

**PUYI INC. SIX MONTHS ENDED DECEMBER 31, 2022 EARNINGS CONFERENCE
CALL EDITED TRANSCRIPT**

March 20, 9:00 PM (US EST)

Operator:

Ladies and gentlemen, welcome to Puyi Inc's first half of the fiscal year 2023 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 2023. 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 chairman of the Board and 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 our first half of the fiscal year 2023. And he, together with Mr. Hu, will answer your questions after the prepared remarks. 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 2023. Here with me is our Chief Financial Officer, Mr. Anlin Hu. We will begin today's call with an overview of our financial and operational results for the

first half of the fiscal year 2023, followed by a brief discussion of our business outlook for the future. We will then open the floor for questions.

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

In the first half of the fiscal year 2023, due to the impact of COVID-19 pandemic, China's economy has not recovered prominently and the capital markets have been volatile, which led to weak investment sentiments and poor investor experiences. Despite dismal conditions, our management team strategically maintained our focus to reduce costs and increase efficiency, while strengthened the internal training to enhance professional skills. We were able to reduce our operating expenses by 28% period-on-period. Furthermore, we continued to strategically reinforce our focus on wealth management and inheritance services for wealthy and high-net-worth clients. In particular, our trust consulting services achieved great progress, with the number of completed trust consulting service projects increased by more than five times period-on-period. Our main business operations and strategies during the reporting period are listed as follows:

First, we diversified our product offerings based on client needs and stabilized our fund distribution business;

The retail fund distribution business is the foundation of our business and the main source of our income. Although the A-share secondary market had an overall poor performance, the yield of most of our fund products in the current period outperformed the benchmark index, as we continued to focus on changes in client needs and soothed the clients' emotions through higher frequency of investor education, and managed to improve the performance of our fund product portfolios by enhancing our own investment and research capacity.

In terms of product investment and research, we further expanded our publicly raised fund product portfolio by increasing the number of public fund companies we cooperate with, which increased from 89 as of June 30, 2022 to 109 as of December 31, 2022. Our publicly raised fund product offering currently covers most of the products offered in the market. In addition, we added two new fund product portfolios according to the needs of clients in the market, including the automatic redeem product – a smart product which automatically redeems when reaching the target profit rate, and the smart regular investment product – a smart product which periodically advises investors to contribute different amounts of investments based on the current market condition. Through the “new products bringing in new businesses” strategy, these two differentiated and customized products met the needs of clients and stabilized the balance of publicly raised fund products. For our privately raised fund products, we further enhanced our private fund product strategies. For example, we timely launched convertible bonds and commodity futures strategies according to market demand and was able to capture high-yield opportunities for clients in volatile

markets.

Second, we vigorously developed our family trust business such as insurance premium trust products, and the number of completed trust consulting service projects reached a new high;

During this reporting period, the number of completed trust consulting service projects increased by more than five times over the same period in the fiscal year 2022. At the same time, we successfully established an all-encompassing service system for wealthy and high-net-worth clients, including but not limited to, tax, law, education, and overseas asset allocation services. We believe that through the insurance premium trust and family trust services, our ability in providing services to wealthy and high-net-worth clients will improve significantly.

Third, we upgraded the institutional business transaction platform and vigorously expanded business with institutional clients;

In terms of the construction of institutional business transaction platform, we achieved multiple upgrades during this period, enriching the service experience of financial institutions, especially small and medium-sized banks. In this reporting period, we successfully launched our business in financial institution market, currently covering most types of financial institutions, including banks, insurance companies, security companies, future companies, and trust companies. In this reporting period, the transaction value of publicly raised fund by institutional clients exceeded RMB2 billion (US\$0.3 billion), far exceeding the transaction value for the entire 2022 fiscal year.

Fourth, we continuously optimized the IT system to provide comprehensive services across all business lines;

During the reporting period, we made certain technological advancements, including upgrading the Puyi Fund app, launching an independent operating system, and optimizing system performance.

First, we established a proprietary investment consulting system, which is embedded into the Puyi Fund app, according to the new regulatory requirements, and connected the compliance portal of our investment consulting system to other fund companies' system to ensure compliance with relevant regulations in online transactions of publicly raised fund product portfolios;

Second, we further upgraded our core transaction system and institutional business system to improve our control in and the flexibility of our operational system infrastructure;

Third, we progressed in the standardization of our system for family office

business. The family office services and the entire life cycle of trust management can now be conducted entirely online, greatly improving the operational efficiency of our family office business; and

Forth, we further optimized the “i Financial Planner” app and “Puyi Business School” app. We launched the insurance policy diagnose and fund health care diagnose functions for the i Financial Planner app to better empower financial advisors; We upgraded the functions of the Puyi Business School app to satisfy the requirements of being an independently operating commercial application.

Fifth, we strictly controlled costs and expenses, and achieved success in organizational structure optimization.

Despite the yet-to-be-improved external business environments, the management continued to reduce costs and increase efficiency in this reporting period. For our branch offices, we further shrank the operating space and reduced the workplace expenses. At the same time, we were able to decrease our marketing expenses significantly, as we changed our marketing initiatives for publicly raised fund product portfolios from stimulating the growth of new accounts to stimulating the growth of new investments.

2. Next, I will briefly discuss our financial conditions for the first half of the fiscal year 2023.

For the first half of the fiscal year 2023, net revenues decreased period-on-period by 32.6% from RMB101.5 million to RMB68.4 million (US\$9.9 million). Now let's turn to each individual business line:

First, for our wealth management services;

Net revenues generated from our wealth management services decreased period-on-period by 43.2% from RMB94.2 million to RMB53.5 million (US\$7.8 million). In particular,

Net revenues generated from the distribution of privately raised fund products for the reporting period were RMB17.8 million (US\$2.6 million), representing a 54.1% period-on-period decrease from RMB38.8 million. The decrease was primarily due to (i) the fact that investors were affected by the volatile market with increased uncertainty of the future, leading to negative sentiments for privately raised fund products and other high-risk products and their willingness to redeem funds has increased. Therefore, during the reporting period, the transaction value and outstanding daily balance of our privately raised fund products decreased, resulting in a decrease in commission income, including management fees; and (ii) performance-

based fees of RMB1.8 million recognized in the first half of the fiscal year 2023, as compared to RMB3.0 million in the first half of the fiscal year 2022, representing a 41.7% decrease; and

Net revenues generated from the distribution of publicly raised fund products for the reporting period were RMB35.8 million (US\$5.2 million), representing a 35.5% period-on-period decrease from RMB55.5 million. The decrease was primarily due to the influence of global geopolitics and COVID-19-related restrictive measures, which led to the long-term depression of the A-share market and the low investment confidence of the investors, resulting in the decrease in transaction value of publicly raised fund products and the reduction in commission income. Currently, the COVID-19 control measures have been relaxed and the domestic economy and financial markets have entered a recovery period, we are confident that with the recovery of China's economy, the transaction value of publicly raised fund products will be restored soon.

Second, for our asset management services;

Net revenues generated from asset management services for the reporting period were RMB1.2 million (US\$0.2 million), representing a 68.7% period-on-period decrease from RMB3.7 million. The decrease was primarily due to a 95.7% decrease in performance-based fees generated by our actively managed fund of funds to RMB76,000 (US\$11,000) for the first half of the fiscal year 2023, from RMB1.8 million for the same period of the fiscal year 2022.

Third, for our insurance consulting service;

Net revenues generated from our insurance consulting services for the reporting period were RMB7.0 million (US\$1.0 million), representing a 112.7% period-on-period increase from RMB3.3 million. The increase was primarily due to the fact that we provided consulting services to more clients, and the insurance premium had increased accordingly.

Last, for our other services.

Net revenues generated from other services for the reporting period were RMB6.7 million (US\$1.0 million), representing a 2,485.8% period-on-period increase from RMB0.3 million. Revenues from other services in this reporting period mainly came from consulting service related to trust and family wealth inheritance service provided to clients.

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

In light of the relaxation of the pandemic prevention and control policy at the end of 2022, we believe that China's economy will experience an upward growth in 2023. The introduction of registration-based IPO system will also reform China's capital market ecosystem. As investor confidence recovers and thrives, we believe that the murky wealth management industry is expected to improve continuously in 2023. We will focus on the following four main strategies:

First, to stabilize our core business and capitalize on the trend of economic recovery;

Distribution of publicly raised fund product portfolios is our core and main business. The outstanding balance of our publicly raised fund product portfolios declined in the past two years due to the impact of the epidemic and the sluggish capital market caused by the economic downturn. Our management emphasized to seize the opportunity and capitalize on the economic recovery in 2023, further strengthen our investment and research capability for public funds, enhance service operations capability, timely devote efforts in marketing and promotion of public funds, and seize new growth opportunities while maintaining regular business operations.

Second, to further explore the needs of families of wealthy and high-net-worth clients and improve our family trust services capabilities;

We will continue to improve the quality of our family trust services for wealthy and high-net-worth clients by increasing operational efficiency through our self-developed family office system; launch and optimize our products and services according to client needs; scale our client base through expanding corporate channels; and strengthen our Company's B2B service capabilities through optimization of IT system. Further, we will pay attention to the needs of families of wealthy and high-net-worth clients, observe the upstream and downstream wealth management industry chain, seek opportunities for business collaborations and mergers and acquisitions, and strive to provide more diversified services for wealthy and high-net-worth clients, such as children's education and elderly care.

Third, to cultivate connections with institutional clients such as banks and insurance companies, to pave a path for potential future business opportunities;

Despite fierce competitions, leveraging our extensive existing client base of banks and insurance companies, we hold great advantages and opportunities against our industry peers. In the future, by adopting an investor's point of view, combined with our investment research capabilities and professional team at Puyi Family Office Department, we will expect to empower our institutional clients, especially bank and insurance company clients, and treat them sincerely with an open mind and achieve a win-win situation, ultimately increasing our market share.

Forth, to develop a self-controlled IT infrastructure to assist in the continuous improvement of our core businesses.

In 2023, we will concentrate our resources on upgrading the Puyi Fund app, institutional business system and family office business system.

First, to further improve the Puyi Fund app as a “one-stop comprehensive investment advisory service platform,” we will upgrade its intelligent investment consulting system through digitalization and AI, integrating it to the client’s entire life cycle;

Second, for the institutional business system, we will timely optimize and iterate its functions to keep up with leading platforms at the soonest; and

Third, for the family office business system, we will upgrade it from three aspects: first, to integrate our IT infrastructure with the trust company’s system and its information network to further improve the efficiency in providing our trust consulting services; second, to strengthen our digitalization construction to obtain real-time data analytics of our trust service progress and status; and third, to optimize and improve our IT infrastructure to better support the development of the family office business.

“Past a fallen ship, one thousand sail onward; for a sick tree, ten thousand thrive by spring.” Post-COVID era, the wealth management industry is expected to embrace a long-term sustainable growth cycle. Puyi management will pursue a business strategy of stable growth, while calmly responding to risks and challenges and seizing market opportunities. We are very confident in the future development of our Company.

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 after this conference call, please go to our website for the full transcript if you are interested to see. And we have no other comments. Thank you everyone, for attending our fiscal year 2023 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.