presentation](#).

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1. Peer group refers to the Morningstar Category of Asia Allocation (HKSF).
 2. MSCI, 31 December 2021.

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About Value Partners Group Limited

Value Partners, one of Asia's largest independent asset management firms, seeks to offer world-class investment services and products. Since its establishment in 1993, the Company has been a dedicated value investor in Asia and around the world. In November 2007, Value Partners Group became the first asset management firm to be listed on the Main Board of the Hong Kong Stock Exchange (Stock code: 806 HK). In addition to its Hong Kong headquarters, the firm operates in Shanghai, Shenzhen, Kuala Lumpur, Singapore and London, and maintains a representative office in Beijing. Value Partners' investment strategies cover equities, fixed income, multi-asset, alternatives, real estate and quantitative investment solutions, for institutional and individual clients in the Asia-Pacific, Europe and the United States. For more information, please visit www.valuepartners-group.com.

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