

**PUYI INC. SIX MONTHS ENDED DECEMBER 31, 2020 EARNINGS CONFERENCE
CALL EDITED TRANSCRIPT**

March 29, 9:00 PM (US EST)

Operator:

Ladies and gentlemen, welcome to Puyi Inc's first half of the fiscal year 2021 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 first half of the fiscal year 2021 earnings conference call.

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 business 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 20F. We do not undertake any obligation to update this forward-looking information except as required under applicable law.

Joining us today are our Chairman of the board, Mr. Haifeng Yu, Chief Executive Officer, Mr. Yong Ren and Chief Financial Officer, Mr. Anlin Hu. Mr. Ren will walk you through our business and financial conditions of our first half of the fiscal year 2021. And he, together with Mr. Yu and Mr. Hu will answer your questions after the prepared remarks. Now I will turn the call over to Mr. Ren, our Chief Executive Officer.

CEO REN Yong (Translated):

Good Evening, everyone. Thank you for joining us today on the conference call for the first half of the fiscal year 2021. Here with me, we have our Chairman of the board, Mr. Haifeng Yu, and 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 2021, then followed by a brief discussion of our business outlook for the future. We will take your

questions after the report.

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 2021, the world economy experienced a sharp fall in GDP due to the COVID-19 pandemic. Despite such unfavorable external factors, we have achieved satisfactory results during the reporting period by shifting to market-oriented products beforehand. For the reporting period, our revenue was RMB83.5 million, a significant increase of 33.9% compared with the same period of the fiscal year 2020. The revenue generated from distribution of publicly raised fund products increased period-on-period by 304.5% from RMB13.0 million to RMB52.7 million. The substantial growth of various operation results has once again testified that the Company's strategy of resolutely promoting market-oriented products, expanding client base, and focusing on packaged products works. Our major work during the reporting period is listed as follows:

First, we provided selected products and adhered to the market-oriented packaged products strategy to meet the client's demand. In this reporting period, the transaction value of packaged publicly raised fund products was RMB5.3 billion, accounting for 75.8% of the total transaction value of the publicly raised fund products we distributed, increased from 67.1% in the fiscal year 2020; during the same reporting period, the transaction value of fund-of-fund-type privately raised fund products was RMB0.5 billion, accounting for 97.6% of the total transaction value of the privately raised fund products we sold in such period. Packaged products have become our representative products, gaining recognition from more and more financial advisors and clients.

Second, we increased investment in construction of digital operations and information technology platforms. We strengthened digital operations by improving online client service capabilities and client experience. During the reporting period, supported by big data platforms and intelligent operation platforms, we were able to engage targeted and smart interactions with our clients with the implementation of multiple tools such as layered management of clients, labeling system, user profiling, multi-system data integration, data visualization, etc., thereby enhancing clients satisfaction with us and increasing client retention and conversion rates.

We increased investment in upgrading our information technology platforms to improve efficiency and reduce costs. Work in this regard was reflected in three aspects:

First aspect, we focused on the optimization of the core trading system for publicly raised fund products, so as to improve transaction efficiency and optimize user experience, making it easier for clients to conduct online transactions and make repeat investments;

Second aspect, we launched the online trading system for privately raised fund products in December 2020, which greatly simplified the sale of privately raised fund products, thereby improving the transaction efficiency;

And third aspect, we upgraded “i Financial Planner”, an intelligent business platform that provides independent financial advisors a one-stop management tool, to the second generation. This platform, offering financial asset allocation solutions for families, enables our independent financial advisors to provide professional, customized and comprehensive family financial wealth management planning services to clients.

Third, in order to provide more professional and client-oriented services, we made great efforts to accelerate the professional development of financial advisors, focusing on two aspects: On one hand, we continued to classify our existing seed clients into different levels and keep layered management. We selected a group of competent and willing elite seed clients from the existing seed clients, and cultivated them to become our exclusive independent financial advisors with professional capabilities to provide family financial wealth management services, through technologies, digital operation and trainings and other enabling systems. On the other hand, we officially started the establishment of branches in cities in more developed regions in China, and directly recruited professional financial advisors with resources and capabilities in more developed regions in China. These newly recruited financial advisors can provide financial wealth management services for China’s middle class and affluent families with the support of the company’s strong middle-and-back offices.

2. Secondly, we will briefly discuss our financial conditions for this reporting period.

For the first half of the fiscal year 2021, net revenues increased period-on-period by 33.9% from RMB 62.4 million to RMB83.5 million (US\$12.8 million). Now let’s turn to each individual business line:

Firstly, our wealth management services

Net revenues generated from our wealth management services increased period-on-period by 26.8% from RMB57.7 million to RMB73.2 million (US\$11.2 million). In particular,

Net revenues generated from distribution of publicly raised fund products for the first half of the fiscal year 2021 were RMB52.7 million (US\$8.1 million), representing a 304.5% period-on-period increase from RMB13.0 million; the revenues in this reporting period exceeded that of the total revenue generated from the last fiscal year. Such increase was primarily due to an increase in commissions generated from the distribution of publicly raised fund products (including packaged fund products). The transaction value of publicly raised fund products increased period-on-period by 213.5%

from RMB2.2 billion to RMB7.0 billion (US\$1.1 billion).

Net revenues generated from distribution of privately raised fund products for the reporting period were RMB 20.2 million (US\$3.1 million), representing a 36.8% period-on-period decrease from RMB RMB32.0 million. The decrease was primarily due to (i) the decrease in transaction value of privately raised fund products as we only distributed privately raised fund products that invest in publicly traded securities, and ceased to distribute privately raised fund products that invest in private companies in the reporting period; and (ii) we recognized performance-based fees of RMB4.6 million in the first half of the fiscal year 2020, while we had no such income in this reporting period.

Net revenues generated from distribution of other financial products were RMB0.3 million (US\$46,000), representing a 97.6% period-on-period decrease from RMB12.7 million. The decrease was primarily because we have focused on distribution of fund products and ceased to offer new exchange administered products since October 2019, and we only received management fees in this reporting period from the existing products.

Next, our asset management services

Net revenues generated from asset management services for the reporting period were RMB10.3 million (US\$1.6 million), representing a period-on-period 123.5% increase from RMB4.6 million. This increase was primarily due to (i) an increase in performance-based fees generated by our actively managed FOFs; and (ii) an increase in management fees as a result of the increase in the asset scale under our management.

Last, our corporate finance services

Net revenues generated from corporate finance services were RMB6,000 for the first half of the fiscal year 2020, while no such income was generated in this reporting period. This was because that we have completely ceased corporate finance services as we further consolidated our resources to mainly focus on the development of wealth management services.

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

In terms of product supply, we continue to increase characteristic packaged fund products. Recently, we have cooperated with a leading public fund management company, with this company's strong investment and research capabilities in the field of public funds, we issued three Puyi customized packaged fund products, and received positive feedback from the market. In the future, we will cooperate with more

leading fund management companies in terms of products and investment and research capabilities, we will provide our clients with products with better quality. Meanwhile, we will also develop customized package products for specific purposes, such as products for pension plans and education, by taking advantage of the government's favorable policies on publicly raised funds for pension plans. We hope to further strengthen our investment and research capabilities of public packaged products to meet the multi-level needs of clients.

We will set up a new department of digital operation center, and gradually promote efficient digital operation with the support of IT construction. With the help of digital technology, on one hand, we hope to have a deeper insight into clients' needs, so as to provide clients with more accurate marketing solutions; on the other hand, we can also provide financial advisors with more efficient, professional and people-oriented service support. Meanwhile, we will continue to strengthen our fintech capabilities, focusing on two aspects: On one hand, we will upgrade "Puyi fund" app to the fifth generation to provide clients with better interaction, more comprehensive functions and more user-friendly experience; On the other hand, we will upgrade "i financial planner" to the third generation and make it an industry-leading comprehensive platform for financial advisors' operation and management.

In terms of sales channel expansion and construction of offline service system, on one hand, we will continue to promote the transformation process from seed clients to professional financial advisors with family financial wealth management capabilities. On the other hand, we will accelerate the establishment of branches in many cities in more developed regions to recruit elite financial advisors. Through the "internal education plus external introduction" expansion strategy, we expect to build and cultivate a professional sales team of up to 5,000 professional financial advisors with family financial wealth management capabilities in about three years, and we believe this team will become our core competitive strength in the future.

We never forget why we started and we are always open to hear from our clients. We will continue our work in distributing market-oriented products, building a professional sales team, and digitalizing operations. With the goal of "Make every family have a financial asset allocation planner," the mission of "Advance with financial advisors, and become the wealth keeper of the emerging middle class and affluent families," and the values of "client-oriented, honesty, frank, sharing, equality, openness, practical and keep moving-forward", we will continue to create value for our clients, financial advisors and shareholders.

Jing He:

Thank you for listening, operator, now we are open for questions.

Operator:

No questions.

Jing He:

Thank you for participating in today's conference call. If you have any further questions, please feel free to contact us. Thank you very much.

Operator:

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