

Highest Performances Holdings Inc. First Half of FY2024 Earnings

Conference Call Script

May 30, 9:00 PM (US EST)

Operator:

Ladies and gentlemen, welcome to Highest Performances Holdings Inc.'s First Half of fiscal year 2024 Earnings Conference Call. At this time all participants are in listen-only mode. Following management's prepared remarks, there will be a Q&A session. For your information, today's conference call is being recorded; this conference call is also being broadcasted live over the Internet and will be available for replay purposes on the company's website.

I'd like to turn the meeting over to your first speaker today, Ms. Doris Wu, HPH's Manager of financial reporting department. Thank you. Please go ahead.

Doris Wu:

Thank you. Good morning and good evening, everyone. Welcome to our earnings conference call for the first half of the fiscal year 2024. Our half year report on Form 6-K has been uploaded to the website of U.S. Securities and Exchange Commission earlier today, and is also available on our IR website.

Before we continue, please note that the discussion today will contain forward-looking statements made under the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. The accuracy of these statements may be impacted by a number of risks and uncertainties that could cause our actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but not limited to, those outlined in our filings with the SEC, including our 20-F. We do not undertake any obligation to update this forward-looking information except as required under the applicable laws.

Joining us today are our Vice Chairman of the Board and Chief Executive Officer, Mr. Yinan Hu and Chief Financial Officer, Ms. Yuanfen Yang. Mr. Hu will walk you through our recent strategic initiatives and business overview of the first half of the fiscal year

2024, and together with Ms. Yang, will answer your questions after the prepared remarks. Now I will turn the call over to our vice chairman and CEO, Mr. Hu. Mr. Hu, you may begin.

Vice Chairman of the Board and CEO Mr. Yinan Hu (Translated):

Good evening and thank you for joining us on the Highest Performances Holdings Inc.'s Earnings Conference Call for the first half of fiscal year 2024. Today, the conference will be co-hosted by me, Yinan Hu and our Chief Financial Officer, Ms. Yuanfen Yang. For starters, I will walk you through the company's recent strategic adjustments and corresponding initiatives. Then we will give a business overview for the first half of fiscal year 2024 and the management's outlook. And we will have a Q&A session at the end to take questions from participants.

Firstly, I will elaborate on the Company's recent strategic initiatives.

We have made strategic transformation and upgrade and successful acquisitions have led to 2.3-fold year-on-year increase in total market value and 13-fold in net assets.

Amidst current macroeconomic downturn and diminished risk appetite among investors, we have proactively responded to market changes by implementing a series of strategic initiatives aligned with the company's long-term development vision, aiming to sustain solid growth in this complex and evolving environment.

Based on the Company's long-term vision and strategic positioning, at the end of 2023, we've completed a share exchange transaction with certain shareholders of Fanhua Inc., following which HPH holds 50.1% of Fanhua's equity interests, becoming its controlling shareholder. As a result of the financial statement consolidation, as of December 31, 2023, HPH's total assets amounted to RMB4.98 billion, with net assets of RMB3.12 billion. HPH's total market value exceeded USD1.5 billion, laying a solid foundation for the Company to pursue its acquisition strategy.

In February 2024, the Company signed a framework agreement with Singapore White Group Private Trading Enterprise Limited, aiming to leveraging White Group's

strengths in financing and M&A on a global scale to accelerate its intelligence and global development strategies and to initiate a new phase of strong growth. We are currently working closely with White Group and its partners on implementing several investment projects.

In the second part, I will give an overview of the Company's business performance for the first half of the fiscal year 2024.

Solidifying core business while Seeking Innovation in Fund Business: Institution business expansion resulted in a 129% and 456% year-on-year increase in the transaction value and outstanding balance of publicly-raised fund products by institutional clients, respectively.

Firstly, Retail Business is Stabilized with Continuous Improvement in Customer Experience:

For our Puyi Fund retail business, we pursue a long-term strategy and suitability principle, focusing on enhancing product selection and marketing services and strengthening operations and system support. Despite significant market fluctuations, we have successfully stabilized both our customer base and business volume.

1) We continued to diversify our product offerings by increasing the number of publicly raised fund product suppliers that we collaborate with from 103 to 107, covering over 90% of the products currently available in the market.

2) We have built a multi-account system with functional investment advisory products to enhance clients' investment experience, resulting in a 13% increase in per capita investment amount from RMB29,500 to RMB33,500.

3) We implement a tiered management system for financial advisors, facilitating targeted marketing efforts, which helps us stabilize the number of our financial advisors at approximately 20,000.

4) We further enhanced and upgraded Puyi Fund platform and i Financial Planner platform with a focus on digitalization and intelligent exploration. New features like financial planners' dashboards and credit systems have been introduced to elevate the user experience for both customers and financial advisors.

Secondly, Institution Business Achieved Significant Breakthrough, with Channel Models Validated:

- 1) Our one-stop trading platform, equipped with up-to-date systems and functionalities, has gained traction among institutions, resulting in transaction value of publicly raised fund of over RMB4.8 billion, with outstanding balance of RMB2.85 billion, representing a 1.3 times and 4.6 times increase year-on-year, respectively.
- 2) We have successfully introduced external channel resources while ensuring cost control, to facilitate cooperation in reaching the target client of banks and insurance companies.
- 3) Custodian bank transitions have been successfully completed as we have established long-term strategic partnerships with large listed banks such as Ping An and Minsheng banks, with actual investment amount exceeding RMB3.1 billion, laying a solid foundation for more financial institutions' access.

Thirdly, Efficient Management Drives Cost Reduction and Compliance Operation Ensures Growth and Efficiency:

- 1) We have established a sustainable mechanism for cost reduction and unearthing savings. The Company has reduced management and sales expenses by 40.7% year-on-year through marketing strategies adjustments, upgraded payment methods, workforce and office space reduction and so on, without compromising management efficiency.
- 2) We have taken an active role in complying with the regulations and compliance policies by providing strict compliance training, enforcing compliance discipline, clarifying responsibilities at all levels to ensure that the businesses, staff, business facilities, and internal controls of our headquarters and all branches fully comply with relevant laws and regulations.

Faced with economic challenges, we will continue to embrace market changes with a steady stance and execute our strategic plans. By fostering business synergy with Fanhua and expanding our wealth management and institutional businesses, we will continuously enhance the Company's competitive edge and market influence,

providing customers with high quality and more diverse financial and non-financial services. Meanwhile, we will persist in driving digitization and intelligent development to improve service experience, ensuring sustainable growth and long-term development of the Company.

We appreciate your attention and support and look forward to jointly witnessing the future success of the Company.

Jing He:

Now the floor opens for the Q&A session.

Operator:

No questions.

Jing He:

Thank you very much for attending today's conference call. If you have any questions, feel free to contact us any time. Thank you.

Operator:

Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines.