

## Hywin Holdings 2022 Shareholder Letter

May 31, 2022

SHANGHAI, May 31, 2022 (GLOBE NEWSWIRE) --

Dear Shareholders,

This year marks the 16th year of Hywin's journey to be a wealth manager of global standards, and the first anniversary of Hywin's IPO.

The past year has not been an easy one – it was filled with challenges, including the turbulent markets globally and the ongoing Covid situation in Greater China.

Hywin's performance has demonstrated operating resilience and strategic agility. We have continued to deliver strong results across our key business segments and financial metrics, and retained our clients' trust. Our strategy has been vindicated and will continue to guide our growth.

In our most recent earnings results for the first half of fiscal year 2022, the company's net revenues reached RMB 881 million, an increase of 1.4% year-on-year, despite the challenging market environment. Our total number of clients reached 134,656, an increase of 12.5% year-on-year. The number of active clients increased 22% year-on-year to exceed 35,300, marking a new record high. Client repeat investment rate for the trailing-twelve-months was 81.6%, which was 6.3 percentage points higher than the same period in 2020.

Meanwhile, we continued to benefit from diversification in our product mix, as the transaction values from hedge fund products and private equity products reached RMB 2.97 billion and RMB 919 million respectively in our most recent reported first half, growing 440% and 295% year-on-year respectively.

Our financial results reflect our client stickiness and our growing share of client wallets. Compared to traditional wealth management institutions and our peers, we believe that the only way to maintain our competitiveness is through understanding our clients and meeting their expanding wealth management needs.

In order to maintain our leading industry position, we continue to invest in our client-centric investment research and advisory system, and continue to improve our client services. For example, our "1+N+X" investment research and advisory system empowers our frontline relationship managers. We expanded cooperation with well-known research institutions and universities to enhance our research and contents. By leveraging well-known think tanks as well as building our own in-house panel of experts, we are building our professional investment advisory team.

This year, Hywin released the "2022 APAC Private Market Report" jointly with VP Bank, our strategic partner, and "2021 Hywin Family Wealth Management White Paper" with Shanghai Advanced Institute for Financial Research. These intellectual efforts bring timely investment insights to our clients, as well as lay the foundation for our ongoing development in more advanced product categories. We also believe that growing our professional investment advisory team is also an important step in preparing for the rise of "Buy-side Investment Advisory" in China.

As we think about our client services, we focus on the whole life cycle of our clients' wealth needs. Our aspiration is to serve our clients across generations and across geographies. Hywin has established family office presence in key regions across the country to provide clients with a rich selection of products, and provide high quality service with the backing of our seasoned teams. We strive to be the "steward of wealth" for our top-tiered clients, and grow together with their families and their businesses.

This year, we also announced our intention to expand into healthcare services, as wealth and health are the two overarching goals for most high-net-worth families in China. In the context of the global pandemic, health and access to high quality healthcare services become an even greater focus for high-net-worth families in China. We intend to leverage our core strength and client base in our wealth management business, and build out asset management and health management as our two strategic growth engines, which we believe are synergistic with our core wealth management business.



Our professional and stable relationship manager team is our most important asset. The majority of our elite relationship managers joined us from leading financial institutions, and they have showed high loyalty, with retention rate of more than 95%, superior to our peers. Average productivity per relationship manager in fiscal year 2021 exceeded RMB 52 million, an increase of 16.1% year-on-year. We believe the success of our elite relationship team is not only attributable to our strong training program and KPI regime, but also to Hywin's growing digitalization.

By investing in digital infrastructure and technology training, we have successfully digitalized many aspects of our business, from daily operations, to real time data analysis, to better CRM and better client services. With the support of technology, our relationship managers' productivity has improved, and it turned out that technology has really helped our relationship managers overcome the challenges in this current Covid situation in China and stay focused on our clients.

Furthermore, this year, we made improvements in our corporate governance, as well as our organizational structure. We emphasized on organizational agility, made our decision process more efficient, and encouraged much more coordination across the entire organization in pursuit of common goals. We have also expanded our employee share incentive plan this year to motivate our talent and align them for the long term.

This year, Hywin also made advancement in ESG. Just recently, Hywin Holdings became a signatory to the United Nations-backed Principles for Responsible Investment ("PRI"), which is the latest in a series of significant strides Hywin has made toward embracing responsible investment criteria and integrating ESG issues into our everyday business processes. We believe this is aligned with our efforts to create shareholder value and drive change.

I am also honored to report that Hywin Holdings was named "Best Wealth Manager of Greater China 2022", and I myself was recognized as "Best CEO in Greater China Wealth Management 2022" by WealthBriefingAsia. This is the third consecutive years that Hywin captured both of these prestigious awards.

The WealthBriefingAsia jury commented that in the past year, Hywin Holdings has created significant value for its clients and has made achievements in the frontiers of wealth management in Greater China, such as the private equity market and family offices. At the same time, Hywin has shown commitment and progress in corporate governance, made progress in business diversification, and has taken an active stance in areas such as ESG and women's rights. I think this is a great way to sum up Hywin's achievements in the past year.

We entered into 2022 knowing that Covid would have an ongoing impact, but the extent of the current epidemic situation in China has probably caught everyone by surprise. Hywin has been doing everything we can to ensure business as usual. Although client meetings and events have been cancelled in certain cities, our client engagement, client services and our relationship managers productivity have maintained continuity, thanks to our technology adoption. Since the beginning of 2022, we have held over 160 online investment events, reaching more than 90,000 clients. We remain committed to delivering our goals in 2022 notwithstanding the challenges in the market.

Every achievement that Hywin has made this year was made possible by the trust and support from our shareholders, clients, employees and partners. We will stay focused on creating sustaining value for our clients and share our successes with our shareholders.

Thank you again for your continued support! The best is yet to come.

Yours faithfully,  
Dian Wang  
CEO and Director, Hywin Holdings Ltd.

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