



September 18, 2017

Fanhua Announces Change of Chairman of the Board

GUANGZHOU, China, Sept. 18, 2017 (GLOBE NEWSWIRE) -- Fanhua Inc. (Nasdaq:FANH) (the "Company" or "Fanhua"), a leading independent online-to-offline financial services provider operating in China, today announced that, with effect from September 18, 2017, Mr. Chunlin Wang ("Mr. Wang"), chief executive officer and director of the Company, has been appointed by the Company's board of directors (the "Board") to be its chairman, filling the vacancy left by the resignation of Mr. Yinan Hu ("Mr. Hu"), the former chairman of the Board. Mr. Hu has informed us that his resignation is due to personal reasons, though he will remain a director of the Company.

Mr. Hu is one of the co-founders of Fanhua and had been Chairman of the Board since 1998. He was also the CEO of Fanhua between 1998 and 2011.

Mr. Wang joined Fanhua in 1998. He has served as the CEO of Fanhua since October 2011 and as one of its executive directors since March 2016.

Commenting on the change, Mr. Hu stated, "I am glad that Fanhua has established an effective business model over its 20 years of development and that Fanhua has now embarked on a journey of sustainable profitability. The management team headed by Mr. Wang has also aptly demonstrated their business sophistication. I am convinced that Mr. Wang is fully capable of leading the Company through a new stage of development as the Chairman of the Board and CEO of the Company.

Mr. Wang stated, "On behalf of the Board, I'd like to thank Mr. Hu for his tremendous contributions to Fanhua. Mr. Hu's great vision and insights have guided Fanhua to pinpoint market opportunities amid industry transformations, which culminated in its rise to leadership in the insurance intermediary industry. My thanks also go to Mr. Hu and the rest of the Board for their trust and support. I will try my best to live up to the expectations that Fanhua's shareholders have placed in us. I will work to the best of my ability to realize the goal of propelling Fanhua to become one of the world's top insurance intermediaries."

A Letter To Shareholders

By Chunlin Wang

Dear Shareholders:

Twenty years ago, in the state-monopolized financial services industry in China, Fanhua was born in Guangzhou, the forefront of the storied Chinese economic reform. It is hard to imagine all the dreams and hopes, fame and triumphs as well as struggles and misunderstandings, trials and hardships that Fanhua has experienced on this journey. It was even harder to imagine then that Fanhua would be able to achieve its current market position as one of the top insurance intermediaries in China and Asia and one of the top 20 globally¹.

I would like to express our deepest gratitude to the founders of Fanhua, Mr. Yinan Hu and Mr. Qiuping Lai. It is their professionalism and perseverance, their wisdom and discipline and their fairness and conviction that led many through their challenges. Their courage in time of failure, their steadfastness in the face of turmoil have guided Fanhua into an age of growth and prosperity twenty years later. Fanhua's tried-and-true growth model entails: central focus on building its sales force, targeting growth in life insurance, enhancing its market competence by offering a wide spectrum of financial products and services and best-in-class technology, fostering entrepreneurship systems and helping individual sales agents and sales team leaders to achieve the highest income in the industry, which we believe are the keys to achieving the Company's goal to become an enterprise with more than RMB100 billion in annual insurance premiums generated.

The success of Fanhua's growth model is built on investment in lessons learned from many failed business models over twenty years. It has developed into an unprecedented model that is uniquely suitable for the Chinese insurance industry, for the Chinese marketplace, for Chinese culture and for individuals. If Fanhua's history of development can be analogous to a magnificent symphony, then the growth model would be its cadenza.

According to the Chinese government's "two one-hundred year" goals, China will become a prosperous society in which all people will be lifted out of poverty by 2020. By the middle of this century, Chinese GDP will reach the level of medium-developed nations and achieve modernization. Currently, there are more than 1 billion people living in developed countries in the world, which implies that within the next thirty years, more than half of the population in developed countries will reside in China. It also implies that China will become the largest economic power in the world. It is only natural that the Chinese insurance market will also be the largest insurance market in the world. Consequently, the largest insurance companies and insurance intermediaries will also be Chinese companies. However, China's life insurance market and asset management market are only on the cusp of potentially explosive growth. This is evidenced by the exponential growth in Fanhua's own life insurance business in the last two years. Moreover, Fanhua's ability to attract the best talent in the industry by leveraging its support platform also bears witness to the nascent development stage of China's insurance service industry.

Ten years ago, Mr. Yinan Hu, then chairman of the board, shared his vision of Fanhua's future, "What kind of company will Fanhua become in the future? It will definitely not be a company that only cares about making money. It will be a company with social responsibilities, with clear values and with great aspirations; it will be a company that is admired for its moral standards; it will be a company that is committed to satisfying customers' needs throughout their life cycle; it will be a company that grows with its employees and partners; and it will be a company with humility, dedication, kindness and love."

After twenty years of exploration and the accumulation of experiences, on the strength of Mr. Hu and Mr. Lai's operating principles, Fanhua has started on the road to high growth, sustained profitability and cash generation. Mr. Hu and Mr. Lai's corporate values and corporate culture have become the foundation and motivation of Fanhua's future growth. In this pivotal moment, Mr. Hu has chosen to step down as the chairman of the board and hand the baton to me and the Fanhua management team. I deeply appreciate his foresight and wisdom. I am also grateful for his faith and trust in me and the management team.

We also want to thank Mr. Paul Wolansky and Mr. Hermann Leung from the Cathay Funds, Mr. Shangzhi Wu and Ms. Xiaojun Shang from CDH, for your continued support of Fanhua through difficult periods in which the market tended to misunderstand our business and also for your strong support and trust in the management team. After 16 years, Mr. Wolansky and Mr. Leung still remain as our major shareholders. Without your trust and support, Fanhua would not be able to achieve what it has accomplished today. Today, Fanhua has established a well-proven growth model and is able to show great potential for profitability and sustained operating cash flow. On behalf of all of us from Fanhua, our highest respect to you all!

I joined Fanhua at its founding, starting as a low-level employee and progressing one step at a time to reach my current position. I've witnessed the massive transformation of China's insurance intermediary industry. It has been the story of the birth of insurance intermediaries in China, a journey from chaos to order. I've also witnessed some market participants' transformation from hope to despair, from success to failure. However, I've never been as confident as I am today that, if China is to produce the largest insurance intermediary company in the world, it will be Fanhua! I will lead Fanhua's management team to develop, refine and adhere to our profit, operating and growth models, leveraging the biggest economic entity in the world and targeting the largest middle-class population. I am confident that we will build Fanhua into one of the leading insurance sales and services companies in the world in the next 10 years. Concurrently, Fanhua will team with the best international partners to build the world's best risk management and risk diversification capabilities.

Fanhua will continue to invest in its support platform to provide sales training, product development, and digital sales support tools to millions of sale agents in the industry. Fanhua will work alongside the "entrepreneur" sales representatives to provide highly personalized services to tens of millions of existing and prospective customers. I will remain dedicated to fulfilling Fanhua's mission of "assisting entrepreneurs to achieve their dreams of wealth and helping all families to achieve financial independence." I will further strengthen Fanhua's value system of "down-to-earth spirit, inclusiveness, sharing and excellence." Fanhua will be a haven for entrepreneurs and Fanhua's entrepreneurs will represent the best in the industry and be the most respected by society.

Foresight and innovation, knowledge and technology, products and services are the core competitiveness of Fanhua. Together with my team, I will continue to stick to our asset-light and cashflow-focused business philosophy. We will strive to achieve steady growth and sustained profitability and to distribute dividends quarterly while providing long term returns to our shareholders.

I am acutely aware that achieving excellence is not a given. It requires constant efforts with no shortcuts or capitulation. The process is grueling and it is not for the faint-hearted or those who prefer leisure over hardwork or only chase fame and fortune. It is for those who take risks, who innovate, who are dedicated and work hard. I am prepared! My team and I will lead Fanhua forward for our dreams, our responsibility and our future!

About Fanhua Inc.

Fanhua Inc., formerly known as CNinsure Inc., is a leading independent online-to-offline financial services provider. Through our online platforms and offline sales and service network, we offer a wide variety of financial products and services provided by over 90 insurance companies to individuals and businesses, including property and casualty and life insurance products. We also provide insurance claims adjusting services, such as damage assessments, surveys, authentications and loss estimations, as well as value-added services, such as emergency vehicle roadside assistance.

Our online platforms include (1) Baoxian.com, a consumer-oriented online entry portal for comparing and purchasing hundreds of health, accident, travel and homeowner insurance products provided by over 30 insurance companies; (2) CNpad App, a mobile sales support application that helps insurance agents provide real-time quotations and online transactions of a wide spectrum of auto insurance, life insurance and wealth management products to customers; and (3) eHuzhu (www.ehuzhu.com), a non-profit online mutual aid platform in China.

Our offline insurance distribution and service networks cover 29 provinces across China, including most economically developed cities and regions in China.

Forward-looking Statements

This press release contains statements of a forward-looking nature. These statements, including the statements relating to the Company's future financial and operating results, are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will," "expects," "believes," "anticipates," "intends," "estimates" and similar statements. Among other things, management's quotations and the Business Outlook section contain forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about Fanhua and the industry. Potential risks and uncertainties include, but are not limited to, Fanhua's ability to attract and retain key personnel and productive agents, its ability to maintain existing and develop new business relationships with insurance companies, its ability to execute its growth strategy, its ability to adapt to the evolving regulatory environment in the Chinese insurance industry, its ability to compete effectively against its competitors, quarterly variations in its operating results caused by factors beyond its control and macroeconomic conditions in China and their potential impact on the sales of insurance products. All information provided in this press release is as of the date hereof, and Fanhua undertakes no obligation to update any forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although Fanhua believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that its expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results. Further information regarding risks and uncertainties faced by Fanhua is included in Fanhua's filings with the U.S. Securities and Exchange Commission, including its annual report on Form 20-F.

For more information about Fanhua Inc., please visit <http://ir.fanhuaholdings.com/>.

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¹ According to the Top 20 Global Insurance Brokers Ranked by 2015 Total Revenues presented by Best's Review, A. M. Best's insurance news magazine.



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