

2022 Final Results

For the year ended 31 December 2022

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Presenters



June WONG
Chief Executive Officer



Nikita NG
Chief Financial Officer

Agenda



2022 Key Highlights



Financial Review



Business and Strategy Updates

- Industry Macro Trends
- Value Partners' Key Strategies

2022 Key Highlights

Financial Performance

- **Net loss** of **HK\$544mn** with challenging market & losses mainly from proprietary investments
- Disciplined cost control with **total expense decreased 8.3% yoy**
- **Strong balance sheet** with net cash of HK\$1.7bn and house investments of HK\$2.7bn
- Recommended dividend **3.4 HK cents per share**

Business and Strategy Updates

- Continued **strengthening of sales & marketing channels**
- Progress in **asset class and product themes** expansion
- Capturing opportunities from **China's market opening**

Financial Review

Ms. Nikita NG

Chief Financial Officer

Financial highlights

| | | 2022 (HK\$ million) | 2021 (HK\$ million) | % Change |
|----------|--|-------------------------------|-------------------------------|----------|
| Revenue | Total revenue | 584.5 | 1,281.6 | -54.4% |
| | Gross management fees | 549.3 | 926.7 | -40.7% |
| | Gross performance fees | 0.9 | 200.5 | -99.6% |
| Cost | Total expenses | 477.3 | 520.7 | -8.3% |
| Earnings | Operating (loss)/profit – core operation | (68.6) | 360.3 | -119.0% |
| | Net (loss)/profit | (544.3) | 457.8 | -218.9% |
| | Basic (loss)/earnings per share (HK cents) | (29.6) | 24.7 | -219.8% |
| Dividend | Total dividend per share (HK cents) | 3.4 | 8 | -57.5% |
| | Dividend yield (%) | 1.2 | 2.1 | |
| | | 31 Dec 2022 (US\$ million) | 31 Dec 2021 (US\$ million) | % Change |
| AUM | Assets under management | 6,145 | 10,037 | -38.8% |

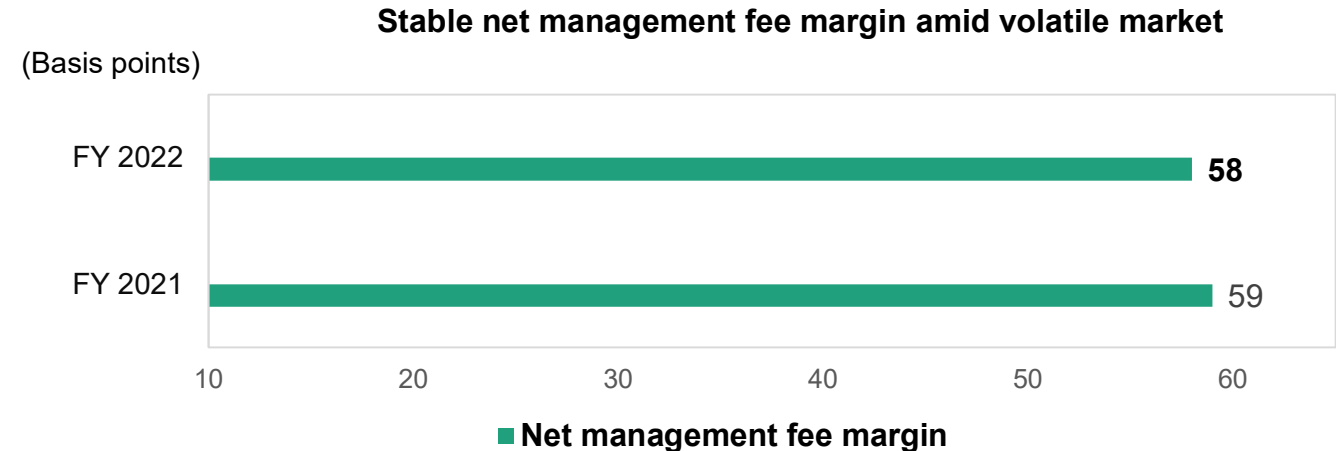
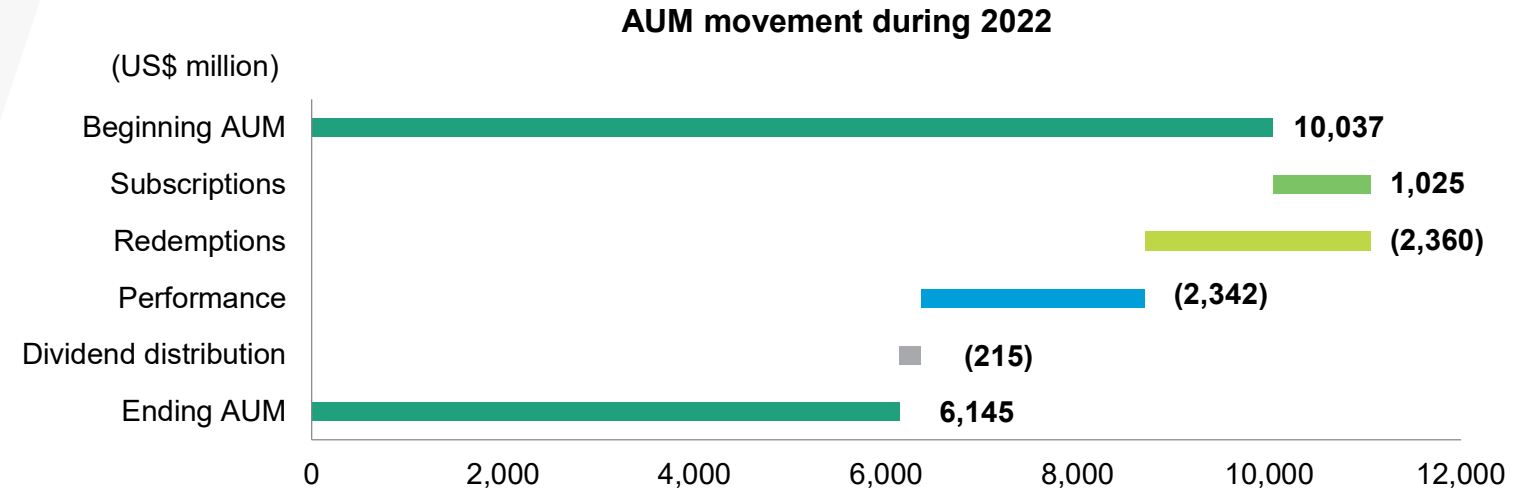
Assets under management (“AUM”)

Key reasons for AUM decrease:

- Negative fund returns US\$2.3 billion (60% of drop) due to unfavorable market conditions
- Net outflow of US\$1.3 billion (34% of drop) mainly from our fixed income strategy – Greater China High yield strategy and one-off termination of white-label mandates
- Resilient flagship equity funds with proven long term track record

Fee margin:

- Net management fee margin remained stable for 2022 despite volatile market



AUM Analysis

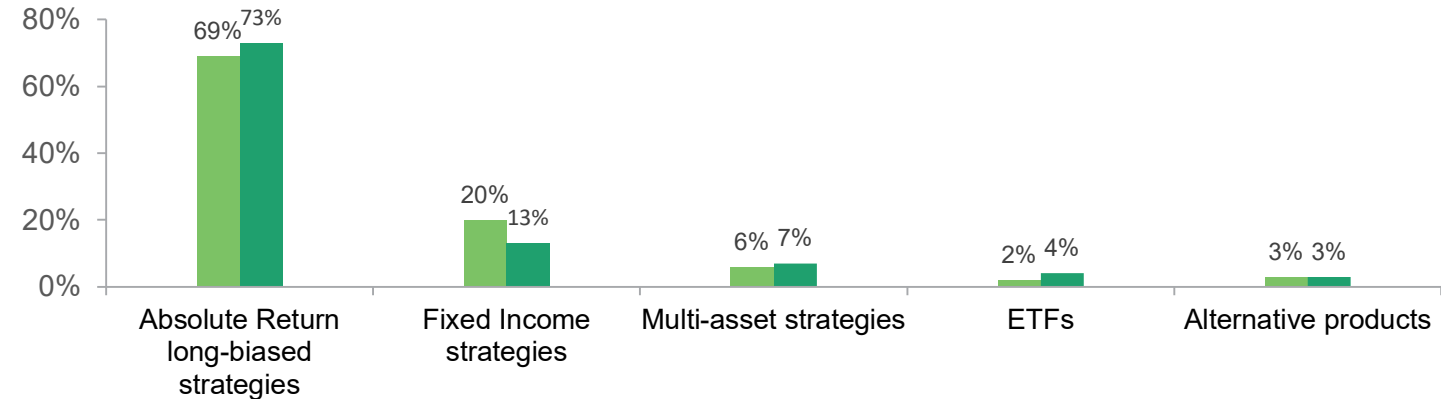
AUM by Strategy:

- **Equities:** Continuous inflows into flagship High Dividend Stocks strategy and a Chinese mandate from European client
- **Fixed income:** Net outflows mainly from Greater China High Yield strategy
- **Multi-asset:** Continue to focus and develop our Asian Multi-Asset strategies

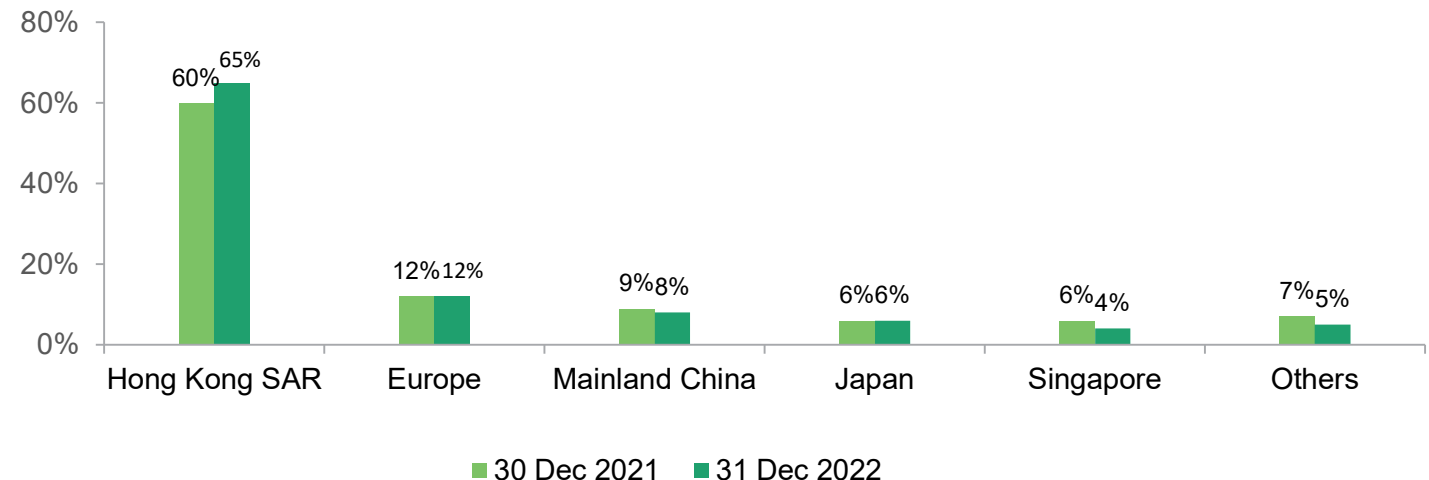
AUM by Geography:

- Hong Kong remains our biggest client segment, followed by Europe and Mainland China

Classification by strategy

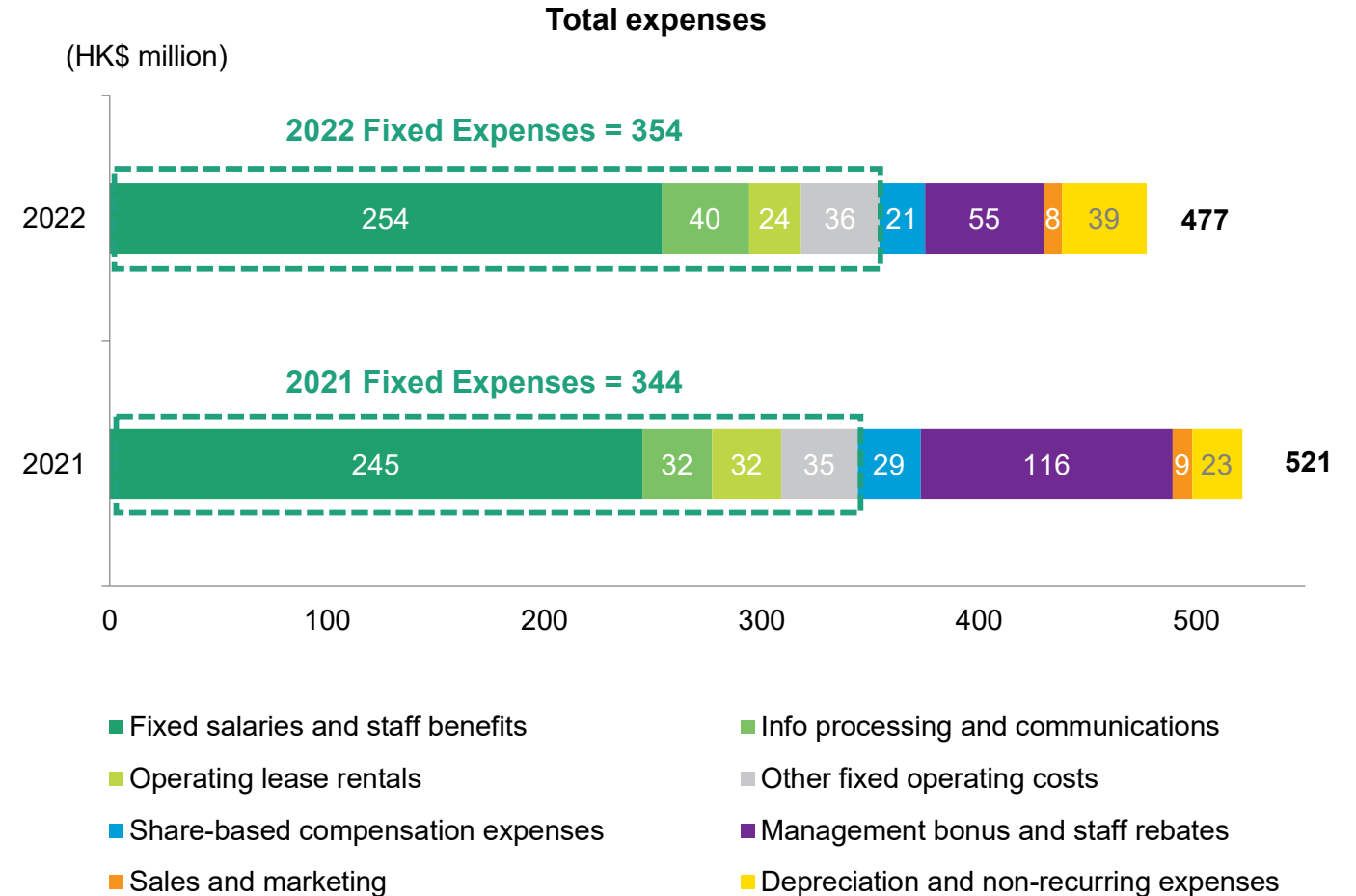


Client analysis by geographical region



Expense analysis

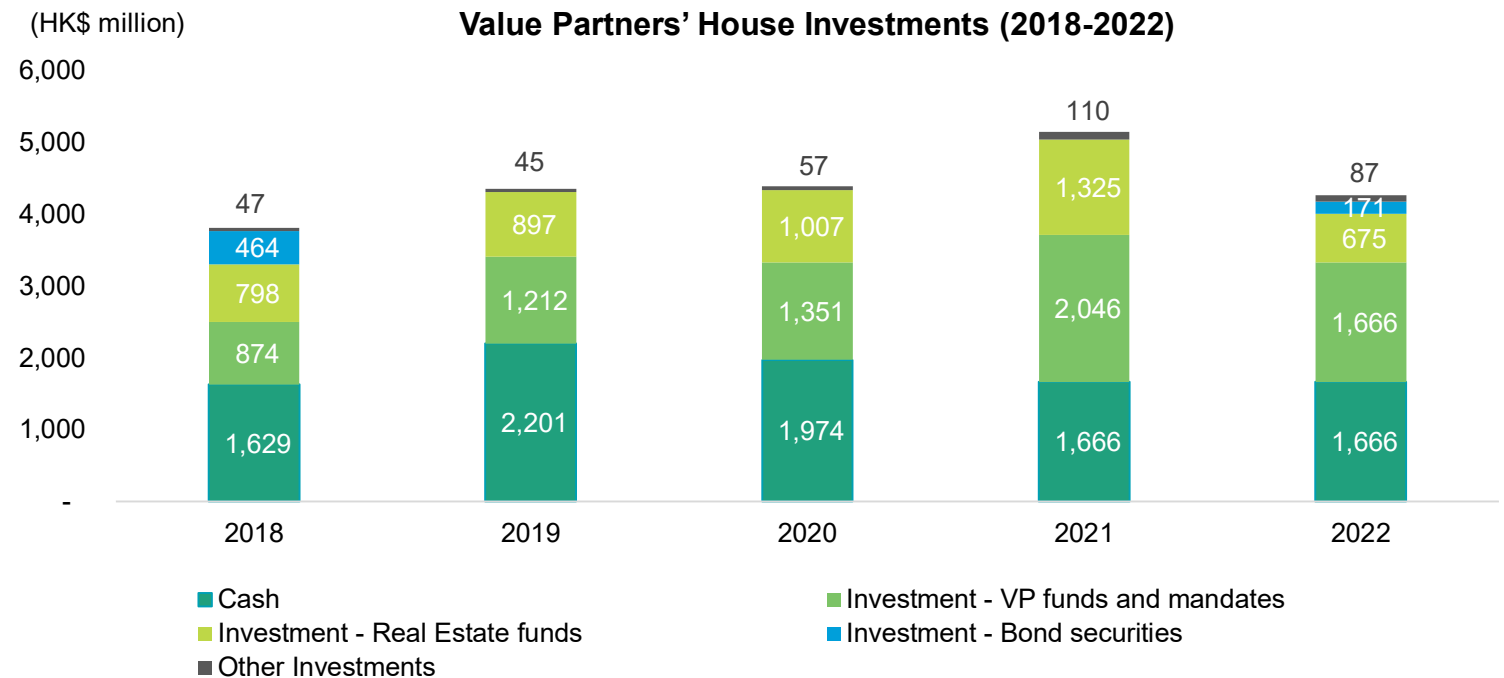
- Fixed operating expenses slightly increased by 3% mainly on staff cost increase as part of our strategic growth plan to strengthen our management leadership, client portfolio management capabilities and institutional business coverage
- Other fixed operating expenses remained stable, with increased IT cost for system enhancement and market data research costs, offsetting rental cost savings
- Continue to exercise stringent cost control while keep investing in key growth areas for our long-term strategic plan and get well prepared for upcoming business opportunities



Strong balance sheet and cash deployment strategy

- Maintain a very strong balance sheet with cash rich position and zero debt
- Reduced investments from December 2021 mainly due to real estate fund property project exit and also market fair value drop on seed capital funds
- Continue to deploy cash to seed and incubate new products as we continue to expand our product suite to capture new investor demands and alignment of interest with fund investors

| (HK\$ million) | 31 Dec 2022 (Audited) | 30 Jun 2022 (Unaudited) | % Change | 31 Dec 2021 (Audited) |
|---------------------------|--------------------------|----------------------------|--------------|--------------------------|
| Net Assets | 4,494 | 4,649 | -3.3% | 5,265 |
| • Cash & cash equivalents | 1,666 | 1,604 | +3.9% | 1,666 |
| • Investments | 2,666 | 2,885 | -7.6% | 3,461 |



Business and Strategy Updates

Ms. June WONG
Chief Executive Officer

Industry macro trend 1:

Asia’s booming affluent segments introduce new opportunities in Asia's wealth management

- In 2021, the wealth pool of households with investable assets of US\$100,000 to US\$1 million in Asia totaled US\$2.7 trillion. That sum is projected to soar to US\$4.7 trillion by 2026 as incomes continue to rise across the region.

Wealth pools in Asian market segments, based on household financial wealth¹

| Household financial wealth, \$ | Wealth penetration, % | Assets under management (AUM), 2021, \$ billion | Estimated CAGR, 2021–26, % | Estimated incremental AUM by 2026 |
|---------------------------------------|-----------------------|---|----------------------------|-----------------------------------|
| Ultra-high net worth (>25 million) | ~26 | ~2,200 | 8 | ~1,050 |
| High net worth (1 million–25 million) | ~24 | ~2,900 | 7 | ~1,100 |
| Affluent (250,000–1 million) | ~18 | ~1,800 | 11 | ~1,200 |
| Mass affluent (100,000– 250,000) | ~10 | ~950 | 13 | ~800 |

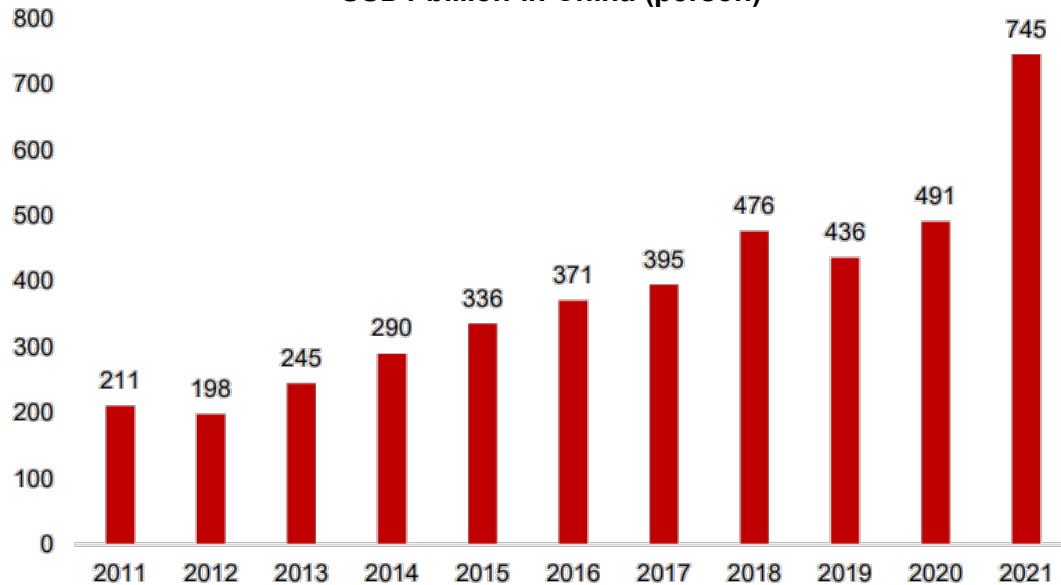
¹Onshore numbers only.
Source: McKinsey analysis

Industry macro trend 2:

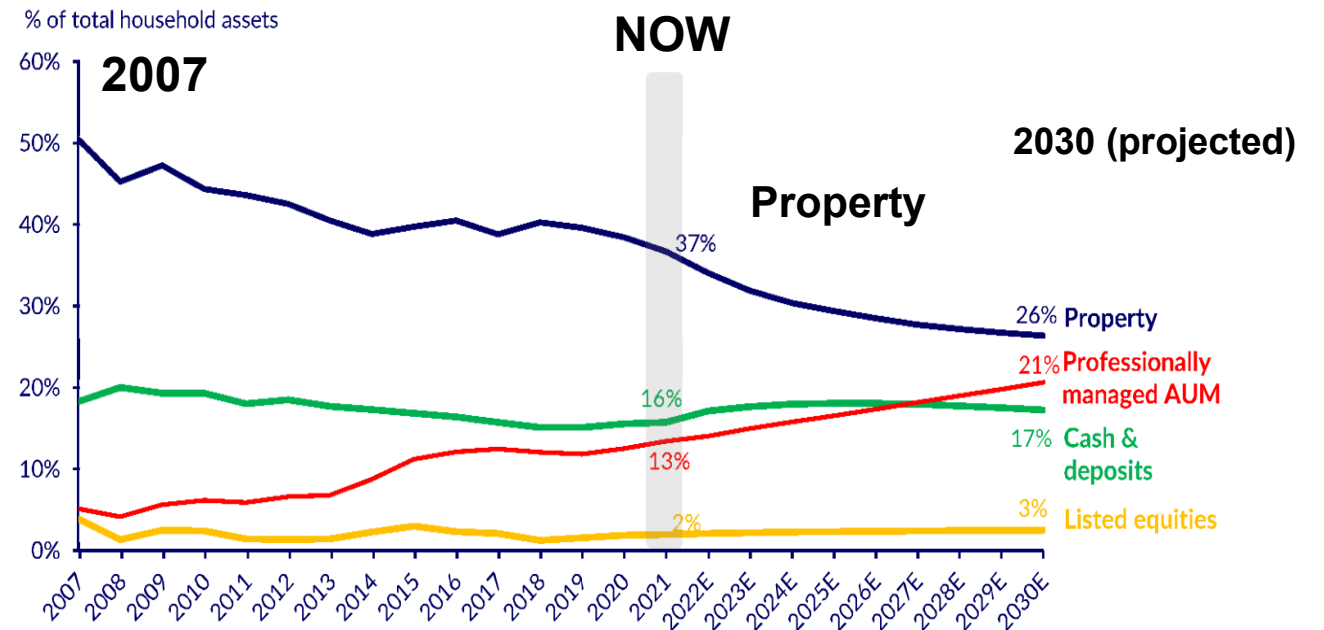
Chinese households will shift asset allocation from property towards financial products

- According to Forbes, as of 2021, the number of wealthy individuals with a net worth of USD1 billion in China reached 745, overtaking that of the US for the first time.

Number of individuals with a net worth of over USD1 billion in China (person)



Source: Forbes China

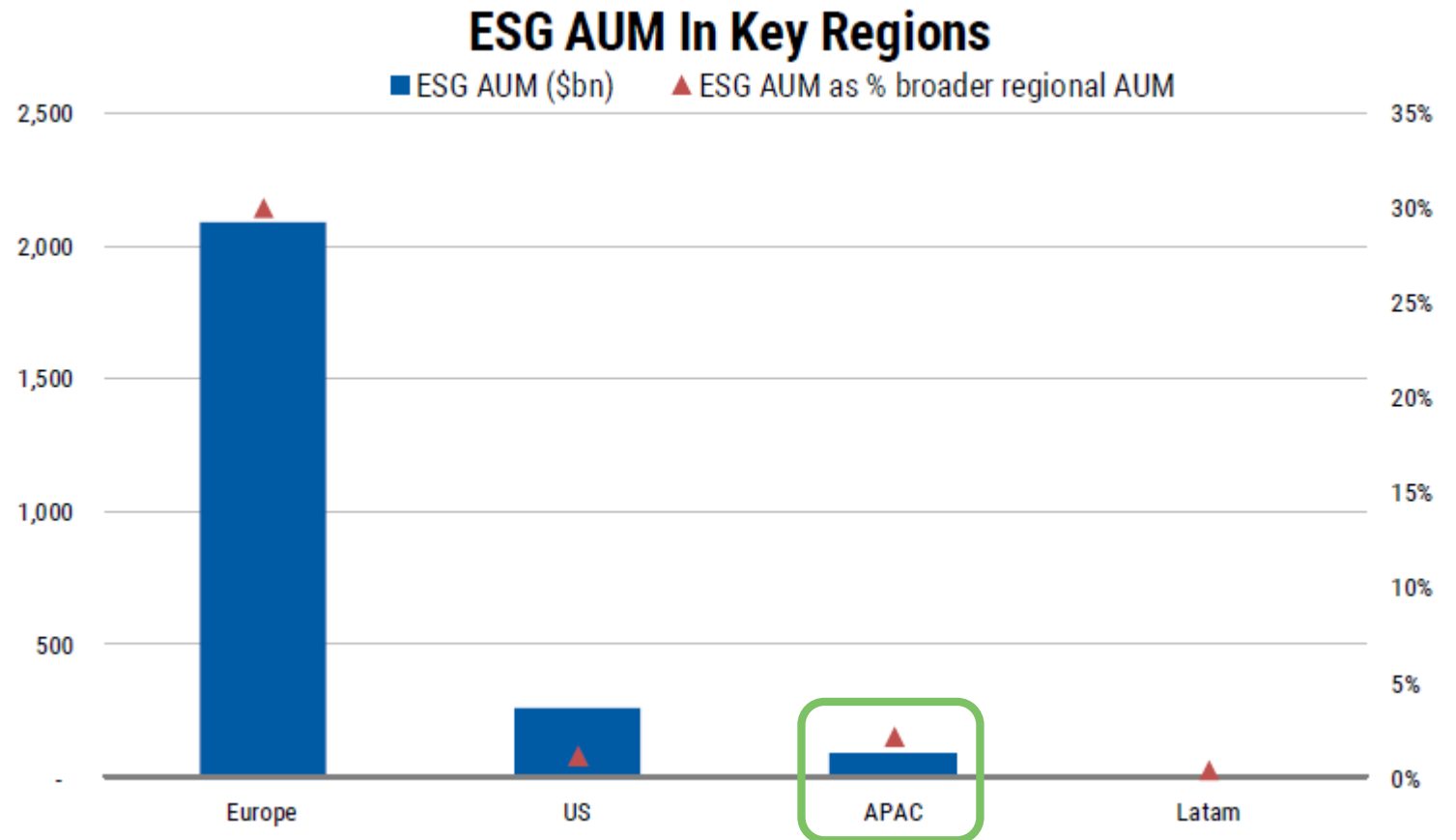


Source: CLSA, PBOC, CBIRC, China Academy of Social Science, Chinabond.com.cn, WIND

Industry macro trend 3:

Robust demand for ESG investing

- ESG integration in investment process is increasingly becoming an essential factor for manager selection by our institutional and intermediary investors
- Global ESG fund flow remained positive despite the challenging 2022
- Europe dominates the world's ESG AUM, but Asia is the second in terms of ESG AUM penetration (2.5% of total AUM) and is growing
- Active ESG strategy continues to be favored by investors over passive strategy



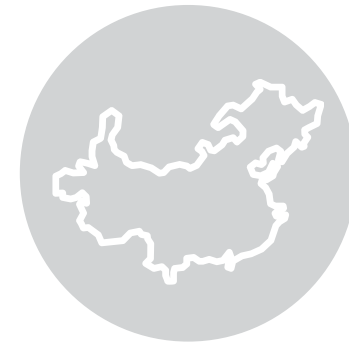
Value Partners' 3 key strategies



**Strengthening of sales
& marketing channels**



Asset classes
expansion and ESG



Capture opportunities
from China's market opening

Vision

Our vision is to be:

- a “World Class” organization;
- the “Go To” Greater China and Asia specialist;
- the ESG market leader for China and Asia;
- renowned for the quality and relevance of our investment capabilities;
- with a reputation for innovation and high energy; and
- consistently delivering market leading operational efficiency and client service.

General management and business development

Hong Kong headquarter & overseas

General management leadership

- broadly complete; strong leadership team formed

Business development

- completed an enhancement exercise resulting in a much more focused approach to sales, client service, marketing and product development with clear accountability

Wealth management

- on track to finalise Family Office business strategy in 2023, with a two-prong approach via Hong Kong and Singapore

GoToChina initiative

- focused sales campaign for 2023 given strong momentum in overall client interest, both institutional and retail, regarding investments in China asset classes

New App

- ValuePartnersInvest was launched to offer investors an additional means to access Value Partners' funds, as well as to engage with Value Partners through a more dynamic approach

Global Institutional business development

- rising enquiries from global institutions – in particular Asia and the Middle East – regarding our product offerings for Greater China; healthy pipelines built

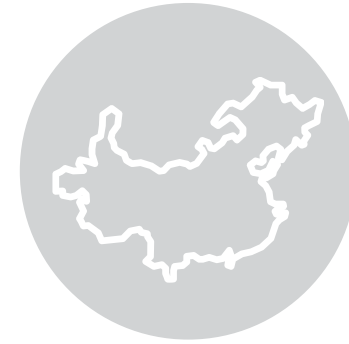
Value Partners' 3 key strategies



Strengthening of sales
& marketing channels



**Asset classes
expansion and ESG**



Capture opportunities
from China's market opening

Diversification and growth from product suite expansion

Multi-asset / solutions

- Competitive (1st & 2nd quartile) performance over different periods*
- Strengthening sales and marketing effort in main distribution channels



Alternatives

- Launching a GBA Fund which invest into both public and private equities, and to contribute to the development of Hong Kong & GBA
- Asian Logistic Income Fund to launch in 2023



Fixed income

- The flagship Greater China High Yield Income Fund has stabilized in AUM and received renewed clients' interests
- New product idea in development to enrich the fixed income product suites, e.g. investment grade bond strategy



China / Asian equities

- Significant recovery of sentiment towards China market starting Q4 2022
- Expect inflows in both Asian and Greater China equity strategies in 2023



Thematic

- Asian Food and Nutrition Fund, the company's first article 8 ESG fund to be launched 1H 2023

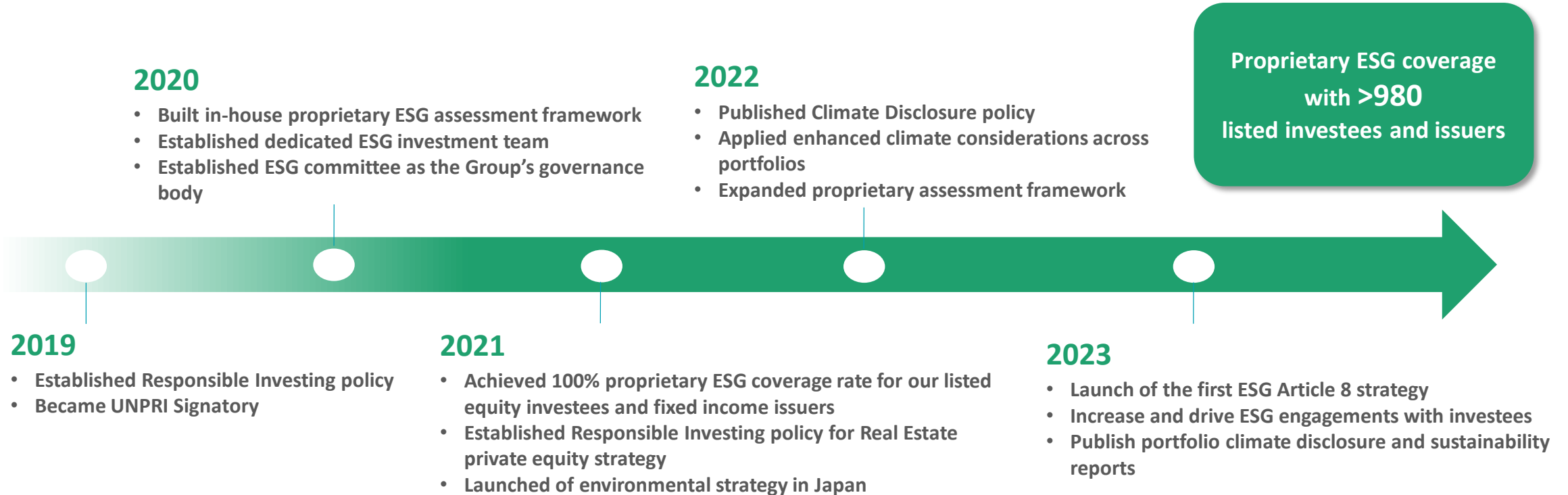


ETFs

Launched VPEMQQ Emerging Markets Internet & Ecommerce ETF in partnership with EMQQ Global
Top actively traded ETF in Malaysia – Shariah A-shares ETF



Value Partners' Responsible Investing mission and journey



Industry recognized franchise:



Hong Kong Investor Relations Association
Winner of HKIRA 7th Investor Relations Awards 2021
Best ESG
September 2021



Institute of ESG & benchmark
ESG Achievement Awards 2021/2022
The Outstanding ESG Performer of the Year 2021/2022
August 2022

Group's Social initiative: "Grow the next Gen"

ESG Strategic Partnership Hang Seng & Value Partners 2022-2023

- Value Partners has collaborated with Hang Seng Bank to sponsor the "University Elite ESG Challenge 2023".
- It is an ESG-themed competition, where 47 teams, which is 141 students, from 9 local universities joined the Challenge.
- A series of events are prepared in order to help every participant to grow to become an "ESG Elite", through the e-learning and trading simulation provided.

HKSI Institute – ESG Case Competition 2022

- Value Partners is the project sponsor for HKSI Institute for two consecutive years.
- Among 19 higher education institutions, the two students we coached won the Champion, 2nd Runner-up and the Team awards in the event.



Value Partners' 3 key strategies



Strengthening of sales
& marketing channels



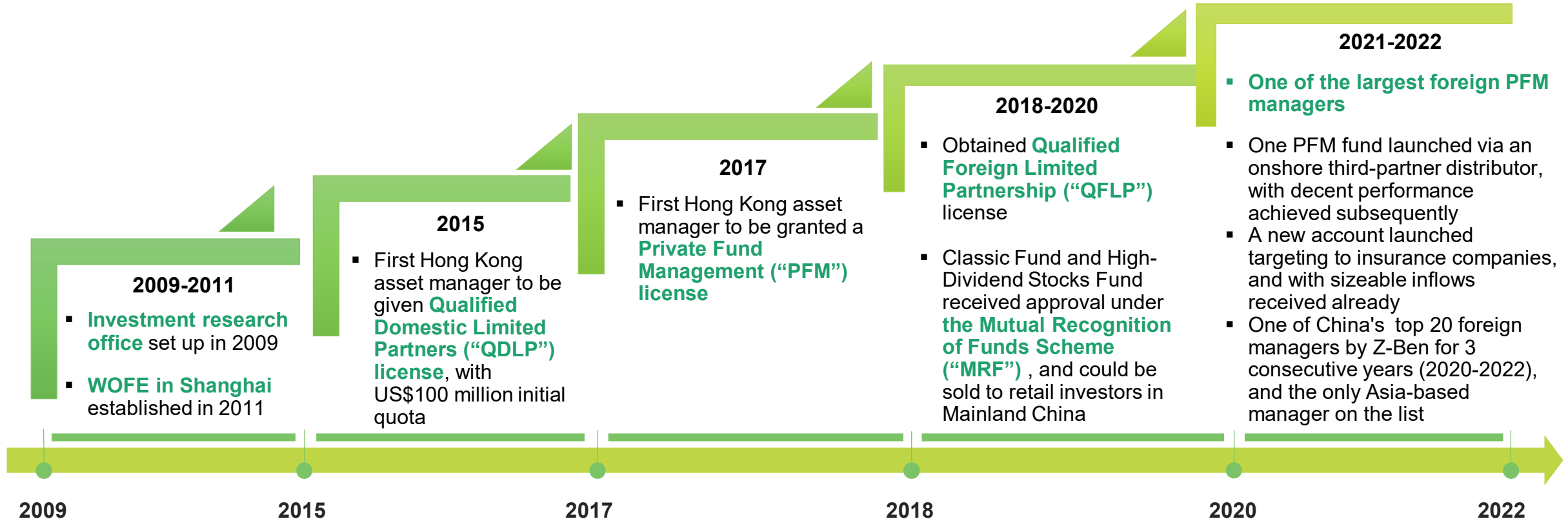
Asset classes
expansion and ESG



**Capture opportunities
from China's market opening**

Value Partners' 13-year history in Mainland China

Track record of seizing regulatory tailwinds and has built an industry-recognized franchise



Industry recognized franchise (selected recent awards)



Asia Asset Management
2022 Best of the Best Awards Best WFOE House (China)¹
 January 2022



China Fund News
Yin Hua Award Best Foreign Private Fund Company²
 December 2021



China Securities Journal
5th Overseas Fund Golden Bull Award Best Overseas MRF (1-Year)³
 November 2021



Insurance Asset Management Association of China
Most Popular Investment Partner (Overseas) Best Offshore Trustee Institution⁴
 July 2021

Note: 1. Asia Asset Management Best of the Best Awards recognize a WFOE house's ability to expand in a fast growing market, enhance its product and distribution arrangements, gain market acceptance and raise funds in the past year. 2. The awards are determined by combining performance, scale and other quantitative data calculations, WeChat voting, industry mutual investment, and expert evaluation and qualitative evaluation. 3. This award is determined based on the performance of fund products that raise funds from investors in a public/non-public manner overseas in the past year. 4. Reflects performance of offshore institutions up to 31 December 2020.

Value Partners China: 4 pillars for growth in 2023



Institutional

- **After China's reopening:**
Our book of business is expected to grow in the post-Covid period
- **Focus on Insurance :**
With the new account set up targeting insurance funds, we have better positioned ourselves and broadened our potential cooperation opportunities with insurance institutions



PFM & QDLP

- **Expand wealth management channel:**
The well-performing PFM fund set up in 2022 has prepared the ground for us to expand the partnership with third-party channels
- **Top foreign PFM house:**
Successfully launched 13 PFM products and 1 investment advisory product with a top tier bank



Retail & MRF

- **Promote MRF sales :**
Expand the distribution network for the current two MRFs, or add other share classes for existing distributors
- **Ample room for growth:**
The existing two funds can further raise more than US\$1bn before reaching its cap



GBA Wealth Connect


- **3 funds already on shelf :**
One year after the pilot scheme started, we expect the Southbound Scheme will gradually gain inflows alongside the policy supports and the market recovery
- **Well prepared with significant advantages:**
Continue to further expand into new channels and products, aim to provide more diversified investment instrument for GBA investors

Public fund management license

- Despite the covid headwinds, obtaining public fund management licenses continues to be one of our top priorities, our plan has significantly accelerated in Q4 2022 thus we are on track with our China agenda.
- There are many positive indications for 2023 such as active engagement with the Chinese regulators and provincial government authorities. The recent announcement of measures to support Hong Kong based financial institutions will further support our plan. We will continue to move forward with a few short listed target names/options.

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