

BECOME A GLOBALLY LEADING TECHNOLOGY-DRIVEN  
FINANCIAL SERVICES PLATFORM

成为全球领先的智能化金融服务平台公司

FANHUA INC.

泛华控股集团

NASDAQ: FANH



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## Disclaimer

This presentation contains "forward-looking statements" regarding the core business of Fanhua Inc. and its subsidiaries. All statements, other than historical information contained herein, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, often used in forward-looking words such as "believe," "anticipate" or similar expressions, involve known or unknown risks and uncertainties. Even if the Company believes that these forward-looking statements reflect reasonable expectations, they contain assumptions, risks and uncertainties that may prove to be incorrect. These statements are valid only herein and investors should not place undue reliance on these unfulfilled forward-looking statements. The Company's actual results of operations may differ materially from forward-looking statements as a result of various uncertainties, including the Company's periodic filings with the Securities and Exchange Commission. All forward-looking statements made on behalf of companies and individuals are qualified by these factors. Except as required by securities laws, the Company undertakes no obligation to update these forward-looking statements.



# An Overview of Fanhua

- Founded in 1998, FANHUA is a leading household life planner in China.
- Focusing on providing insurance-oriented family asset allocation services that cover the client's full lifecycle and one-stop service platform for individual agents and sales organization.
- **Extensive Distribution Network:** Fanhua has served over 12mn customers in China with their insurance needs and boasts China's largest independent financial product & service sales network with over 100,000 sales agents and over 2,000 in-house claims adjusters.
- **Industry-leading IT Platform, Open for All:** Our vision is to transform into a globally technology-driven financial service platform. With 25 years of experience in the insurance agency industry and with over RMB500mn of accumulated IT investment over the past 5 years, Fanhua has built the leading IT infrastructure for life insurance distribution that can benefit the entire independent agency industry in China.
- **Empowering Professional Development** - We seek to empower the growth of independent financial advisors and create value for customers

## Extensive Distribution and Service Network



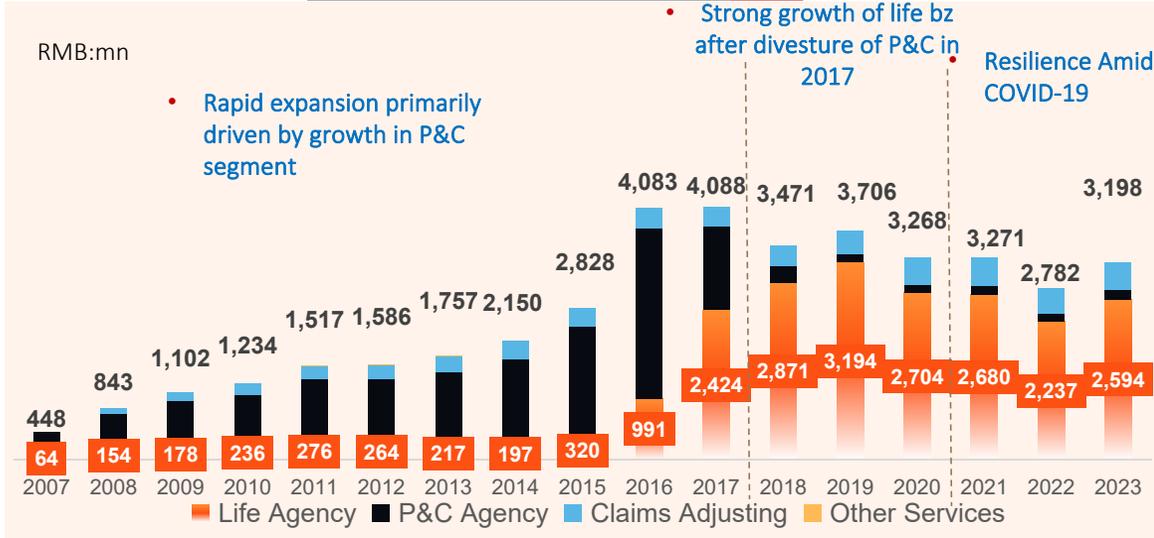
- **100K+** sales agents
- **2,303** claims adjusters
- **31** provinces
- **561** sales/service outlets

### Key Operating Metrics (FY23):

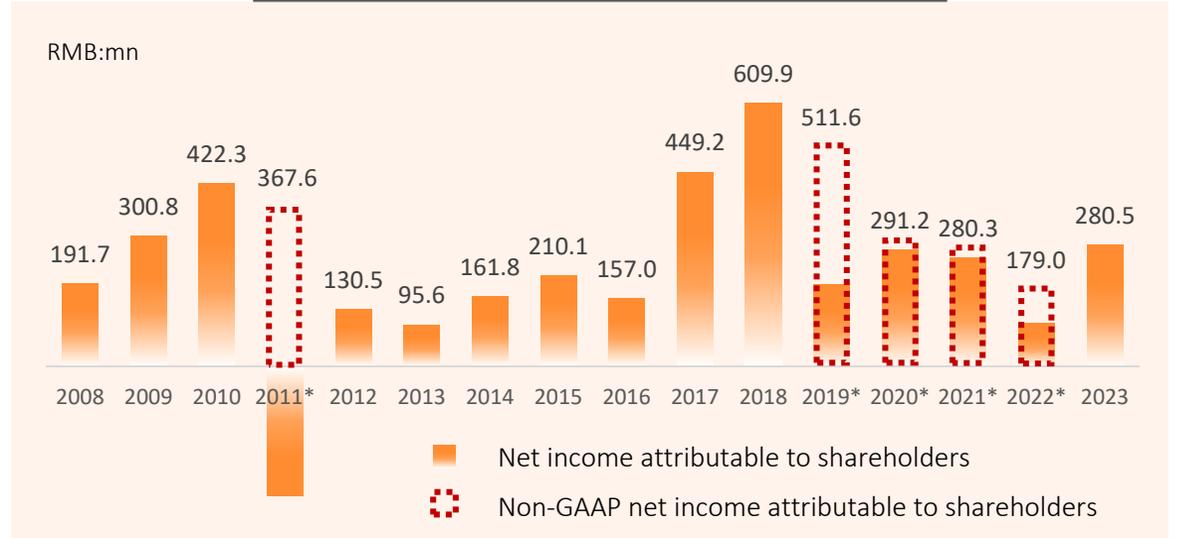
Gross Premiums Facilitated	RMB <b>16.4</b> bn
Life Insurance Regular FYP	RMB <b>3.5</b> bn
Net Revenues	RMB <b>3.2</b> bn
Net Income Attributable to Shareholders	RMB <b>280.5</b> mn
Total Assets	RMB <b>4.1</b> bn
Net Assets	RMB <b>2.1</b> bn

# Our Track Record of Navigating through Industry Cycle

## Revenue Growth CAGR= 13%



## Net Income Attributable to Shareholders



## Accumulated Operating Cashflow Since IPO



## Accumulated Dividend Payout and Share Buyback Since IPO



\* 2011 Non-GAAP net income attributable to the Company's shareholders is defined as net income attributable to the Company's shareholders excluding (1) impairment losses in respect of goodwill and intangible assets attributable to the Company, net of tax, (2) share-based compensation expenses, (3) professional fees relating to a non-binding going-private proposal that was later withdrawn, (4) investment income incurred by business combination achieved in stages, net of tax, (5) refunds from the selling shareholder of certain acquired subsidiaries, (6) one-off cash bonus granted to one of the Company's affiliated subsidiaries by the Shenzhen municipal government during the third quarter of 2011, and (7) net income from discontinued operations.

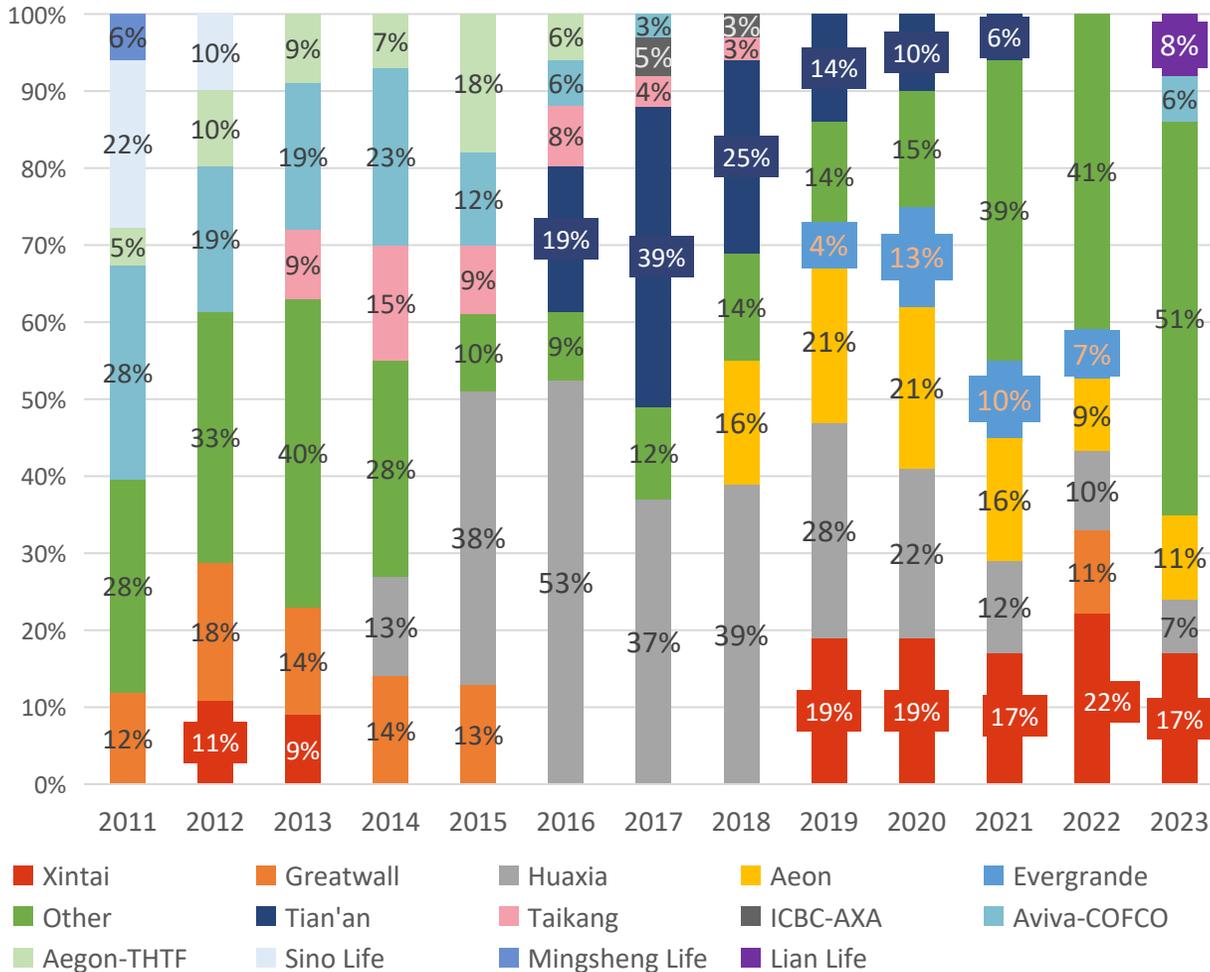
2019 and 2022 Non-GAAP net income attributable to the Company's shareholders is defined as net income attributable to the Company's shareholders before share-based compensation expenses and impairment on investment in an affiliate.

2020 and 2021 Non-GAAP net income attributable to the Company's shareholders is defined as net income attributable to the Company's shareholders before impairment on investment in an affiliate.

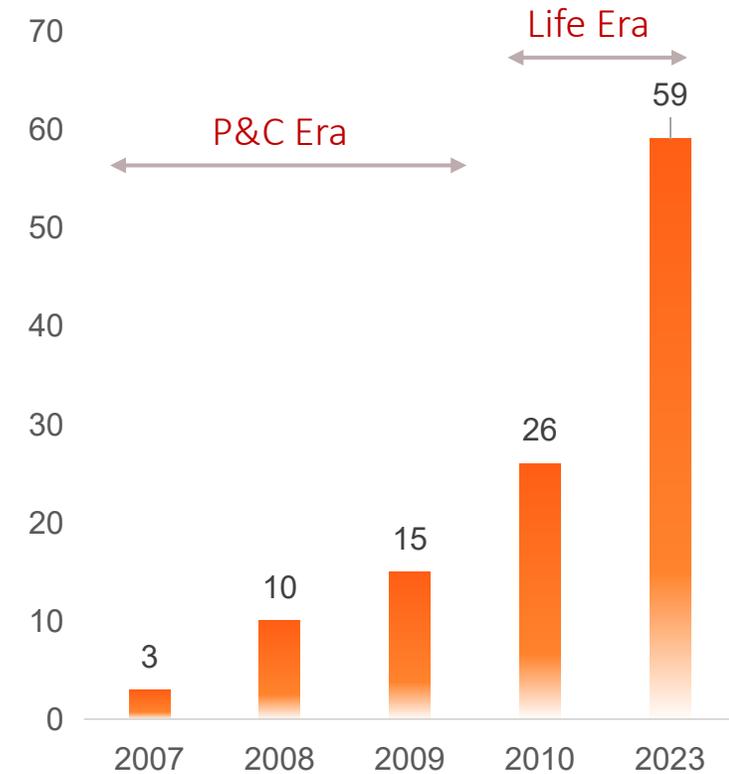
# Our Track Record with Partnerships and Acquisitions

## Top Life Insurance Partners by Revenue (2011-2023)

- Supplier mix getting more balanced and diversified in 2023
- Foreign JV insurer partners gaining shares from 15% to 28% in 2023 by FYP

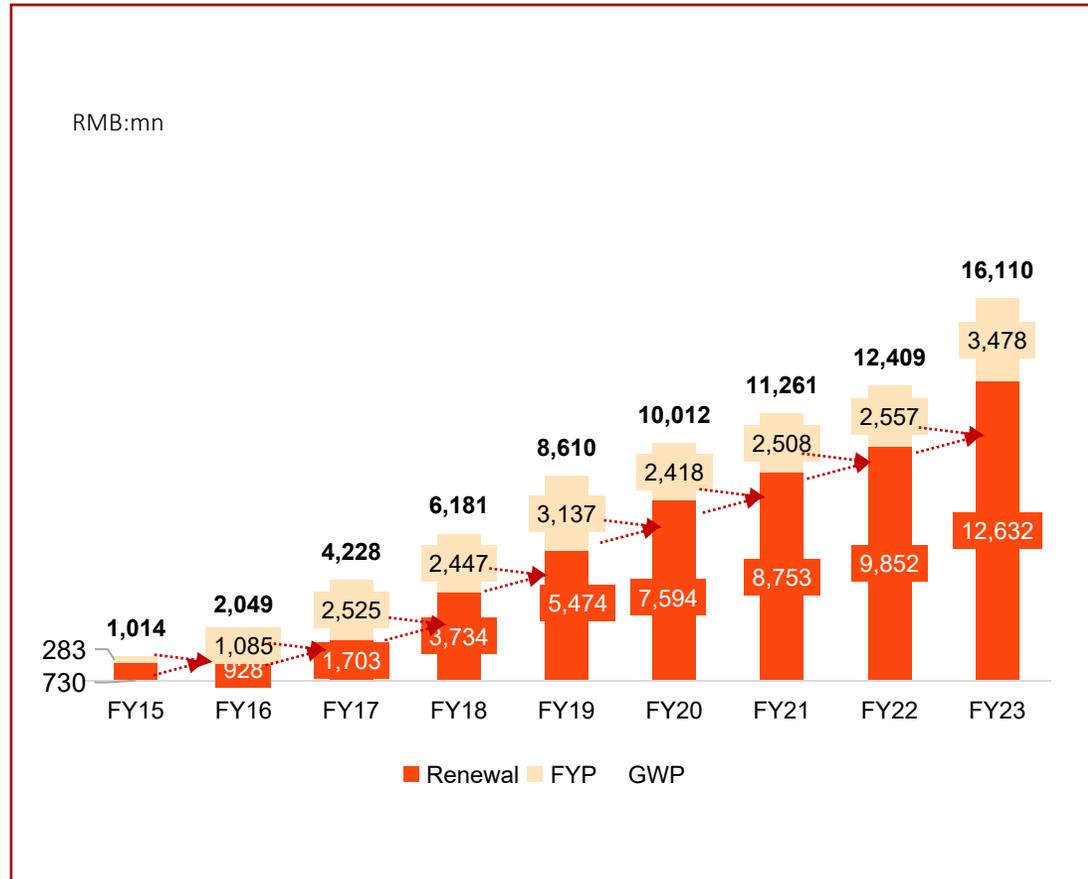


## Accumulated # of Acquisitions Since IPO

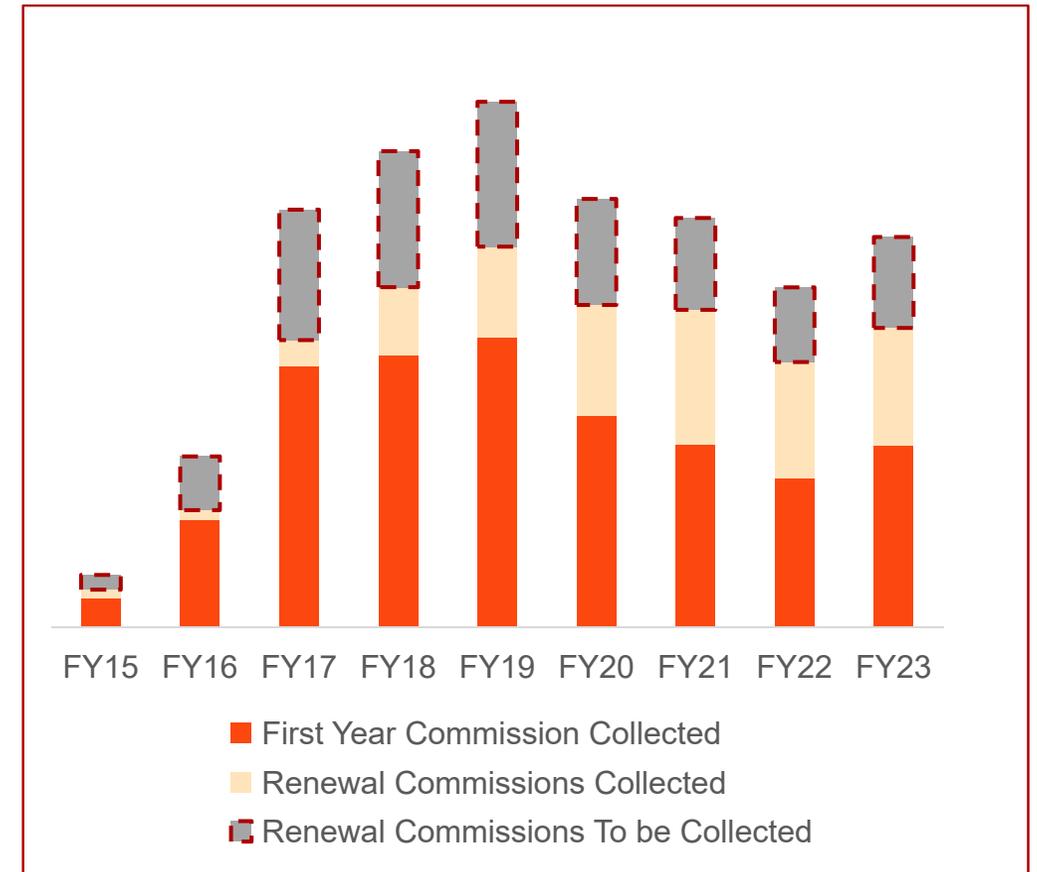


# High Visibility in Recurring Revenues

Compound Growth Effect of Renewal Premiums



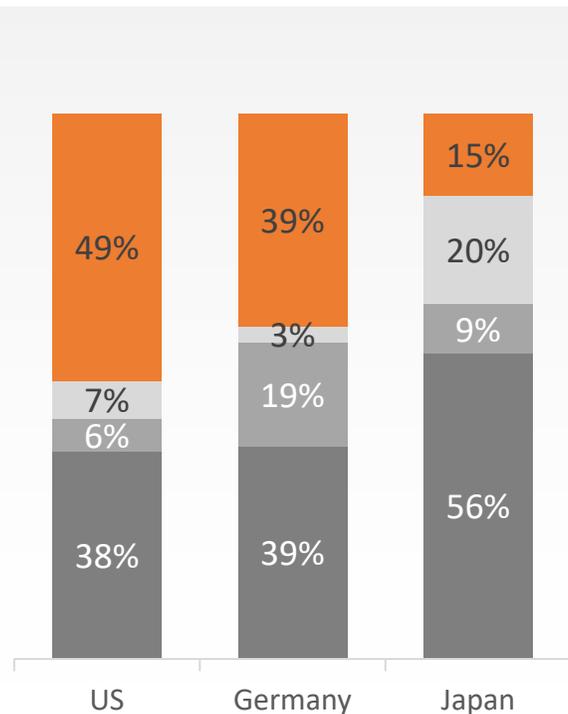
High Visibility in Recurring Revenues



# Huge Opportunities in China's Fast-growing Brokerage Channel in Life Insurance

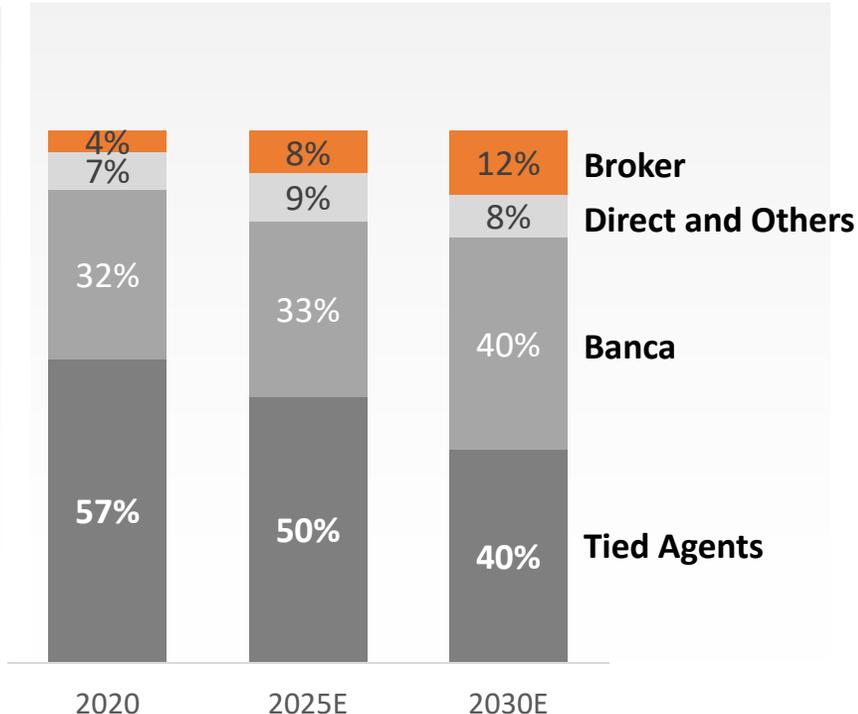
Brokers/agencies taking up substantial market share in developed markets

Premium Mix By Distribution Channel, 2020



Expected continued rapid growth of independent insurance intermediaries in China, with market share rising from 4% to 12%

Premium Mix by Distribution Channel, 2020-2030E, China



## Rapid growth driven by strong demand and supply

### Demand Side

- **Increasingly sophisticated customers**
  - Accumulation of private wealth
  - Rising insurance penetration
  - More complex and diversified insurance needs
  - Awareness to seek professional 3<sup>rd</sup> party advice
  - Calling for cost-effective solutions
- **Small and medium insurers' increasing reliance on brokerage**
  - Homogenous product offerings, limited resources and weak sales capabilities leading to increasing reliance on independent intermediary channel

### Supply Side

#### Expanding talent pool:

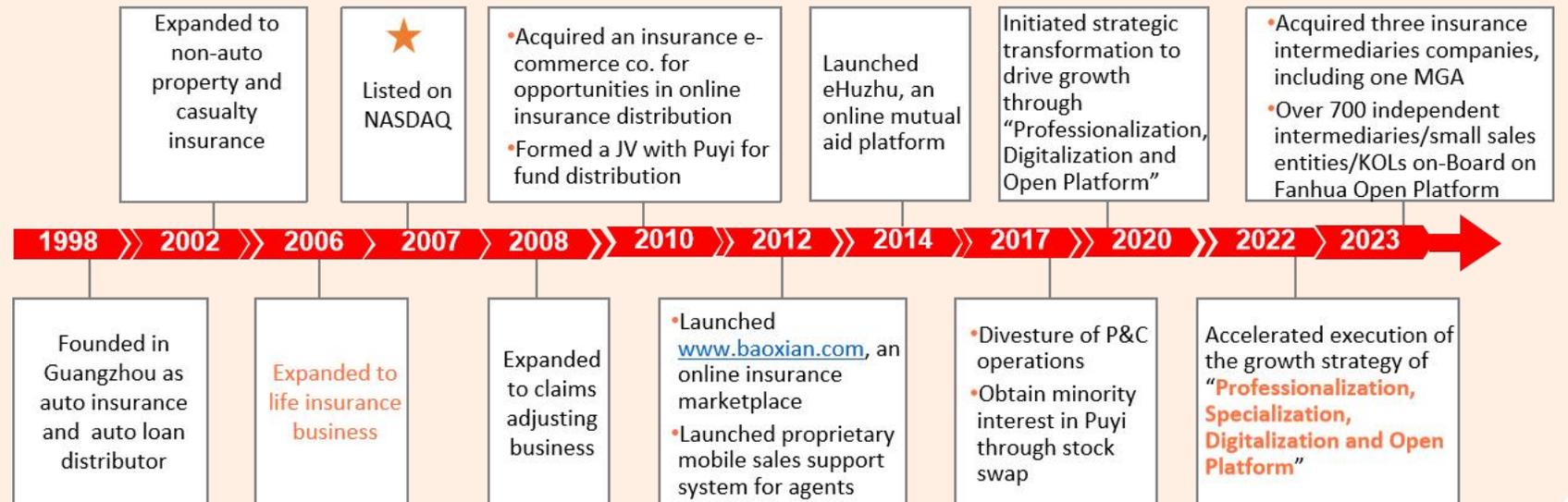
- Highly productive agents and professionals from FIs or other industries seek diverse career development opportunities, independent business models and higher compensation

## Our Key Success Factors

- ✓ Stability at Board level
- ✓ Stability at Management level
- ✓ Finding opportunities: consolidator in P&C and earliest to expand to life
- ✓ Identifying risks and adapting to change: divesture of P&C, investing in tech and creating platform

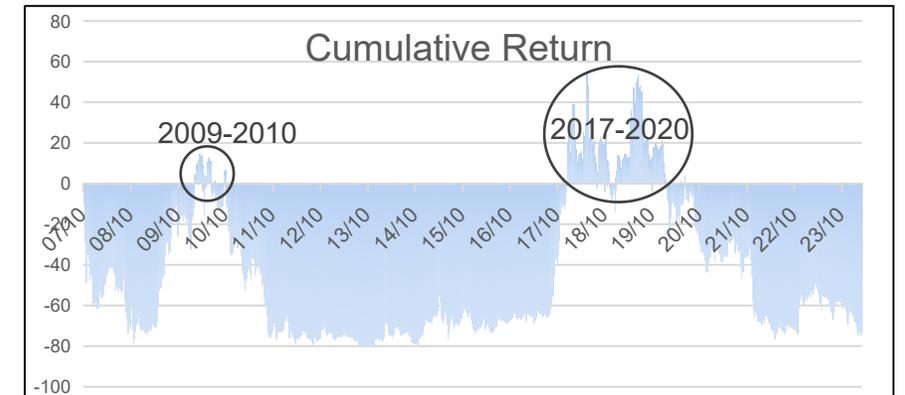
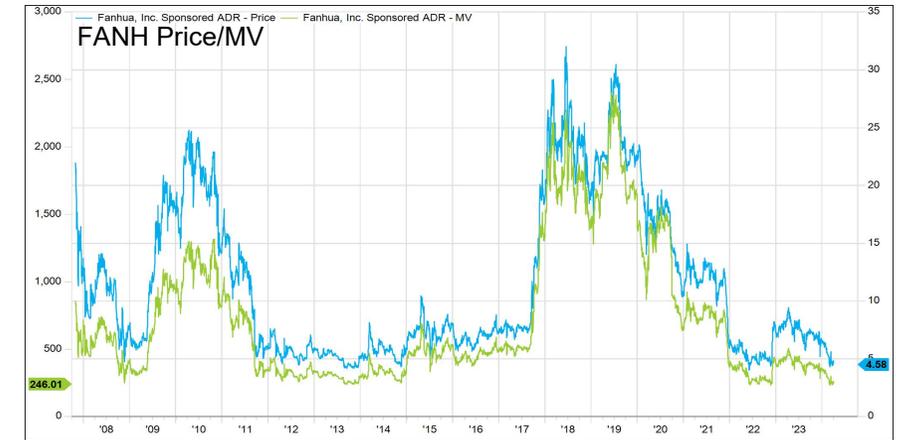
	Years of Service
<b>Senior Executives</b>	
Yinan Hu	25
Ben Lin	1
Peng Ge	25
Lichong Liu	17
Jun Li	15
Chao Kou	15
Lily Li	15
<b>Independent Directors</b>	
Allen Lueth	16
Mengbo Yin	15
Yunxiang Tang	11

### FANHUA's Key Milestones in the Past 25 Years



# Misconceptions and Lessons in the Capital Market

- Our business has been volatile because our industry is still young and constantly evolving.
- Our stock return has been poor due to the continued change of our business model as we adapt to industry changes and economic cycle.
- We were also under short-seller attack twice – both misleading and false accusations but exposed loopholes in our capital market work.
- We also had two take private attempts that did not materialize due to market environment changes.



## Our Vision:

# To Build a Leading Technology-driven Financial Service Platform

### Revamping the Traditional Model



#### Professionalization

- Captive advisors getting more "specialized, professional and elite", transforming from solely product advisors towards financial and wealth mgmt. advisors



#### Digitalization

- Developing various digital tools to enable advisors to enhance their productivity and service capability



#### Integration

- Leveraging comprehensive financial advantages to develop diversified insurance products and expand service offerings of "insurance+"

### Dual Growth Engines



### Building an Open Platform

- Develop an open platform to enable various types of insurance brokerages, sales organizations and individual agents:
  - **Lower IT and compliance costs** through a unified compliance structure and IT infrastructure
  - Providing **diversified product offerings**
  - Enabling agents' **digital transformation**
  - Offering professional training support, **assisting advisors in productivity and professionalism improvement**
  - Providing cash flow support and capitalization paths to **enhance liquidity**

# Our Future In China



Professionalism

Higher Quality Team



Quality Growth

More Financial  
Predictability



Platform Model

Diverse Source of  
Earnings

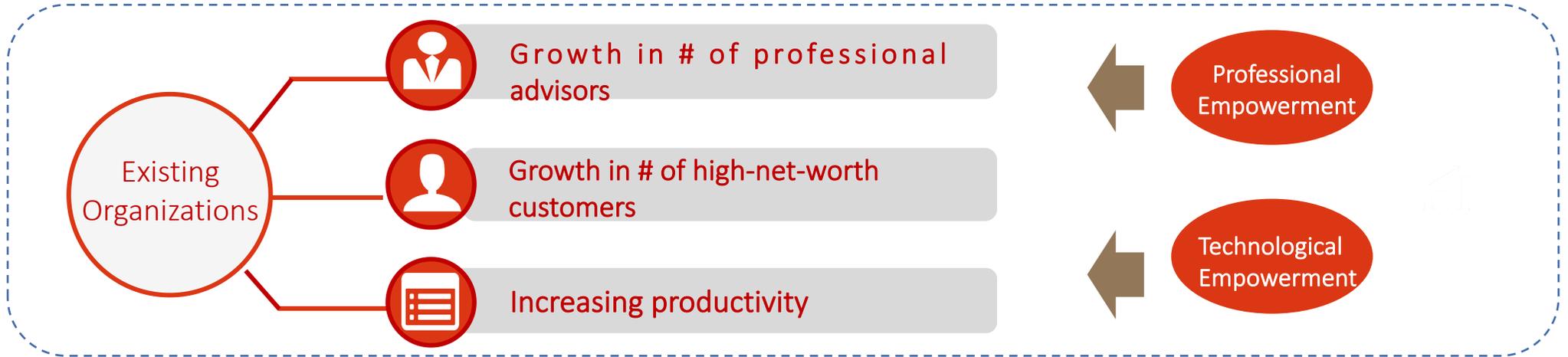


Consolidator

Increasing Scale and  
Pricing Power

# Dual Sources of Growth: Organic & Inorganic Growth

Organic

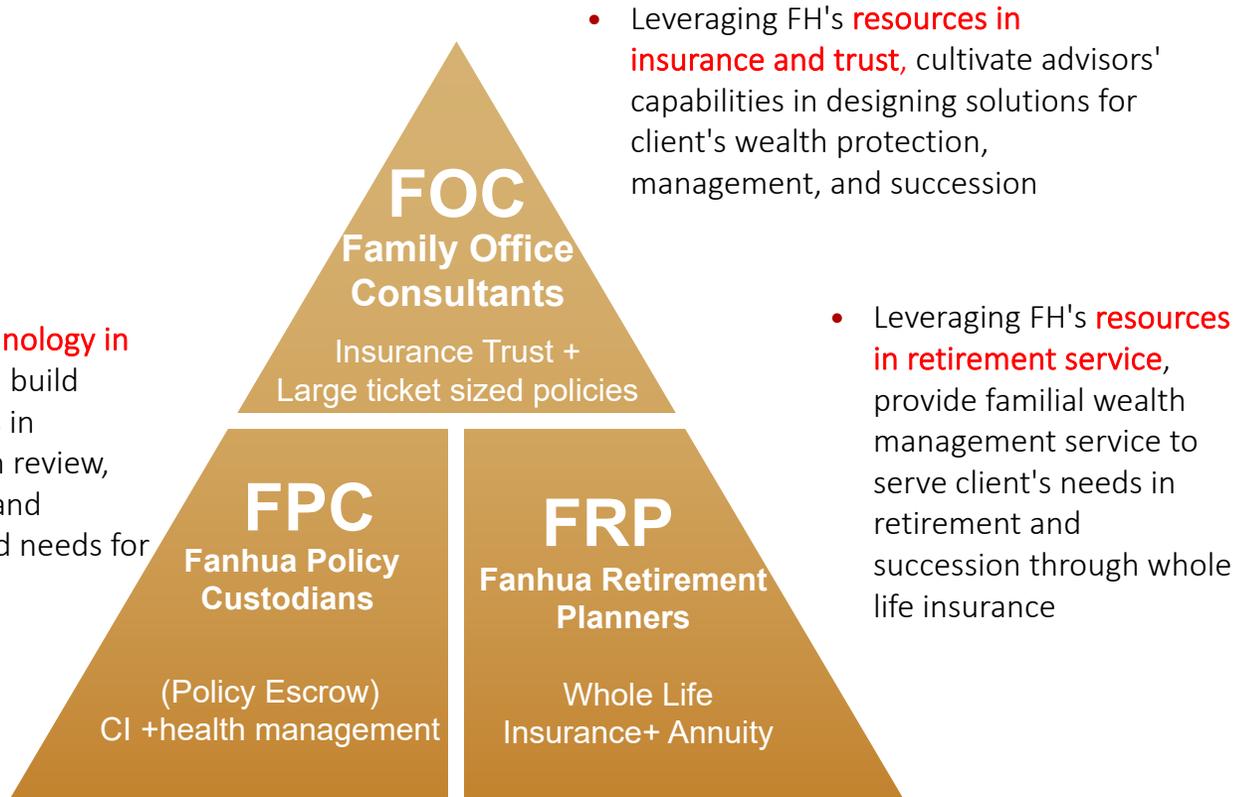


Inorganic

	Connected	Target	Addressable Markets
 <b>Open platform</b>	Fanhua Cloud Service	452	~750
	MGA	404	~800
 <b>Acquisition</b>	✓ Zhongrong Smart Finance		~2600 Intermediaries ~1500 Professional Sales Organizations <b>100 thousand+</b> KOLs or Micro & Small-Sales Organizations
	✓ Jilin Zhongji		
	✓ Hong Kong Pacific Concord		
	✓ South East Asia (In progress)	~20-30	

# What Are We Doing to Drive Quality Growth?

## 3F Training System



### FOC

- ✓ **450+ trusts cases**
- ✓ **Total asset value RMB 5.6 billion+**

### FRP

- ✓ **Approx. 1000 customers reserved long-term stays**
- ✓ **4000+ customers book for sojourns**

### FPC

- ✓ **Served 130,000+ policy trusteeship families**

\*FOC refers to Family Office Consultants, FRP refers to Fanhua Retirement Planner, FPC refers to Fanhua Policy Custodian

\*\*As of 31 December, 2023

# What Are We Doing to Drive Quality Growth?

## Diverse Insurance Products and Services ...

### Diverse Insurance Product & Service

#### Savings

- Whole life
- Annuity
- Endowment



#### Online products

- Medical
- Travel
- Accident
- Homeowner

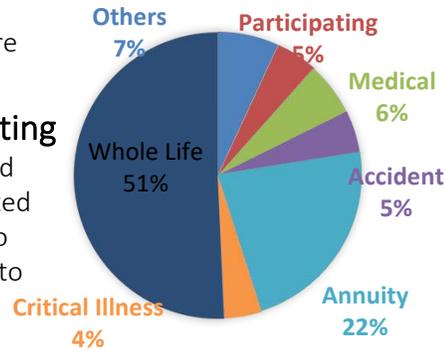
#### Protection

- Critical illness
- Term Life
- Long-term care

#### Claims Adjusting

- Life ins-related
- Auto-ins-related
- Marine & cargo
- Other non-auto P&C

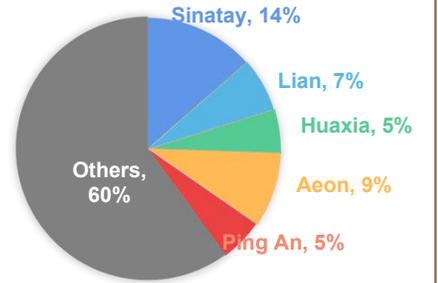
Product Mix  
(By FYP, 2023)



### Insurer Partners

- Insurers Partners under Agency Contract: ~50
  - No. of product types: 302
- Insurers Partners under Agency Contract: ~60
  - No. of product types: 450
- Insurers Partners For Claims Adjusting Bz: ~90

Top Five Underwriters  
(By revenue, 2023)



# What Are We Doing to Drive Quality Growth?

## Insurance and More...

### Policy Management

- **140** Insurance Companies
- **30,000+** Cumulative Products
- **130,000+** Managed Clients
- **630,000+** Managed Policies
- **30,000** Customers
- **¥ 540mn** Cumulative Premiums
- **72,000** Recorded Cases

### Trust Resources

- Collaborate with **50** insurance companies
- Work closely with **12** trust companies: CITIC, PingAn, Minmetals, BITIC, AVIC Intl., Yuecai, Zhejiang Financial, Xiamen Kunlun, Cathay Lujiazui
- A team of **18** family office advisor support personnel
- **System customer-side、 FOC member-side**
- **FANHUA PUYI Family Office**

### Health Care & Senior Care Facilities

- Cover elderly-care communities in **25 cities**
- **26** institutions & service centers
- **6** Collaborating institutions including Everbright Huichen, SDIC Health, etc.
- Diverse elderly-care lifestyles: home-based, travelling, nursing homes

### Medical & Health Care

- High Frequency Service: **2000+ per month**
- Health service member card, physical examinations, medical consultation
- Premium services: **534** customers
- Cell storage, High-end medical physical examinations
- HPV vaccines, experts services

### Education

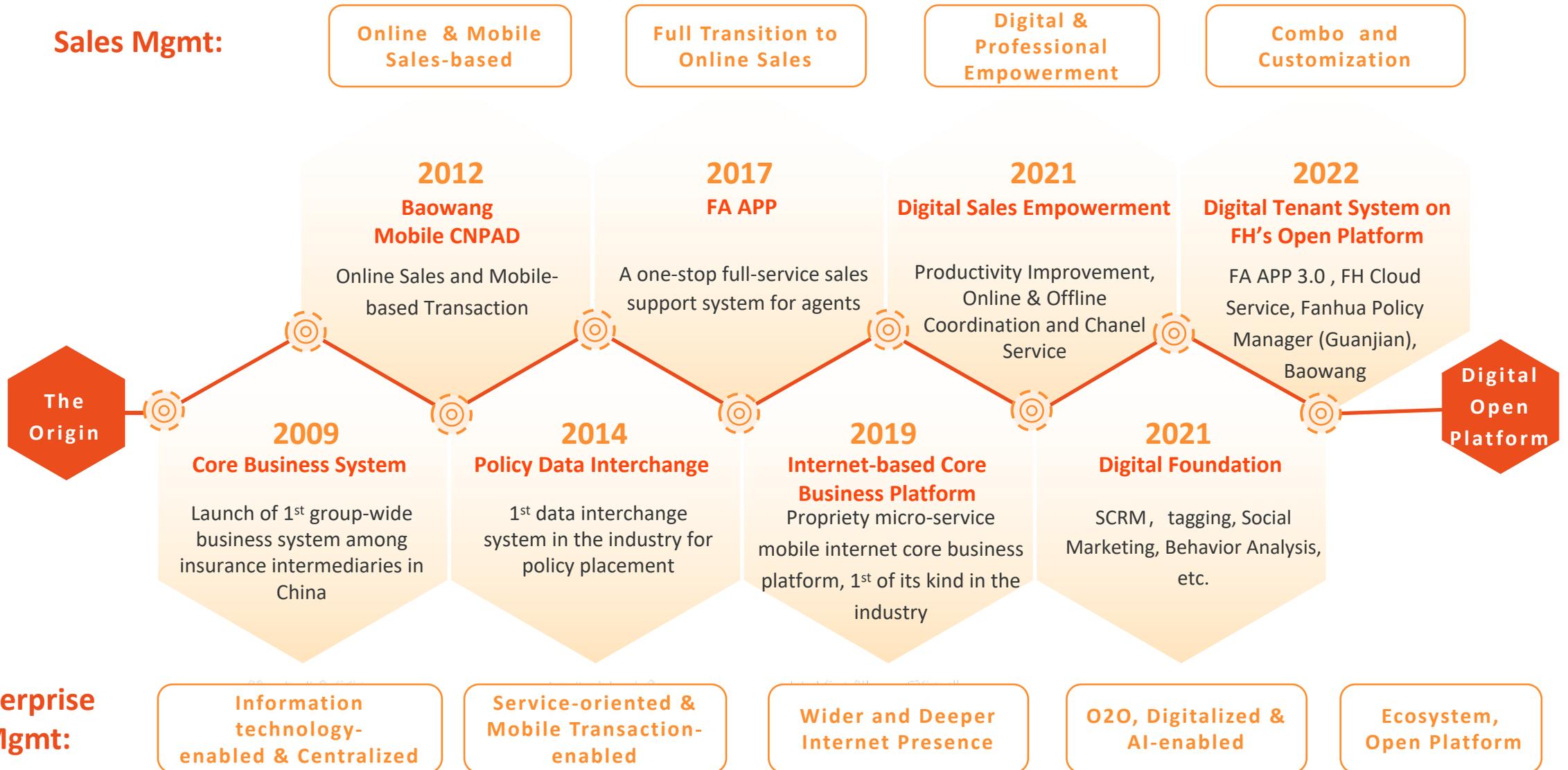
- Collaborate with **2** elite education institutions
- Meishiedu、 Dezhuedu
- Customized products with Meishiedu
  1. Global elite schools -- ACCP project
  2. Immigration planning -- children education, immigration planning, asset allocation

### Legal & Tax Services

- **6** contracted financial institutions: PwC, KPMG, Puyi Financial Center, Sinolink Securities, U&I Group, and KEDP
- Collaborate with **2** more law firms: Rayyin & Partners, Daijvn Lawfirm

# What Are We Doing to Drive Quality Growth?

## The Evolution of Our Digital Open Platform



# What Are We Doing to Drive Quality Growth?



FA APP

Fanhua Academy

FA APP

Digital Marketing Platform

FA APP

Customers' APP



- Digital recruiting
- Digital marketing
- Online application & approval

- Training courses
- Content creators
- Live broadcasting

- FA account mgmt.
- Real-time activity and performance tracking
- Agent account mgmt.

- Live broadcasting
- Campaign mgmt.
- Expert co-visiting
- Customer profiling
- Dashboard
- Avatar
- Intelligent Recommendation
- AI Assistant
- Material Generation
- Intelligent Marketing

- AI Proposal creation
- Product comparison
- Smart entry
- Smart underwriting
- Policy mgmt.

- Fanhua Academy
- Dedicated online FA assistant
- Policy mgmt.
- Policy Enquiry and Amendment
- Fast claims online

# What Are We Doing to Drive Quality Growth?

Strong Digital Ops Capabilities Facilitated by Mobile and Back-office Platforms

## 2A / 2B operations enabled by digital platforms



### 2A (Advisory)

Empower professional development

Advisors' APP(App/Mini program)

#### Advisor mgmt.

- Recruiting
- Training
- Promotion
- Organizational development
- Honor system

#### Customer mgmt.

- Acquisition
- Cultivation
- Conversion
- Up-sell/referral
- Servicing

#### Campaign mgmt

- Advisory
- Insurance brokerage
- Platform

#### Transaction

- Product operations
- Transaction support



### 2B (Business)

Empower broker ops management

Broker back-office platform(Desktop APP)

#### Onboarding

- Account creation, configuration, and switching

#### Regular service

- Notification, consultation, ticket mgmt.

#### Data service

- Reporting, dashboards, data analysis

#### BD support

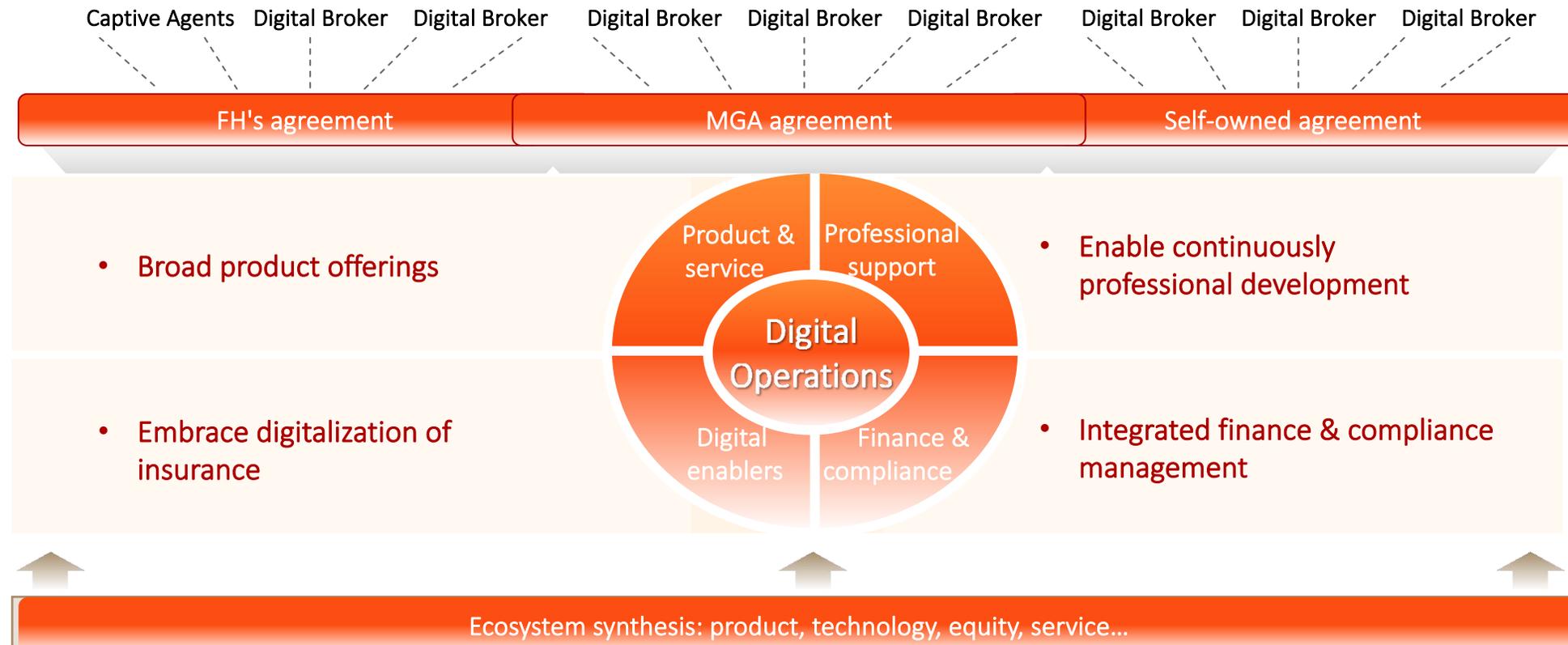
- Performance mgmt.
- Relationship mgmt.

**Digitalization, Artificial Intelligence**

# What Are We Doing to Drive Quality Growth?

## An Open Platform to Empower Independent Insurance Brokers and Advisors

- With our open platform, we seek to empower platform users by:
  - **Sharing** a unified compliance structure and IT infrastructure to drive efficiency and lower IT and compliance costs
  - Sharing deep and broad relationship with life insurers to provide the best exposure for all
  - Enabling agents' **digital transformation**
  - Sharing 25 years of accumulated experience and knowhow to **empower professional development**
  - Providing cash flow support and capitalization paths to **enhance liquidity and security**



# Pricing and Package Options

## Free Package

### What is included in the free package:

- All enterprise management-Oriented functions: designed to assist users to achieve more efficient and comprehensive internal control and operation management while keeping compliance with regulatory requirements for information management
- Internet-based core business management system
- Access to full-service for all products under FANHUA Agreements and MGA Agreements while In compliance with insurance regulations and risk control models
- Mobile frontend with basic digital application support

## Fee-based Package

### What is included in the fee-based package for self-signed contracts:

- Comprehensive services for online insurance enrollment support for selected products/insurers (certain additional features subject to charges as listed below)
- Various features on FANHUA digital operation platform including the feature supporting digital marketing
- Personalized 1-out-of N-choices of digital marketing sales suites
- A comprehensive frontend digital app framework and customer service platform.

### Pricing Terms

1. Online enrollment support for selected products from a selection of 4 out of our partnered insurance companies within the directory is offered at no cost, with an additional cost of RMB5,000 per insurer for additional insurer options within this directory and RMB20,000 per insurer for additional options outside the directory. For additional types of insurance products within the directory, there is an additional charge of RMB500, and for options outside the directory, the fee is RMB5,000 per product.
2. For data feedback service, a selection of 10 out of our partnered insurance companies are offered at no cost, with an additional charge of RMB2,000 per insurer for additional options within this directory and RMB5,000 per insurer for additional options outside the directory.
3. For Smart Double-Recording System Service, a selection of 4 out of our partnered insurance companies are offered at no charge, with an additional charge of RMB2,000 per insurer for additional options within the directory and RMB5,000 per insurer for additional options outside the directory.
4. The service fee is charged at 2%\*the industry-standard APE and 0.2%\*the total renewal premium in the current year, capped at RMB1 mn per year for tenants facilitating at least RMB5 mn APE using self-signed contracts
5. Out of our wide selection of digital toolkits, one is offered free of charge with an additional RMB50,000 per additional toolkit per year. Customized reports is ¥ 500 per report.
6. Annual service fee deduction: the platform fee can be offset by facilitating premiums under FANHUA agreements or MGA agreements. The offset amount shall not exceed the platform fee. Calculation: Offset Amount = 2%\*industry-standard APE+ 0.2%\*total renewal premium in the current year.

¥ 5-200,000/year  
 Less than 1,000 agents - ¥ 50,000/year  
 1,000-5,000 agents - ¥ 100,000/year  
 5,000-10,000 agents - ¥ 150,000/year  
 10,000-20,000 agents - ¥ 200,000/year  
 Over 20,000 agents - specialized value-added services

## Value-added Services

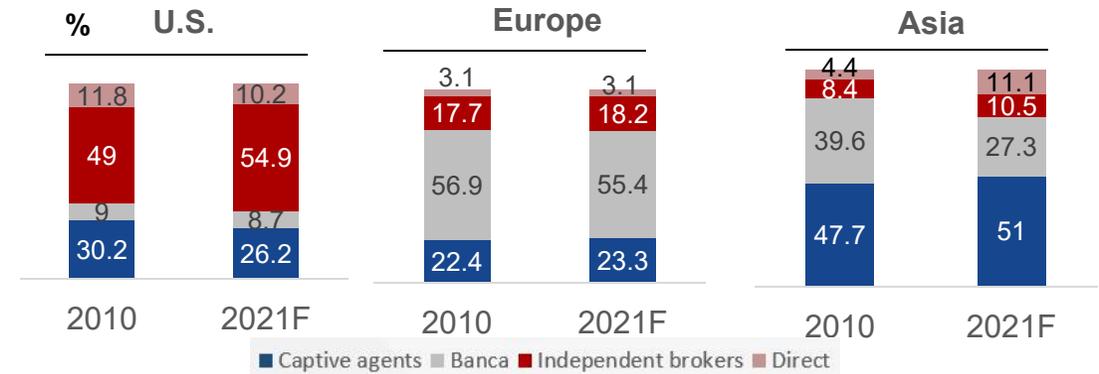
1. Application and onboarding services for tailored apps (requiring regulatory licenses and cybersecurity certifications).
2. Enable tenants to foster subordinate channels through access to B2B functions
3. Personalized “Basic Law” customization, supporting commission sharing and custom algorithms (cross-level, cross-business, tiered types).
4. VIP Green Channel Services (premium IT support, communication with insurance companies, work orders efficiency and service groups).
5. Consultation services for digital solutions and capacity enhancement (digital customer management, online and telesales, online traffic, honor systems, 3F trainings, etc.).
6. Integrated third-party services and online services (SMS, facial recognition, ID card and bank card recognition, customer tagging, explanatory screen-sharing traffic, etc.).

# Our Plan to Expand in Hong Kong And SEA

## Growth Opportunities + Replicable Platform Model

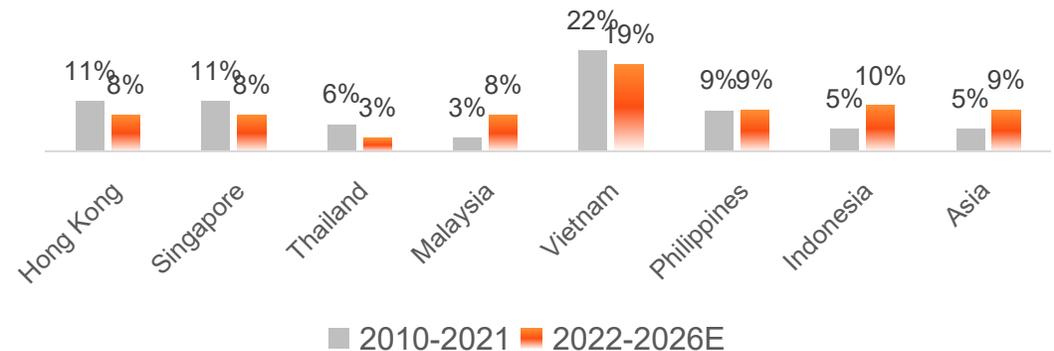
- ❖ Hong Kong's insurance market reaching HKD600B by GWP, making it one of the most important insurance markets in Asia-Pacific. with amiable size and huge potential
- ❖ Enormous potential in life insurance in Southeast Asian market, with markets like Singapore having sales models similar to China.
- ❖ Market share shifting from direct to independent insurance intermediary channel, driven by With technological development, tightening regulation, and consumers' demand for more choices

### Independent brokerage channel gaining shares in life insurance markets in U.S, Europe, and Asia over the past decade



Data source: McKinsey's global insurance report (2023)

### Southeast Asian life insurance market expected to maintain steady growth over 2022-2026 (by GWP)

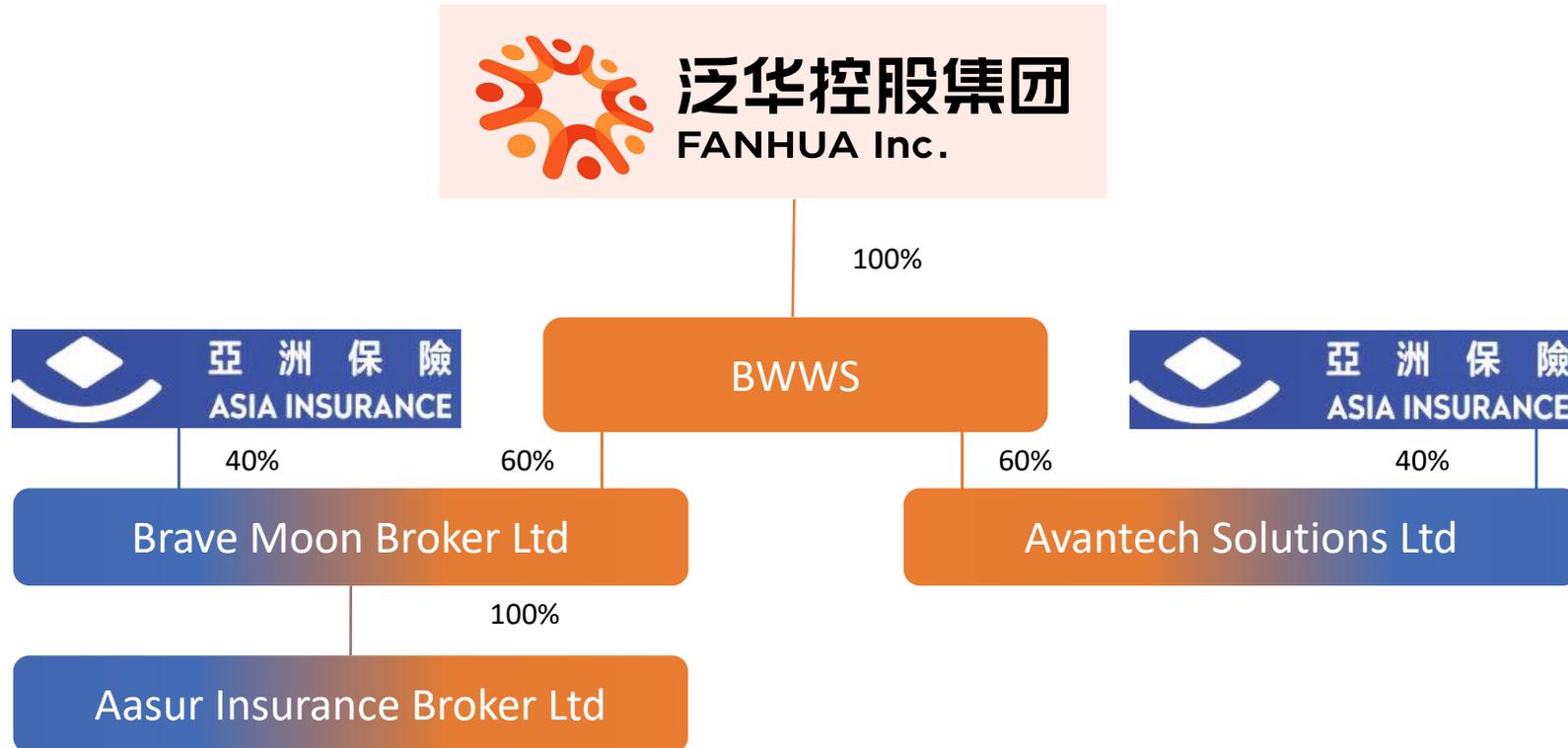


Data source: JP Morgan Research: Asian Market Strategies 2023

# International Expansion – A New Pillar to Our Growth Strategy

## Strategic Partnership with Asia Insurance on JV

- FANHUA formed two subsidiaries with a 60% ownership stake in each with Asia Insurance.
  - A life insurance brokerage company – Aasur Insurance Broker limited** - aiming at exploring Hong Kong insurance business.
  - An insurance technology company – Avantech Solutions Limited** - aiming at implementing FANHUA's IT platform strategy in Hong Kong and the rest of Asia and promoting IT development for Hong Kong insurance industry with Asia Insurance.



# Dedicated Management Team With Successful Track Record



**Yinan Hu**

## Vice Chairman & Chief Executive Officer

- ◆ Founder of Fanhua Inc.
- ◆ Insurance veteran, with over 25 years of experience in the financial service industry
- ◆ Prior to founding Fanhua, served as an instructor of money and banking at GIMFT
- ◆ Master of Economics, SUFE
- ◆ **“The 60 Greatest Insurance Leaders in 60 Years of New China’s History”, “The 40 Greatest Insurance Leaders in 40 Years of Chinese Insurance Industry’s History”**



**Ben Lin**

## Director & Chief Strategy Officer

- ◆ Over 18 years of experience in the financial service industry and extensive knowledge of global insurance market
- ◆ Prior to joining FH in July 2023, Ben previously worked at Capital Group as an Investment Analyst covering Asia insurance and industrials and Managing Director at Morgan Stanley with responsibility over China internet and Asia Insurance.
- ◆ **Trained Actuary & Master of Commerce, Macquarie University Sydney**



**Peng Ge**

## Founding Team Member, Director & Chief Financial Officer

- ◆ Over 25 years of experience in the financial service industry
- ◆ Joined Fanhua in 1998, previously served as vice president, and general manager of finance and accounting of Fanhua, and general manager of Fanhua Beijing Branch, prior to which he served as a financial manager at a subsidiary of China National Native Produce and Animal By-Products Import & Export Corporation
- ◆ MBA, UIBE



**Lichong Liu**

## Chief Operating Officer

- ◆ Over 25 decades of experience in China’s insurance industry
- ◆ Joined Fanhua in 2006, previously served as VP of FH’s life insurance unit, chairman and CEO of FH sales and service unit and GM of FH’s Hebei and Shandong branches.
- ◆ Previously GM of provincial branches of Ping An Life, Taikang Life and NCL.
- ◆ Bachelor of Finance, RUC; Master of Advanced Business Administration, Business School of HKUST



**Jun Li**

## Chief Digital Officer

- ◆ Joined Fanhua in 2008, previously served as CTO of Fanhua Insurance Group Company and Baowang, Head of Fanhua Information Technology Depart. and Director of Information Center
- ◆ Previously worked at China Life and Aviva-Cofco as head of technology.
- ◆ Master of Computer Application, Wuhan University; senior engineer, system analyst, and Certified Database Tuning Expert.

# Board of Directors With Diverse Backgrounds



**Peh Chin Hua**

## Chairman

- ◆ Joined the Board as the Chairman of FANHUA since February 2024
- ◆ Founder, Executive Chairman and President of the Singapore White Group Pte. Ltd., Chairman of the US Investment Fund Group
- ◆ Formerly Managing Director of the Shinglee Book Holdings, the founder and Executive Chairman of Dragonland Group, the Vice Chairman of TFC Bank Holdings in the US and the Chairman of NTUC Seacare Holding Ltd.
- ◆ Former Member of Parliament in Singapore, contributed to Singapore's social and political service for 29 years, and was awarded National Day Public Service Medal
- ◆ EMBA, National University of Singapore



**Yinan Hu**

## Vice Chairman & Chief Executive Officer

- ◆ Founder of Fanhua Inc.
- ◆ Insurance veteran, with over 25 years of experience in the financial service industry
- ◆ Prior to founding Fanhua, served as an instructor of money and banking at GIMFT
- ◆ Master of economics, SUFE
- ◆ “The 60 Greatest Insurance Leaders in 60 Years of New China’s History”, “The 40 Greatest Insurance Leaders in 40 Years of Chinese Insurance Industry’s History”



**Ben Lin**

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**Peng Ge**

## Director, Chief Financial Officer

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- ◆ MBA, UIBE



**Allen Lueth**

## Independent Director, Chairperson of the Audit Committee of the Board

- Independent director of Fanhua since 2007
- CEO of Great Leap Brewery. Previously served as president and CFO of International Institute of Education Group, CFO for Asia-Pacific region and a vice president of finance for the PRC region for Cardinal Health, CFO and CEO for the Taiwan operations, and the representative for China of GE Capital
- Bachelor in accounting, the University of Minnesota; MBA, the J.L. Kellogg School of Management



**Yunxiang Tang**

## Independent Director, Chairperson of the Compensation Committee of the Board

- Senior economist
- Independent director of Fanhua since 2012
- Previously served as assistant governor of the PBOC, head of the PBOC Guangdong Branch, chief of State Administration of Foreign Exchange, Guangdong Branch, vice chairman of the CIRC, president of Insurance Association of China, chairman of the Board of Directors and general manager of the PICC



**Mengbo Yin**

## Independent Director, Chairperson of the Nominating and Governance Committee

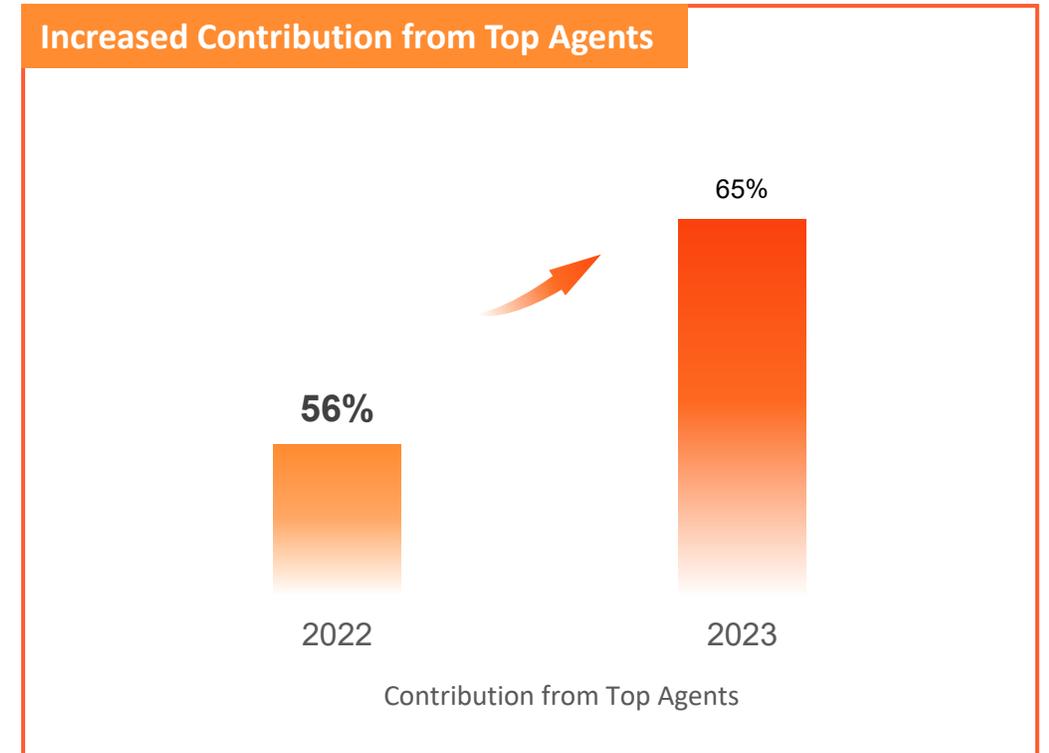
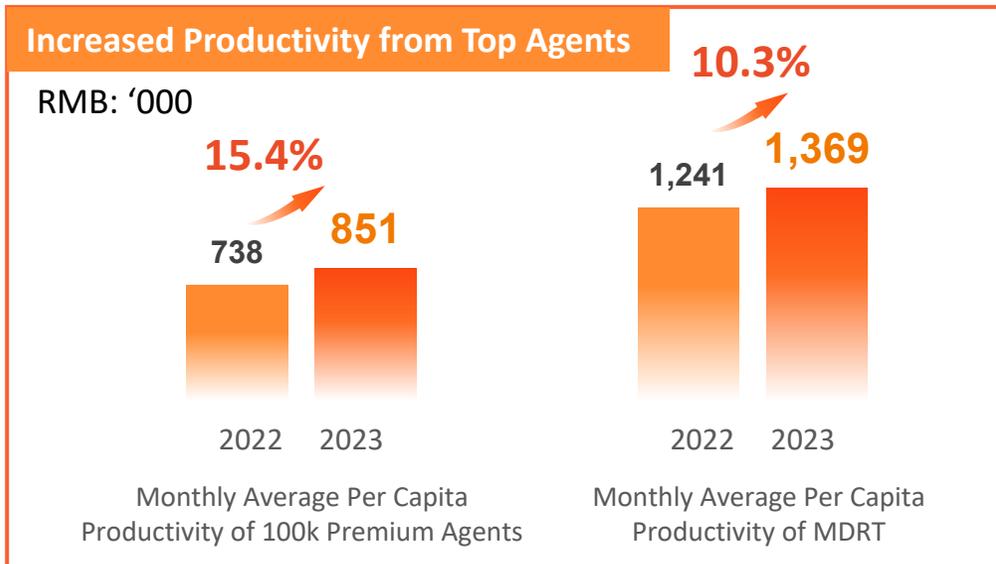
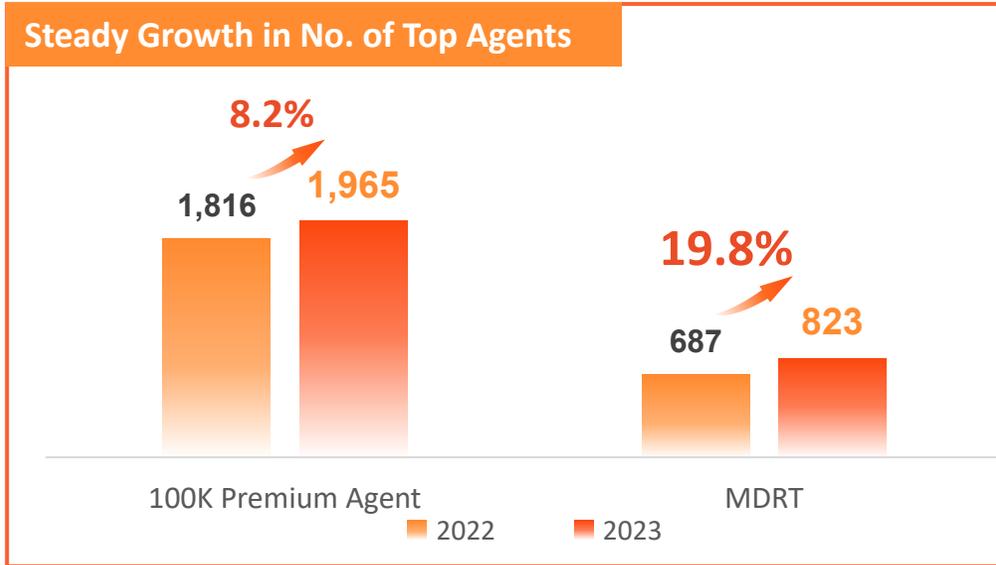
- Independent director since September 2008
- PhD advisor at SUFE, head of SUFE's postgraduate department. Previously served as dean of SUFE's school of finance
- Master's and PhD in finance, SUFE



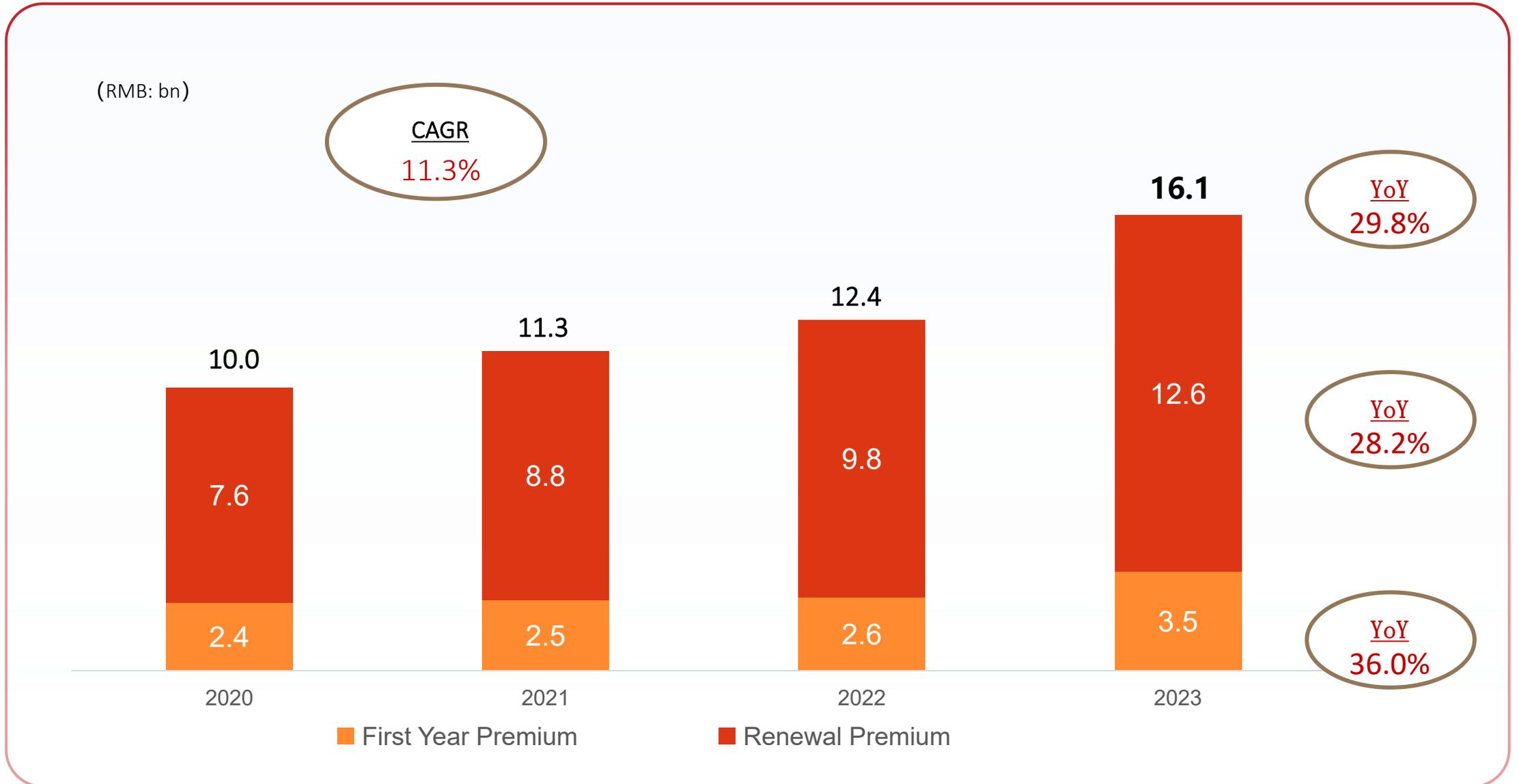
# **Strategic Highlights in 2023**



# Significant Improvement in Agent Quality and Productivity



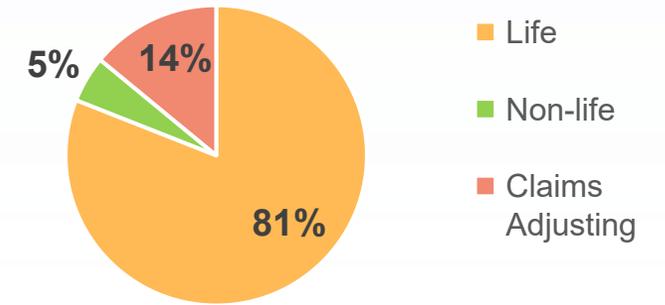
# Solid Growth of FH Life Insurance Business, Outpacing Industry



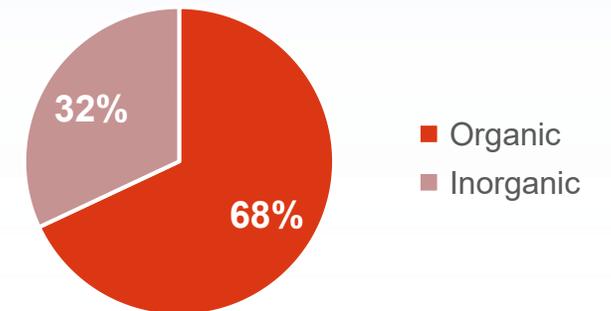
# Solid Growth in Net Revenues



**2023 Revenue Breakdown**  
(By Segment)



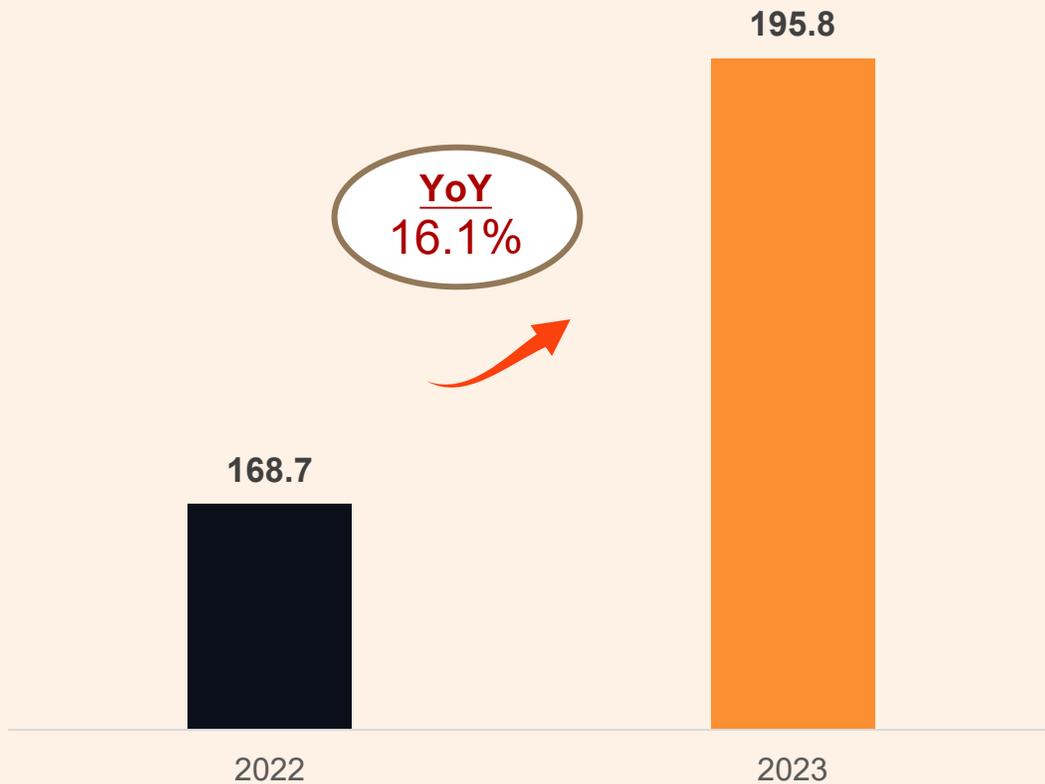
**2023 Revenue Breakdown**  
(By Source of Revenue)



# Significant Economies of Scale and Operational Efficiency Improvement Brought by Digital and Open Platform Strategies

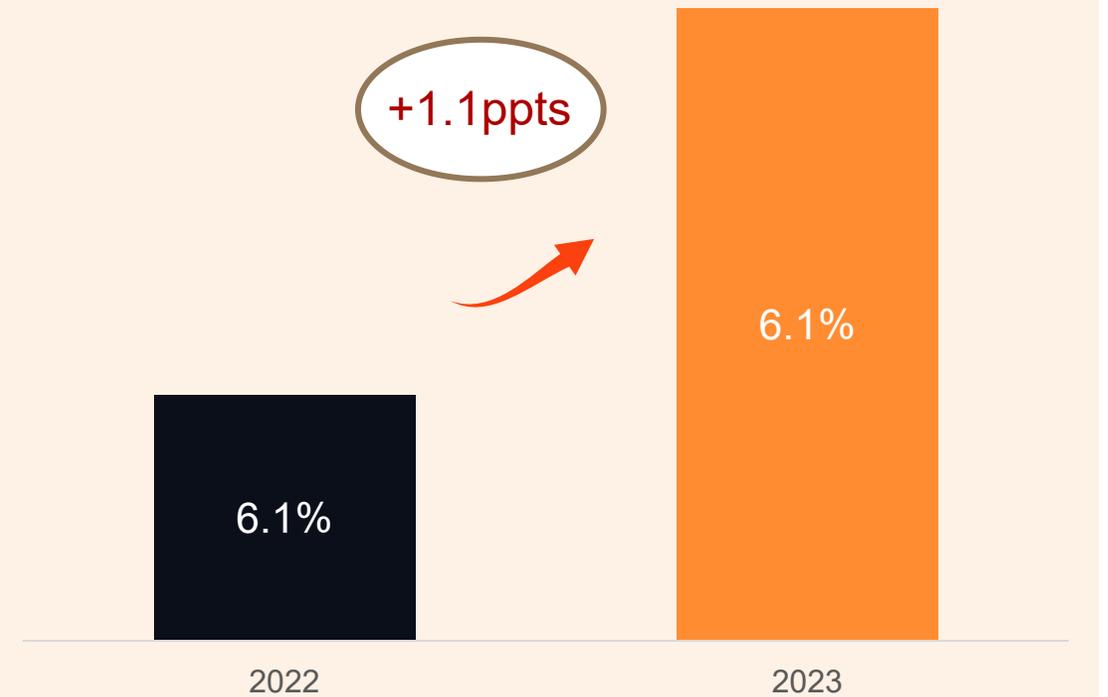
## Steady Growth of Operating Income

(RMB: mn)



## Improvement in Operating Margin

(due to effective cost control and operational efficiency improvement from digital strategy)



\*Operating margin refers to the percentage of operating income plus share-based compensation expenses and amortization of intangible asset recognized in subsidiaries acquisition, divided by total revenue.

Thank you!