

**PUYI INC. SIX MONTHS ENDED DECEMBER 31, 2021 EARNINGS CONFERENCE
CALL EDITED TRANSCRIPT**

March 28, 9:00 PM (US EST)

Operator:

Ladies and gentlemen, welcome to Puyi Inc's first half of the fiscal year 2022 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. Jing He, Puyi's General Manager of financial reporting department. Thank you. Please go ahead.

Jing He:

Thank you, operator. Good evening. Welcome to our earnings conference call for the first half of the fiscal year 2022.

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 and registration document F-3. We do not undertake any obligation to update these forward-looking information except as required under the applicable laws.

Joining us today are our Chief Executive Officer, Mr. Yong Ren, and Chief Financial Officer, Mr. Anlin Hu. Mr. Ren will first walk you through our business and financial conditions of the first half of the fiscal year 2022. And then there will be a Q&A section. Now I will turn the call over to Mr. Ren.

CEO Yong Ren (Translated):

Good Evening, everyone. Thank you for joining us today on the conference call for the first half of the fiscal year 2022. Here with me is our Chief financial officer, Mr. Anlin Hu. We will begin today's call with an overview of financial and operational results of our first half of the fiscal year 2022, then followed by a brief discussion of our business outlook for the future. We will take your questions after the prepared remarks.

1. First of all, let's take a look at our business development in the reporting period.

During the first half of the fiscal year 2022, the COVID-19 pandemic kept spreading globally, and the growth of China's GDP was also lowering its speed. Under the influence of all those unfavorable circumstances, the management made great effort and we still had an overall growth during this reporting period. During the first half of the fiscal year 2022, we generated total revenue of RMB101.5 million, increasing by 21.5% as compared to the same period of the fiscal year 2021, of which, the revenue generated from the sales of publicly raised fund products increased by 5.3%, and the revenue generated from the sales of privately raised fund products increased by 91.6%. Our progress during the reporting period is listed as follows:

First, our transition to standardized products was smooth, and the outstanding ending balance of various products continued to grow steadily;

As of December 31, 2021, the outstanding ending balance of publicly raised fund products amounted to RMB8.7 billion, increasing by 48.1% from RMB5.9 billion as of December 31, 2020. Meanwhile, as of December 31, 2021, the number of active clients for our publicly raised fund products was 383,000, increasing by 21.6% from 315,000 as of December 31, 2020. In the first half of the fiscal year 2022, the growth of the outstanding ending balance of our publicly raised fund products outpaced the growth of the number of active clients for our publicly raised fund products, and the outstanding ending balance of our publicly raised fund products per client continued to increase, demonstrating the snowball effect brought by the automatic investment on a dollar-cost averaging basis management system highly-recommended by the Company. Particularly, portfolios of publicly raised fund products are our core products. As of December 31, 2021, the outstanding ending balance of our portfolios of publicly raised fund products amounted to RMB7.2 billion, accounting for 83.1% of the total outstanding ending balance of our publicly raised fund products as of the same date, and the number of active clients for our portfolios of publicly raised fund products was 336,000 as of December 31, 2021, accounting for 87.7% of the total number of active clients for our publicly raised fund products as of the same date. In the first half of the fiscal year 2022, the transaction value of privately raised fund products, all of which were privately raised securities investment fund products, was RMB 882.6 million, increasing by 69.7% as compared to the same period of the fiscal year 2021, demonstrating our efforts in cross-selling privately raised fund products to clients of our publicly raised fund products.

Second, we optimized the development strategy of branch offices and accelerated the professionalization and specialization of financial advisors;

Our vision is "Making Every Family in China Has Its Own Financial Asset Allocation Advisors", which can be achieved by a large group of our professional financial advisors and seed clients, by leveraging the Company's powerful asset

allocation platform to effectively extend their personal service capabilities. For the first half of the fiscal year 2022, our target was to strengthen our capabilities of family financial assets allocation. To achieve this target, on the one hand, we continued to optimize our recruitment system, training system and operation system for professional financial advisors, to facilitate the expansion of our financial advisor team and to further grow our business. Meanwhile, we assessed and optimized our geographical focus from time to time to ensure our sustainable development. On the other hand, we also accelerated the selection, classification and training process of our seed clients, resulting in the increase of the number of active clients per seed client from 7.7 as of December 31, 2020 to 12.3 as of December 31, 2021.

Third, we took the initiative in the development of our family office business, the market demand of which is strong;

Based on the strong demand from mass affluent families in China for wealth preservation and appreciation, inheritance and their related ancillary services, we launched family office services beforehand in October 2020. Till now, we have established cooperation with trust companies, insurance companies, education service providers, tax firms and law firms, and initially completed the set-up of our professional services and operation systems for insurance premium trusts and family trusts, overseas education, tax services and other services for mass affluent families. As of December 31, 2021, we have provided insurance trust and family trust services to more than 60 families of high net worth clients. We believe that with the increase of partners and clients, and the enhancement of our professional operation capabilities, our family office services will become another growth driver for our future wealth management service business.

Forth, we insisted that financial industry should be good, responsible and warm.

As we develop our business, we are always dedicated to our social responsibility. In October 2021, we visited various schools in Ganzi Tibetan Autonomous Region in Sichuan Province to provide thickened cotton clothes and school supplies to students and teachers, hoping that at the altitude of 4,520 meters they would nonetheless feel the warmth from us.

2. Next, I will briefly discuss our financial conditions for the first half of the fiscal year 2022.

For this reporting period, net revenues increased period-on-period by 21.5% from RMB83.5 million to RMB101.5 million (US\$15.9 million). Now let's turn to each individual business line:

First, our wealth management services;

Net revenues generated from our wealth management services increased period-on-period by 28.8% from RMB73.2 million to RMB94.2 million (US\$14.8 million). In particular,

Net revenues generated from distribution of publicly raised fund products for the reporting period were RMB55.5 million (US\$8.7 million), representing a 5.3% period-on-period increase from RMB52.7 million. The increase was primarily due to an increase in management fee from the outstanding daily balance of publicly raised fund products.

Net revenues generated from distribution of privately raised fund products for the reporting period were RMB38.8 million (US\$3.1 million), representing a 91.6% period-on-period increase from RMB20.2 million. The increase was primarily due to (i) the increase in transaction value of privately raised fund products; and (ii) performance-based fees of RMB3.0 million recognized in the first half of the fiscal year 2022, as compared to nil in the first half of the fiscal year 2021.

Net revenues generated from distribution of other financial products for the reporting period were nil, compared to RMB299,000 for the same period of the fiscal year 2021. The decrease was primarily because we focused on the distribution of fund products and ceased to offer new exchange administered products since October 2019, and we had no existing exchange administered products for this reporting period.

Second, our asset management services;

Net revenues generated from asset management services for the reporting period were RMB3.7 million (US\$0.6 million), representing a 64.2% period-on-period decrease from RMB10.3 million. The decrease was primarily due to a 74.3% decrease in performance-based fees generated by our actively managed fund of funds to RMB1.8 million (US\$0.3 million) for the first half of the fiscal year 2022, from RMB6.9 million for the same period of the fiscal year 2021.

Last, our other services.

Net revenues generated from other services for the reporting period were RMB3.5 million (US\$0.6 million), and there was no other services revenue for the same period of the fiscal year 2021. Other services revenues of the reporting period were primarily service fees from marketing services for an insurance agency.

3. Last but not the least, let's elaborate on our strategic planning and outlook for the future.

In the fiscal year 2022, we will focus on reducing losses and achieving profits as soon as possible as our core business goal. In terms of market development, we will

take "professional platform + elite entrepreneurship" as our basic strategy to fully promote the cooperation with and cultivation of independent offices and independent family offices. Our next major business initiatives are as follows:

First, we will take breakeven as our core goal, fully promote the construction of cooperation with independent offices, and comprehensively upgrade and optimize the branch offices;

In the fiscal year 2022, our branch offices will adhere to the core goal of profitability and we will continue to finely and dedicatedly develop our existing branch offices. First, we will improve the recruitment standard of in-house financial advisors, strengthen the training and assessment of existing in-house financial advisors, and take per capita production capacity as our core evaluation index of in-house financial advisors; Second, we will vigorously develop cooperation with independent offices based on branch offices, especially with independent family offices which are more professional than independent offices, and carry out "one-stop" family financial asset allocation services.

Second, we will strengthen our professional capability and vigorously promote family office business;

After more than one year of preparation, we have established the basic services capabilities of our family office services, but the operational efficiency and professional empowerment output to the clients still need to be strengthened to satisfy our internal requirements. In the fiscal year 2022, we plan to improve our family office services from several aspects:

First, in terms of operation system construction, on March 3, 2022, we officially started the construction of family office business operation system. Such operation system is expected to be launched on May 30, 2022. The operation system is expected to significantly improve the operational efficiency of our family trust services.

Second, we target to strengthen the connectivity between upstream and downstream market participants. Based on the existing cooperation between Beijing trust and Yuecai trust, we will continue to cooperate with more domestic and international reputational trust companies to expand the scope of our services. Previously, we have established cooperation with KPMG in terms of tax services and with Mercer education in terms of overseas education services; In the fiscal year 2022, we will select high-quality law firms to provide legal services and health management companies to provide health services according to the needs of clients.

Third, in terms of professional ability improvement, we require all investment advisors and front-line financial advisors to command good professional knowledge, such as insurance trust, family trust and large asset allocation, through training and

assessment, to fully grasp the repaid growth window of family office services.

Third, we will complete the construction of institutional business operation system as soon as possible and strive to make this business a new growth driver;

Through one year's market research and system construction, our institutional client department has established an effective business model. In the fiscal year 2022, our institutional service business will strive to develop the market with the help of the "institutional master" system, the operation system for our institutional business. In terms of existing client resources, we will rely on our own partners, such as public- and private- fund managers, asset management companies, securities companies and regulatory banks, to explore cooperation opportunities. In terms of external client expansion, we have determined to focus on bank customers, especially small and medium-sized municipal commercial banks and rural commercial banks, which lack public fund trading systems but have public fund investment needs. Institutional business has great business potentials in terms of quantity, quality and income of clients.

Fourth, we will further diversify product offerings based on client needs;

In the fiscal year 2022, we will continue to adhere to the strategy of standardized products. In terms of publicly raised fund products, we will continue to focus on the existing portfolio of publicly raised fund product strategy, supplemented by the sales of high-quality single closed-end publicly raised fund products, in order to cultivate clients' habit of holding products for a long period, deal with short-term sharp fluctuations in the market and improve clients' investment experience. In terms of privately raised fund products, we will continue to increase our actively managed fund of funds products and cooperate with external leading privately raised fund products providers simultaneously to ensure that each privately raised fund strategy has at least two or more products available in our offerings. At the same time, we will strive to improve our efficiency and effectiveness in matching the investment needs of trust clients with our product offerings.

Fifth, in line with our strategy, we will continue to optimize and improve our IT system to keep our IT system updated and innovative;

In the fiscal year 2022, in order to meet our strategy and development needs, we plan to further enhance our technology platform, focusing on the constructions of four systems, including Puyi fund app, institutional business operation system, family office business operation system and comprehensive asset allocation platform, and optimizing Puyi business school app, Puyi cloud service and other systems.

Sixth and the last, we will optimize our organization, streamline our administration, and strictly control unusual growth of expenses.

In the fiscal year 2022, we will continue to strictly control cost growth. First, in terms of human resources cost, with the improvement of per capita efficiency as our core goal, we will implement the rank-and-yank mechanism to vigorously improve the competency of employees, and control the growth of labor cost of administration staffs within 5% throughout the year. Second, in terms of administrative expenses, we will promote diligence and thriftiness to control travel and entertainment expenses and prohibit abnormal large expense.

The pandemic will eventually dissipate, and the world economy will eventually regain its growth. We will continue to do the hard but right thing, and to be a friend of time despite of short-term hardships. Our management team will always strive to create greater value for our clients, shareholders and employees.

Jing He:

That ends with the prepared remark, now we will open for questions. Operator, please.

Operator:

No questions.

Jing He:

Seems no questions at this time. We will upload the full transcript on our website, please go to our website for the full transcript if you are interested. And we have no other comments. Thank you everyone, for attending our fiscal year 2022 earnings call. If you have any further questions, please feel free to contact us. Thank you very much. Operator, please.

Operator:

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