

2023 Final Results

For the year ended 31 December 2023

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2023 Key Highlights

Financial Performance

- Net profit of HK\$23mn, an improvement from last year's loss of HK\$544mn, mainly from gains derived from proprietary investments
- Disciplined cost control with total expense decreased 18% yoy
- Strong balance sheet with net cash of HK\$1.6bn and house investments of HK\$2.7bn
- Declared special dividend HK\$0.5 per share in December 2023

Business and Strategy Updates

- Continued strengthening of sales & marketing channels
- Progress in asset class and product themes expansion
- Capturing opportunities from Asia Pacific regions

Financial Review

Ms. Nikita NG

Chief Financial Officer

Financial Highlights

Summary of 2023 result:

- 2023 results continue to be impacted by headwinds from interest rate hikes, moderation of China's post-Covid recovery, uncertainty around inflation, geopolitical instability, and investor confidence
- Despite the challenging environment, the Group is able to report a net profit of HK\$23.1 million, compared with the loss position last year. The improved result was mainly driven by investment gains from our proprietary investments and decreased total expenses to compensate for the reduced management fees
- Our AUM declined slightly from US\$6.1 billion as of 31 Dec 2022 to US\$5.6 billion as of 31 Dec 2023, given the strong resilience of our equity funds despite the weak market backdrop and investor sentiment

		2023 <i>(HK\$ million)</i>	2022 <i>(HK\$ million)</i>	% Change
Revenue	Total revenue	514.9	584.5	-11.9%
	Gross management fees	467.4	549.3	-14.9%
	Gross performance fees	-	0.9	-100.0%
Cost	Total expenses	390.3	477.3	-18.2%
	Core operating loss	35.3	68.6	-48.5%
Earnings	Net profit/(loss)	23.1	(544.3)	+104.2%
	Basic earnings/(loss) per share (HK cents)	1.3	(29.6)	+104.4%
	Total dividend per share (HK cents)	50.0	3.4	
		31 Dec 2023 <i>(US\$ million)</i>	31 Dec 2022 <i>(US\$ million)</i>	% Change
AUM	Assets under management	5,570	6,145	-9.4%

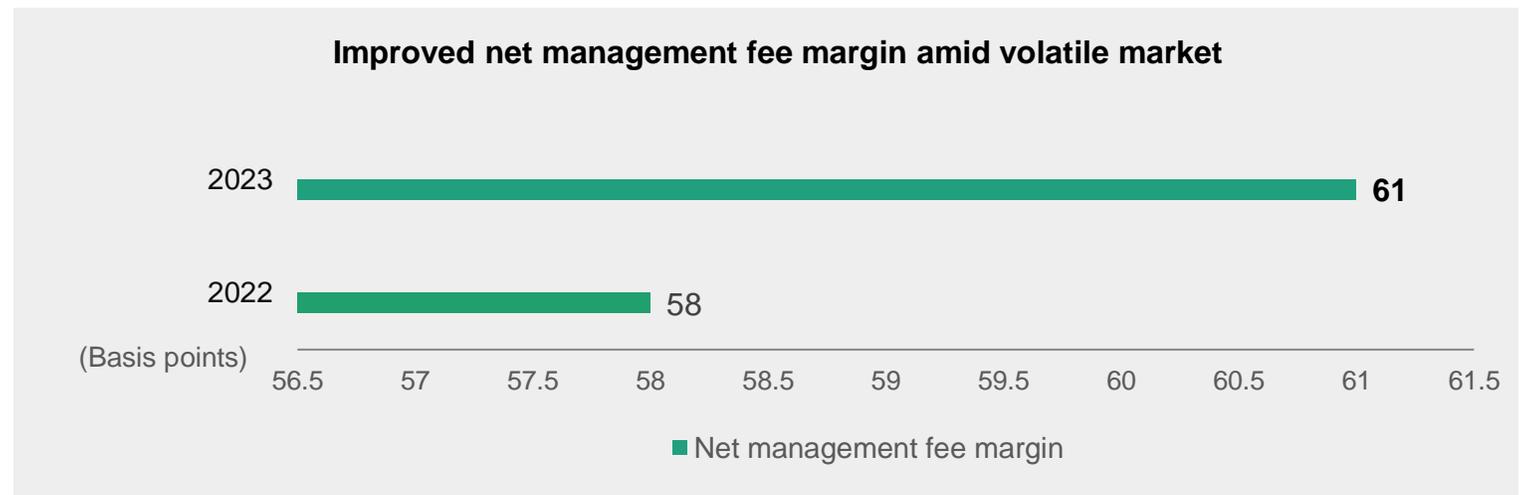
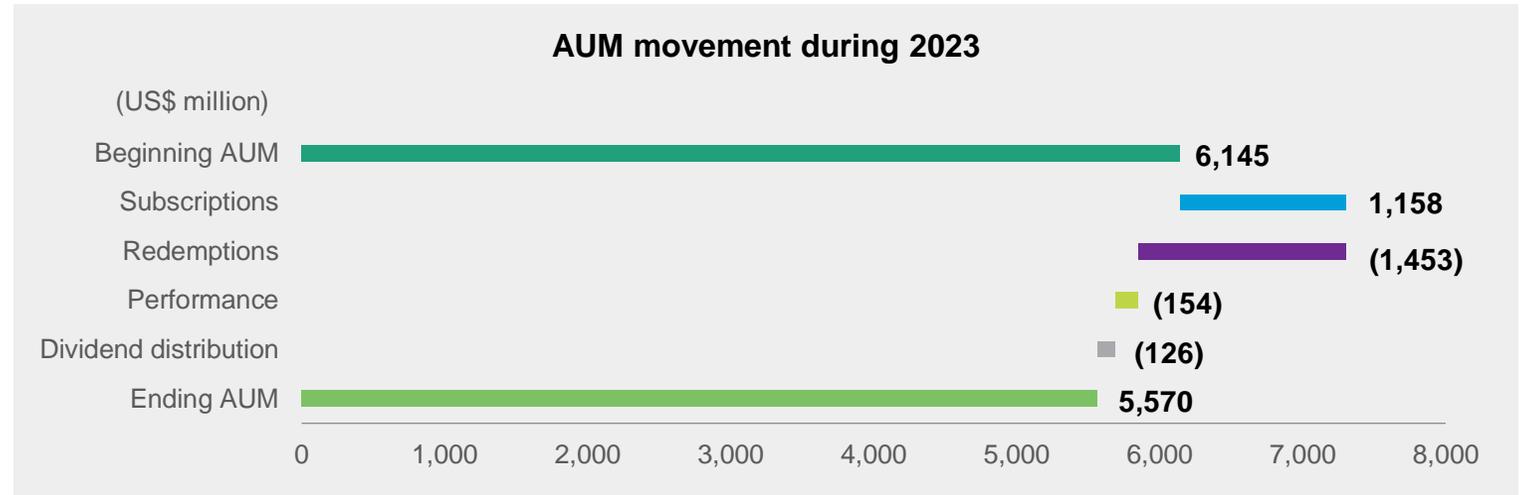
Assets under management (“AUM”)

Key reasons for AUM movement:

- Managed to achieve gross subscription of US\$1,158 million despite the challenging market, with our resilient dividend flagship equity fund and multi-asset funds with proven long-term track records and investment performance, and recorded continuous net inflow in these strategies
- Net outflow of US\$295 million, mainly from some of our HK/China equity strategies, Greater China High Yield strategies, thematic and healthcare strategies

Fee margin:

- Net management fee margin increased to 61 bps for 2023 despite the volatile market. Increased margin was mainly due to inflow from high-margin equity funds and termination of certain low-margin investment mandates



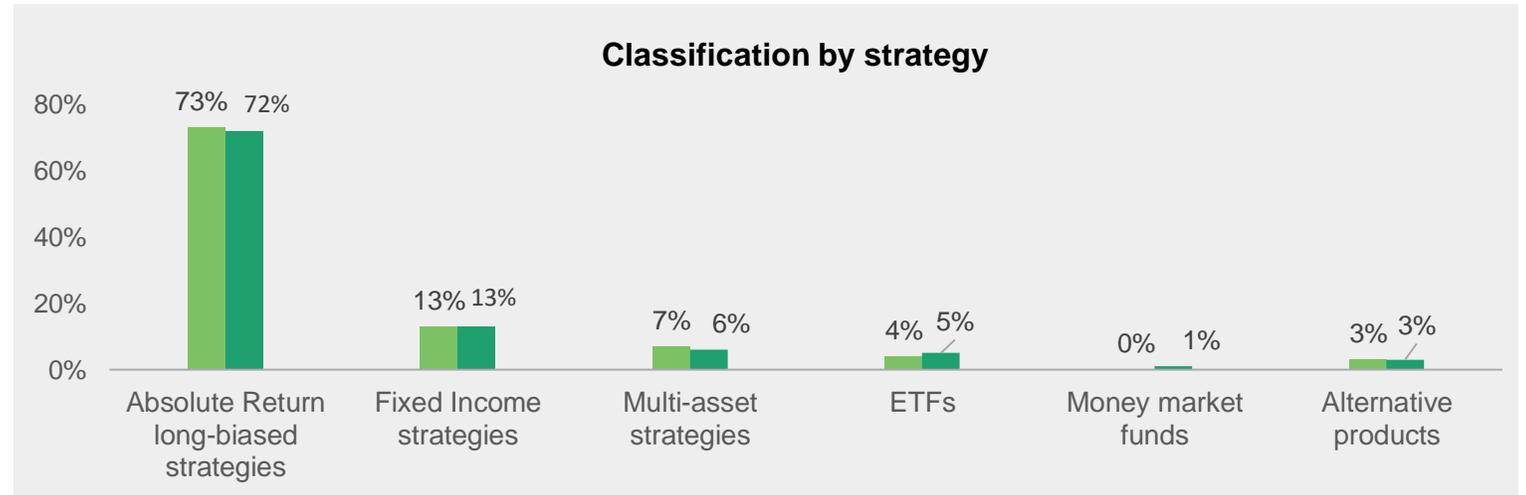
AUM Analysis

AUM by Strategy:

- **Equities:** Continuous inflow into flagship equity funds, especially the High-dividend stocks strategy and a Chinese mandate from a European client, offset by net outflows from our HK/China equity strategies and thematic and healthcare strategies
- **Fixed income:** Net outflow mainly from the Greater China High Yield strategy and its monthly distribution, though outflows have already been stabilized since Q4 2022
- **Multi-asset:** Net outflow mainly due to one fund product restructuring into equity & fixed income strategies. Excluding that, there were net inflows into our Asian Multi-Asset strategies. We shall continue to focus on and develop this space

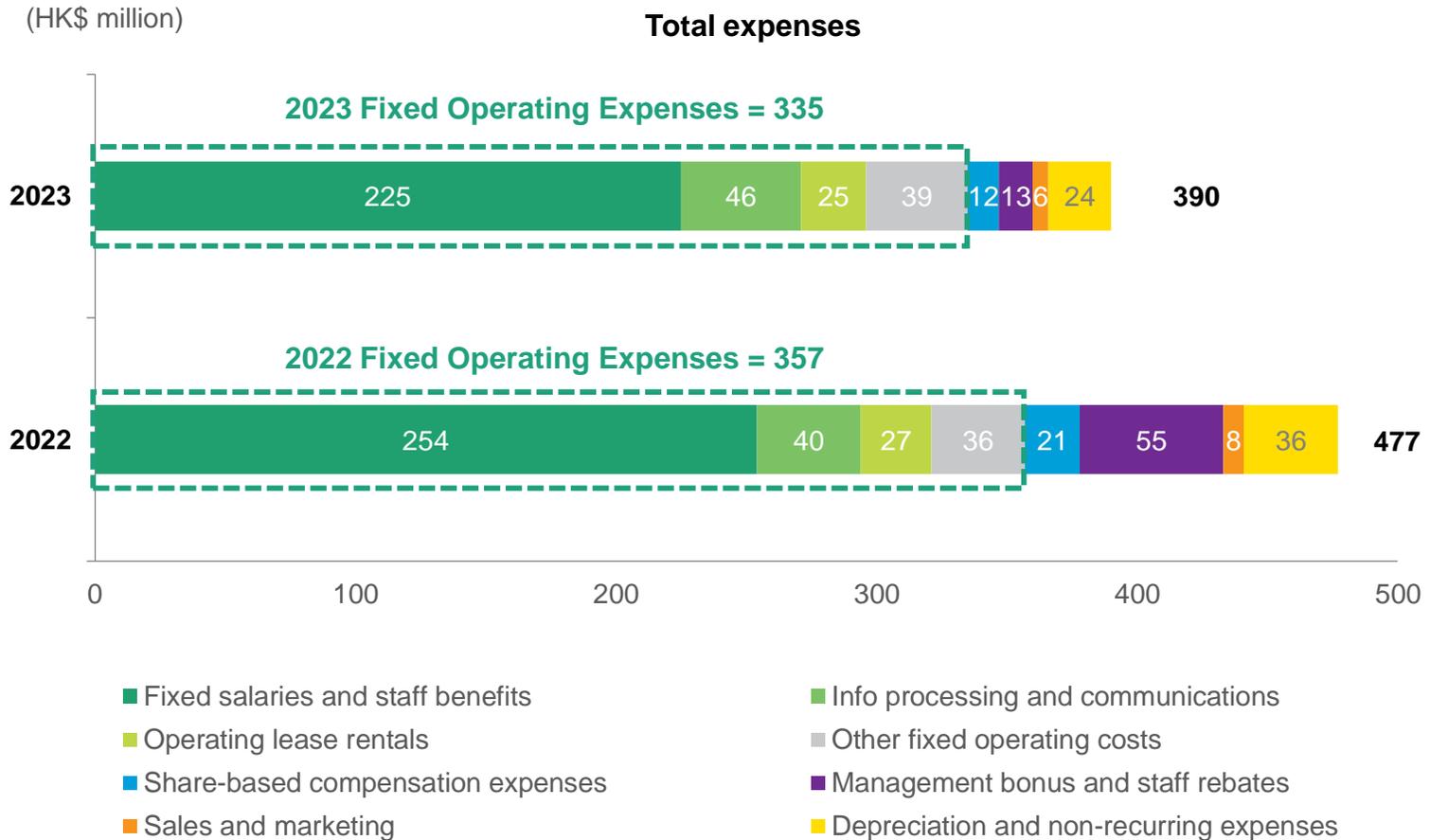
AUM by Geography:

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



Expense Analysis

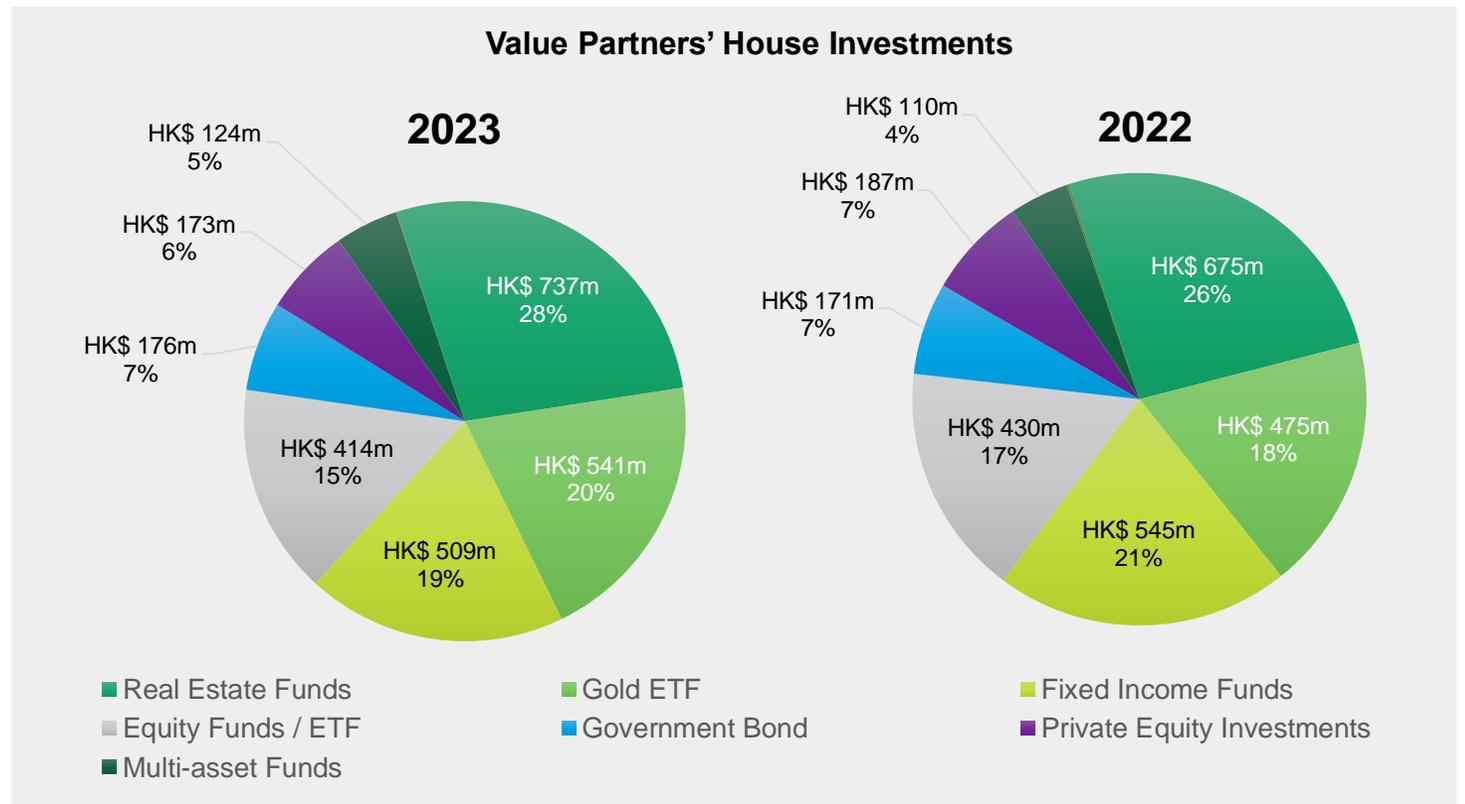
- Fixed operating expenses decreased by 6%, mainly on reduced staff costs as well as savings in rental expenses and other fixed operating expenses, offset by increased business travels post COVID
- Increased Information and communications expenses are attributable to higher IT costs for continuous operation system enhancement and higher market data research costs
- Continue to exercise stringent cost control while keep investing in key growth areas for our long-term strategic plans and be well-prepared for upcoming business opportunities



Strong balance sheet and cash deployment strategy

- Continue to maintain a strong balance sheet with cash-rich position and zero debt
- Majority of investments represented seeding investments into our own managed funds.
- We shall 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) As at 31 December	2023	2022	2021	2020	2019
Net Assets	3,543	4,494	5,265	5,418	4,389
Cash & cash equivalents	1,559	1,666	1,666	1,974	2,201
Investments	2,740	2,666	3,461	2,417	2,222



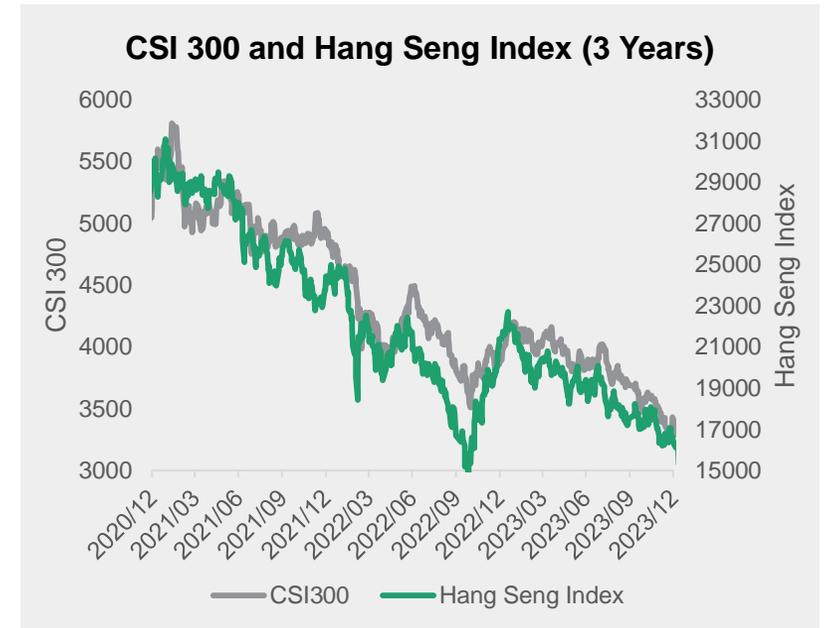
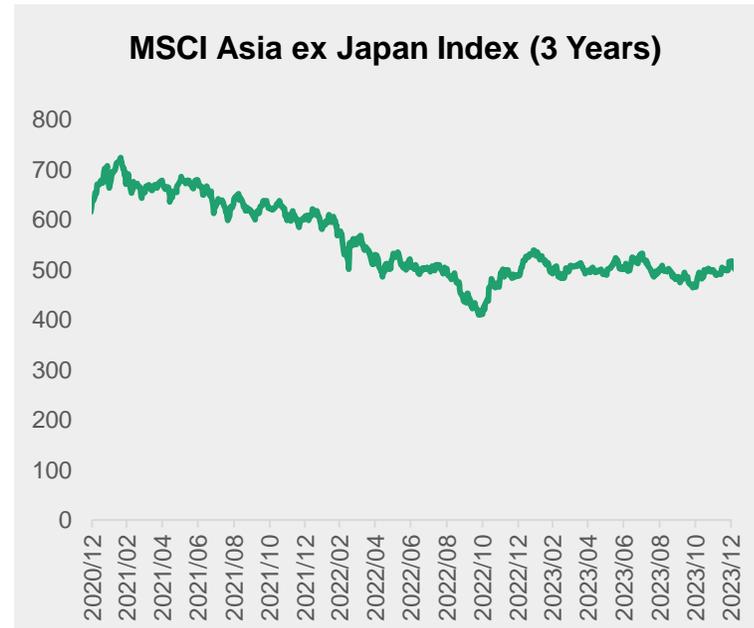
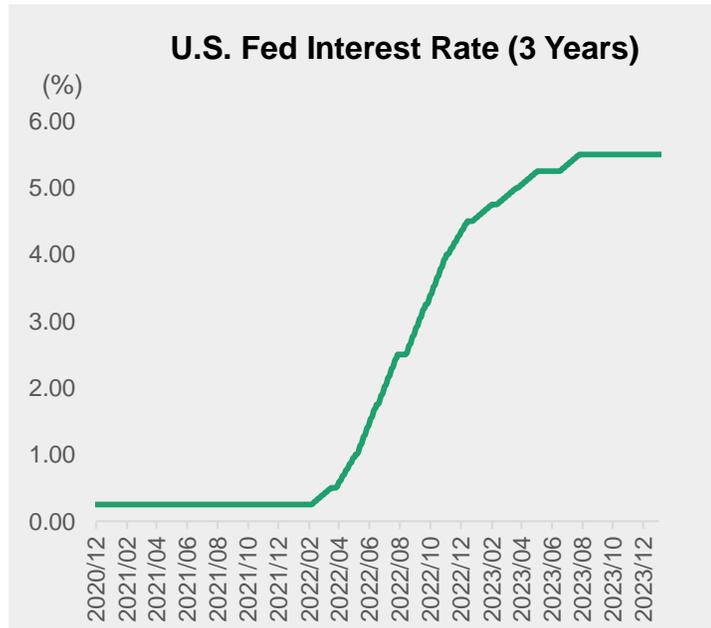
Business and Strategy Updates

Ms. June WONG
Chief Executive Officer

2023: a very challenging year for most Asian markets

Several uncertainties unfolded during the year, causing a risk-off stance from investors:

- Persistent inflationary pressure across different regions led to one of the fastest and strongest monetary tightening cycles globally, from the US and Europe to most of Asia. The US Fed was the most aggressive in its tightening, which resulted in a large appreciation of the US dollar, impacting Asian assets.
- China’s market also remained volatile as the nation’s post-Covid economic recovery lost momentum for most of the year. The ongoing debacle in the Chinese property sector also continued to dent consumer confidence and drag on the overall economy.
- Geopolitical conflicts, including tensions between the US and China and ongoing military conflicts worldwide, also added to investor concerns.
- Overall, investor confidence was fragile during the year, and there was little appetite for risk assets, especially for Chinese investments.



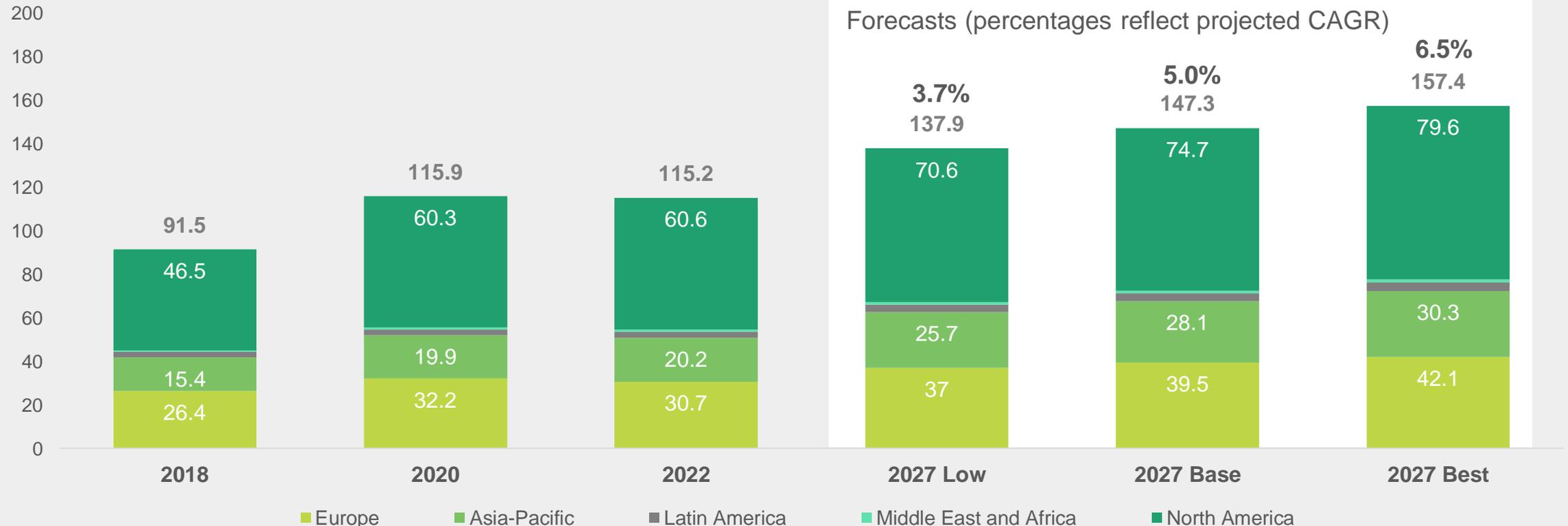
The long-term growth potential of asset & wealth management in Asia remains intact

- Asia remains to be a high-growth region for the asset and wealth management industry, driven by the booming affluent segments
- AUM in Asia is expected to grow up to 50% by 2027, versus the 31% growth rate in North America and 37.1% in Europe*

CAGR 2018 TO 2022 = 5.9%

Asia-Pacific has the highest expected AUM growth rates among all regions for next 5 years

Global AUM (US\$ trillions)



Sources: PwC Global AWM & ESG Research Centre, Refinitiv Lipper, Preqin

*AUM growth rates by region calculated based on forecasted 2027 best-case AUM scenario compared with 2022

Value Partners' key strategies



Client support and retention

- Support our clients and business partners during the testing market conditions
- Preparing clients for the return of a “risk-on” environment to capture investment opportunities



Strategic development through win-win partnership

- GF Securities
- PT Surya Timur Alam Raya Asset Management (“STAR Asset Management”) in Indonesia



ESG

- Continue our journey with a long-term commitment to ESG



Product development to suit the ensuing environment

- Focus on income-themed solutions
- Continue to suitably expand alternatives and thematic suites to support client needs



Mainland China

- Focus on cross-border businesses and product solutions to support clients in both Mainland China and Hong Kong
- QDLP, QDIE, QFLP, CIES, WMC

Value Partners' 3 key strategies



**Business development
and client support**



Asset classes
diversification and
expansion



Strategic initiatives

Business development and client support & retention

→ Enhancing our client relationships and reach in Hong Kong & Overseas

→ Empowering clients with tools and insights to prepare for a “risk-on” shift

Wealth management segments (mass retail and high-net-worth market)

- Strengthen relationships with distribution partners by providing suitable investment solutions aligned with the market environment, focusing on lower-risk options and income-generating strategies to satisfy investor needs
- Ongoing efforts to deepen our relationships to build trust and credibility, which should result in continued support from distribution partners and stronger inflows into our funds
- With an enhanced and positive brand image, attract new partnerships and expand our network of distribution partners
- Continue to build and strengthen our family office coverage in Asia, especially in Hong Kong and Singapore. We have solid pipelines and anticipate new business development thanks to our diverse and innovative product range

Institutional segment

- A leading European financial institution added more capital allocations to a mandate we secured in 2020
- We have seen a noticeable pick-up of interest in our Asia and Greater China product offerings from large institutional investors in Asia and the Middle East, and we expect this trend to continue as they are looking to increase their allocations again to take advantage of the attractive valuations of Chinese investments and the potential market improvement

Preparing clients for the “risk-on” shift

- We are providing clients with comprehensive insights, including white papers and commentaries, to help them navigate market risks and identify suitable investments aligned with risk-on strategies
- Guiding them to benefit from attractive valuations in the market and position advantageously for a market recovery

Value Partners' 3 key strategies



Business development
and client support



**Asset classes
diversification and
expansion**



Strategic initiatives

Diversification and growth from product suite expansion

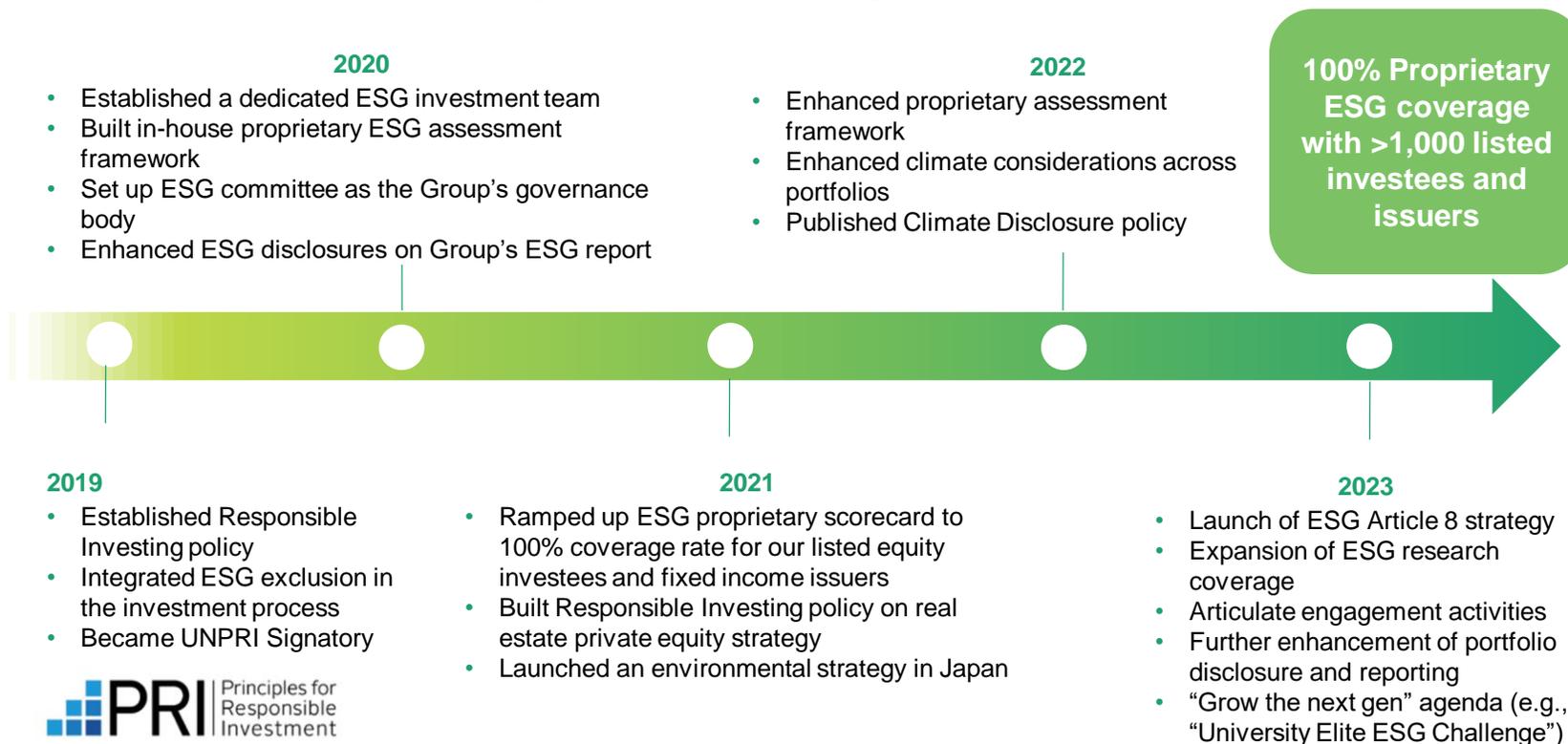
- Focus on our Income Series and suitably expand alternatives and thematic solutions
- Continued efforts in product development and innovation to cater to investors' evolving needs



Long-term commitment to ESG development

→ Developing ESG capabilities is part of our growth strategy, given rising demand from clients to address sustainability issues

→ We believe Responsible Investing is fundamental to long-term risks and returns



Industry recognized franchise (selected recent awards)



ESG Leading Enterprise Awards
Master Insight Media
June 2023



ESG Elite Award (Distinction)
Institute of ESG and Benchmark's
ESG Achievement Awards 2022/2023
September 2023

2024 Pipelines & onward:

- ESG products:** Launch/upgrade our funds to be SFDR Article 8 compliant to meet global investors' requirements
- ESG investment process:** Deepen our engagement and stewardship efforts, i.e., initiating ESG-themed topics and collaborative engagement with relevant organizations, such as NGOs
- Disclosure and reporting:** Publish more ESG-related reports, i.e., sustainability report and engagement report
- Group participation:** Ongoing efforts to contribute to the community, e.g., "Grow the next gen" agenda to nurture domestic ESG talents

Value Partners' 3 key strategies



Business development
and client support



Asset classes
diversification and
expansion



Strategic initiatives

Strategic initiatives development

- Strategic developments to provide VP with a stronger foothold in key markets in China and Southeast Asia
- Capture a larger share of the “wealth pie” in the region and propel VP’s long-term growth



GF Securities

New strategic shareholder and key business partner

- One of the largest financial services firms in China with strong distribution network, bringing invaluable expertise and experience
- Collaboration with GF to open doors to new opportunities, expand business potential, and tap into larger customer base
- Broaden China distribution channels for our Mutual Recognition of Funds (“MRF”), private fund management (“PFM”), and wealth segments
- Increase reach to mainland Chinese investors, especially in the GBA



Star Asset Management

A significant milestone in our Southeast Asia expansion strategy

- Strategic partnership between VP and Star AM formed in July 2023 to foster cross-border collaboration
- The alliance enables VP to capitalize on the fast-growing wealth and asset management needs in Asia
 - Brings together the expertise and capabilities of both firms to offer innovative and high-quality investment solutions to Indonesian investors
 - Tap wealth opportunities in Singapore and Asia
- On track to co-launch our first product in 2024

Taking advantage of cross-border opportunities with the Mainland



→ We are strategically positioned to capitalize on Hong Kong’s role as a “super-connector”

→ Continued focus on cross-border business and product solutions to support Mainland China & Hong Kong clients

Drive ongoing expansion of our cross-border businesses, including:

- ✓ Qualified Domestic Limited Partnership (QDLP)
- ✓ Qualified Domestic Investment Entity (QDIE)
- ✓ Qualified Foreign Limited Partnership (QFLP)
- ✓ Mainland-Hong Kong Mutual Recognition of Funds (MRF)
- ✓ GBA Wealth Management Connect Scheme

Further development of our private fund management (PFM) & QFLP businesses in the Mainland

- ✓ Three new products launched in 2023, including two insurance asset management products and one PFM
- ✓ Expand our QFLP business and obtained a quota of US\$200 million for the new Qianhai QFLP program for launching more diversified products

Capture opportunities from the new Capital Investment Entrant Scheme (CIES) in Hong Kong

- ✓ With 17 CIES-eligible funds

Continue to explore and watch out for new policies or cross-border schemes that could bring new business to our group



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



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



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



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

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.

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