



Fanhua Inc.

(Nasdaq: FANH)

Disclaimer

This presentation does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire securities of Fanhua Inc. ("Fanhua" or the "Company", formerly known as "CNinsure Inc.") in any jurisdiction or an inducement to enter into investment activity, nor may it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Specifically, this presentation does not constitute a "prospectus" within the meaning of the U.S. Securities Act of 1933, as amended. Any decision to purchase securities in the proposed offering should be made solely on the basis of the information contained in the statutory prospectus in due course in relation to the proposed offering.

This presentation has been prepared by the Company solely for use at investor meetings. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. None of the Company or any of its affiliates, advisors or representatives will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation. The company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes.

This presentation contains statements of a forward-looking nature. These statements which are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995, include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. You can identify these forward- looking statements by terminology such as "expects," "plans," "will," "estimates," "projects," "intends," or words of similar meaning. 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. 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.

By attending this presentation, participants agree not to photograph, copy or otherwise reproduce these materials in any form or pass on these materials to any other person for any purpose.

CONTENTS

1

Industry Trends

2

Company Overview

3

Investment Highlights

4

Our Strategies

5

Financial Performance

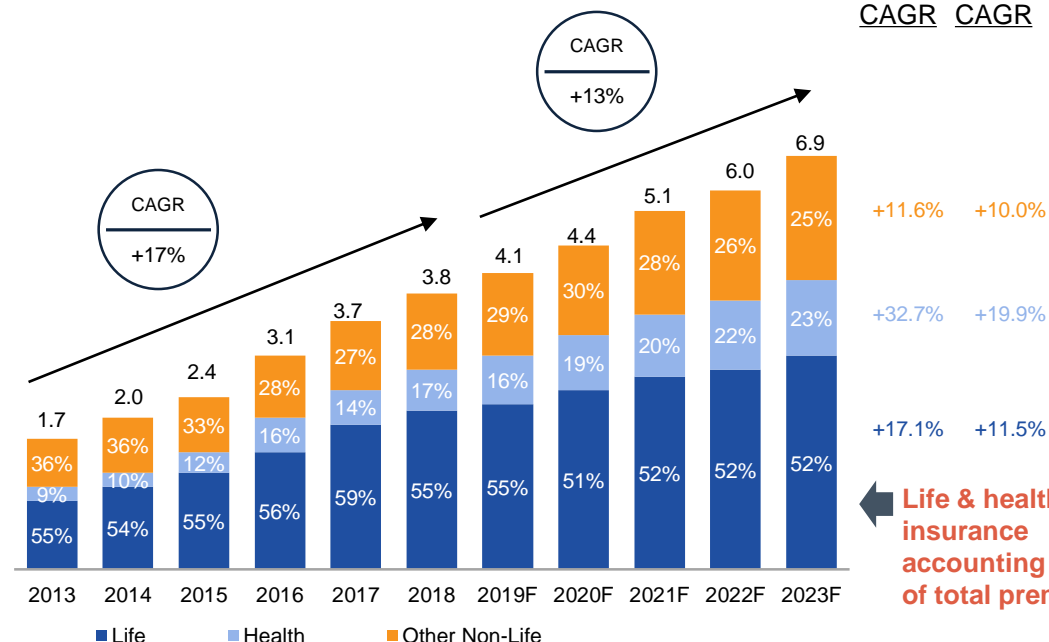
6

Appendix

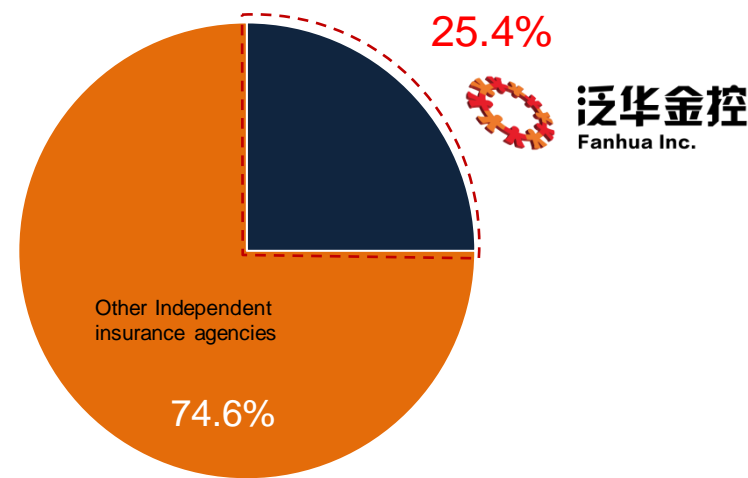
Tremendous Opportunities for Independent Insurance Intermediaries in China

Premiums of China's insurance industry by product⁽¹⁾

RMB: trillion



Market Share by Life GWP⁽²⁾⁽³⁾



Life & health insurance accounting for 75% of total premiums

2nd
largest in the world

4.5%
insurance penetration rate

75%
contributed by life and health insurance products in 2023

25.4%
Fanhua's market share among PIA in China

Sources: CBIRC, Oliver Wyman Industry Reports, National Bureau of Statistics of China, Insurance Force

Notes:

1. Based on total gross written premiums

2. Data Source: Report on China Life Insurance Sector for 1H 2019 published by Insurance Force on August 2, 2019

3. Market share is calculated based on the total life insurance premiums sold through professional insurance agencies in 1H 2019

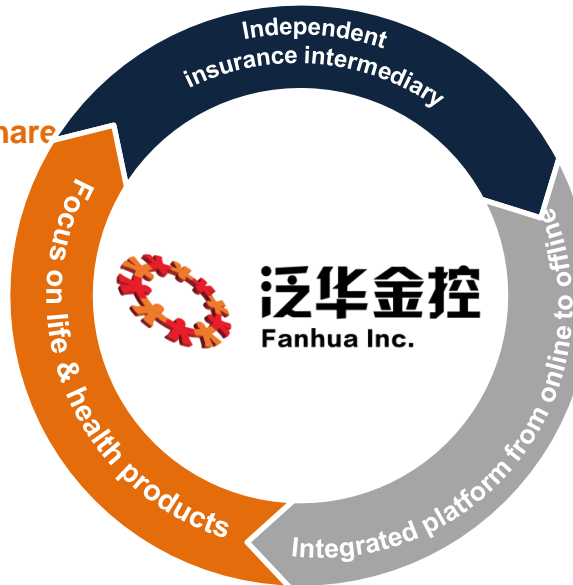
Structural Transformation Opportunities in China's Insurance Market

NO.1 Separation of Insurance Underwriting & Distribution in Insurance Industry

- Regulatory support on separation of insurance underwriting and distribution. i.e. the outsourcing of distribution and services by insurers to third parties;
- Lower cost and higher efficiency with insurance companies focusing on product design while intermediaries focusing on distribution;
- Captive agents of insurance companies facing increasing difficulty to build trust with customers due to lack of independence and objectivity

NO.2 Long-term Life & Health Products Gaining Share

- In view of the insufficient public health care coverage, commercial long-term L&H insurance products playing key role in complementing the social security system;
- Growth opportunities for L&H insurance products arising from increasing demand for health care by the aging population;
- Accelerating growth of Long-term L&H insurance products driven by rising demand and improved product supply



NO.3 Increasing Demand for Internet insurance Driven by Technology & Innovation

- Technology innovation to be a core driving force behind the development of insurance intermediaries in the future, with agents empowered by technology to generate sales and provide services online;
- Diversified insurance needs throughout the life cycle of the internet-savvy young generation;
- Improving user experience of third party online platforms with diversified product offering, price comparability, convenience and information symmetry

Key Beneficiary of China Insurance Market's Structural Growth

Favorable industry structural trends

Expanding household disposal income

Increasing insurance awareness

Separation of insurance underwriting and distribution

Significant demand for life & health products

Technology innovation

Younger generation's preference towards online shopping

Strong government support

Pain points from supply & demand sides

Insurance Customers



Limited access to product offering



lack of trust in captive agents



lack of systematic knowledge of insurance products

Insurance Companies



High cost burden to develop own agency team & low operation efficiency



price pressure from homogenized products

Creating 3 opportunities for us

1

Growth of independent insurance intermediary market

2

Shift towards high margin life and health products

3

Technology driven O2O business model¹

Sources: Oliver Wyman Industry Reports



Notes:

1. O2O: Here specifically refers to offline to online business model, which means the combination of offline business opportunities and the Internet, making the Internet a front-end business model for offline transactions.

CONTENTS

1

Industry Analysis

2

Company Overview

3

Investment Highlights

4

Our Strategies

5

Financial Performance

6

Appendix

Positioning and Mission

**“China’s largest independent insurance intermediary empowered
by leading insurance expertise and technology capabilities”**

–Fanhua’s Positioning

**“Capitalizing on opportunities from industry structural transformation to become the
world’s leading independent insurance intermediary”**

– Fanhua’s Vision

Company Overview

Life Insurance Premiums



2019: RMB 8.61bn 2020Q1: RMB 2.38 bn

Net Revenue for Life Insurance



2019: RMB 3.2 bn 2020Q1: RMB 0.6 bn

Operating Income



2019: RMB 0.5 bn 2020Q1: 0.6亿元

Non-GAAP Diluted EPADS⁽¹⁾



2019: RMB 9.37 2020Q1: RMB 0.85

Sales Agents



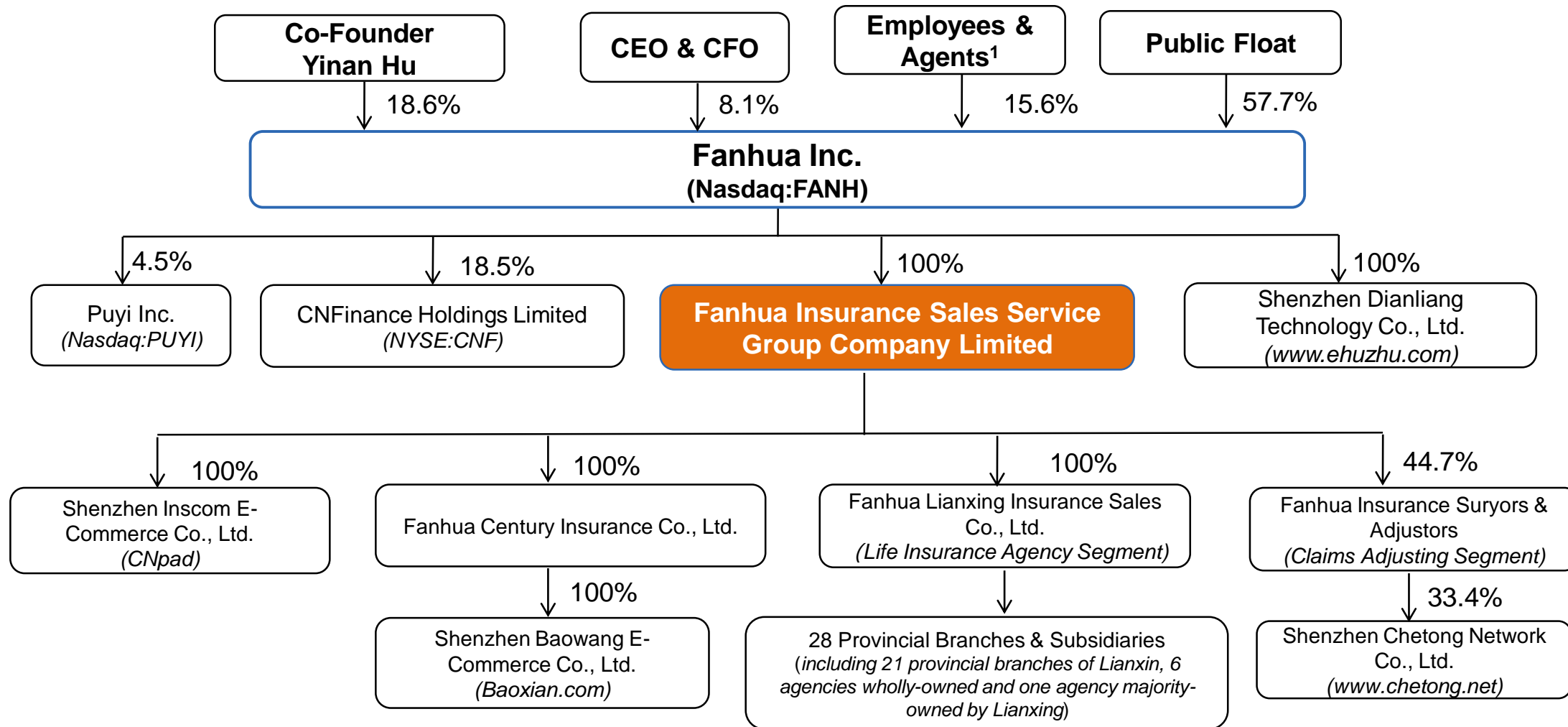
As of 2020.03.31: 650,065

Sales Outlets

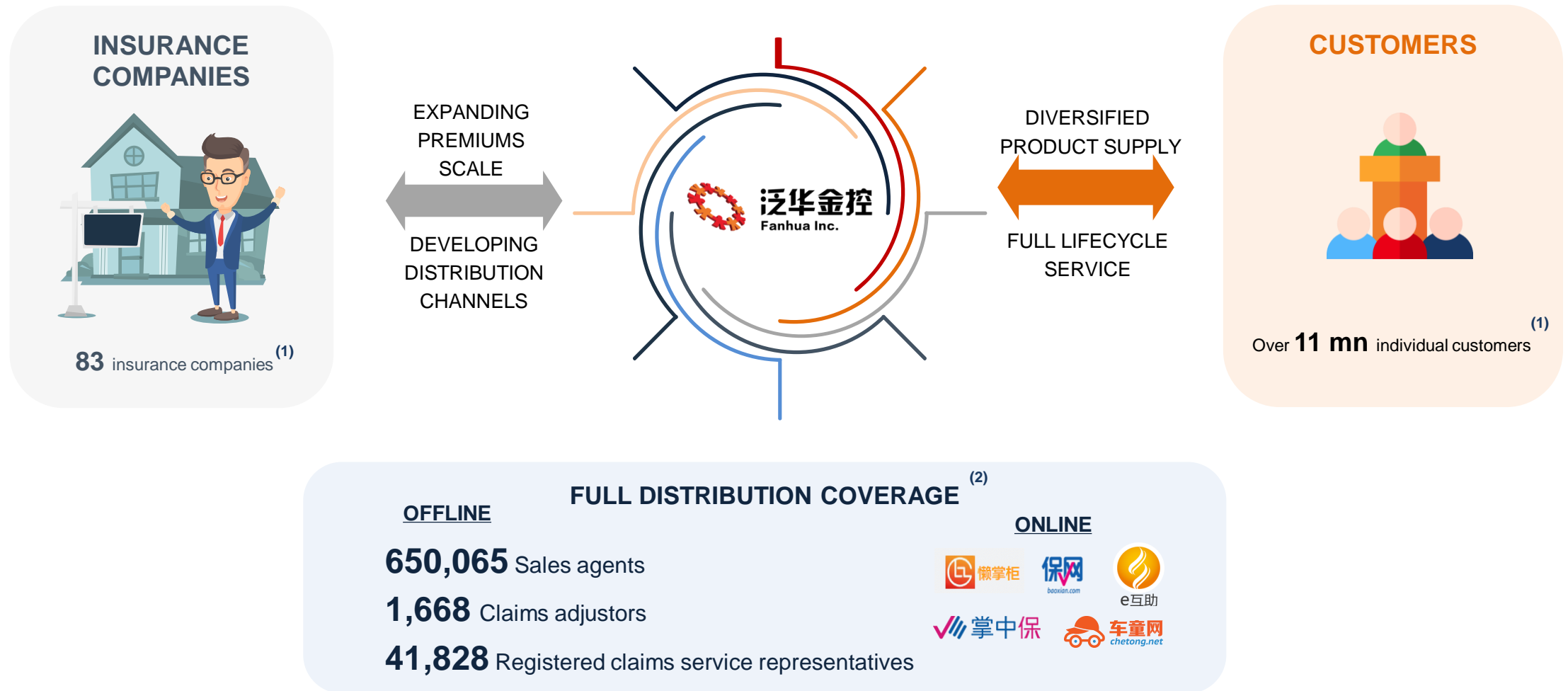


Sales outlets As of 2020.03.31: 763
Services outlets As of 2019.12.31: 159

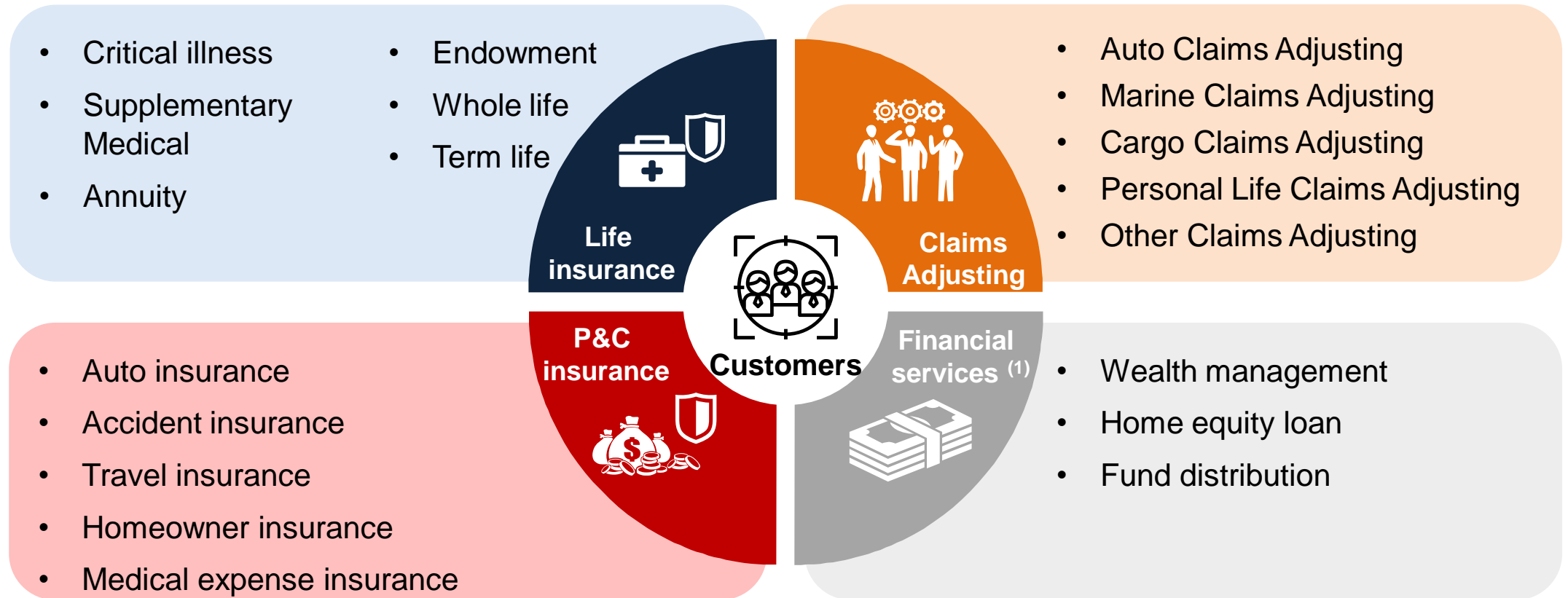
Our Shareholding Structure



Business Model



Our Product Offerings



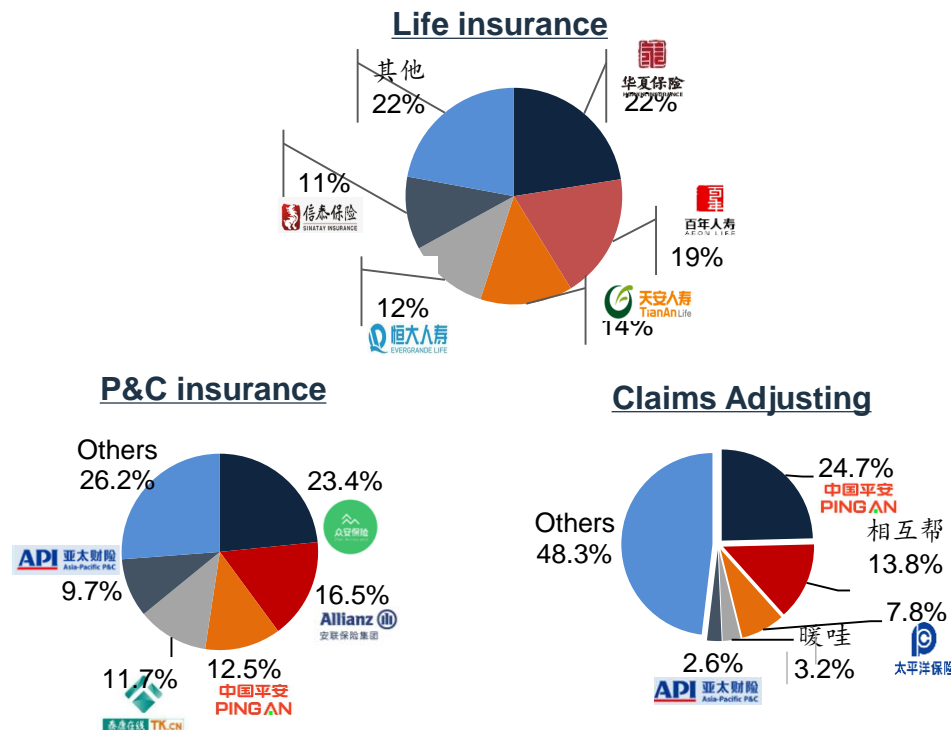
Note 1. Fanhua holds 18.5% equity interests in CNFinance Holdings Ltd. (NYSE:CNF) and 4.5% equity interests in Puyi Inc.(NASDAQ:PUII), respectively

Our Business Partners

Partnership with Over 103 Insurers and Reinsurers



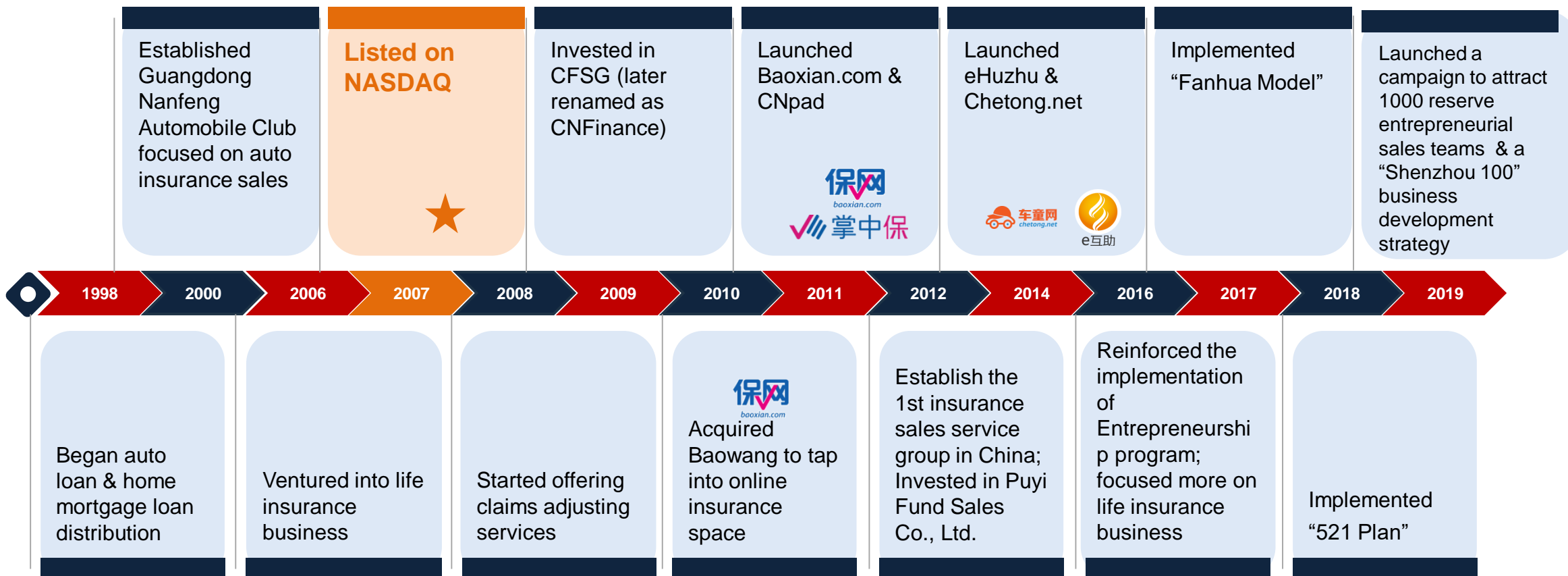
Revenue Breakdown¹ By Insurance Partners



Note:

1: Based on net revenues in 2020Q1

Fanhua's Key Milestones



CONTENTS

1

Industry Analysis

2

Company Overview

3

Investment Highlights

4

Our Strategies

5

Financial Performance

6

Appendix

Highlights



1

Largest insurance agency group in China empowered by leading insurance expertise and technology capabilities

2

Compelling value propositions for insurance customers, insurance companies, and insurance agents

3

Largest independent insurance agency force and an extensive distribution network

4

Pioneer and leader in the life insurance agency business in China

5

Insurance ecosystem with advanced technology and efficient online platforms

6

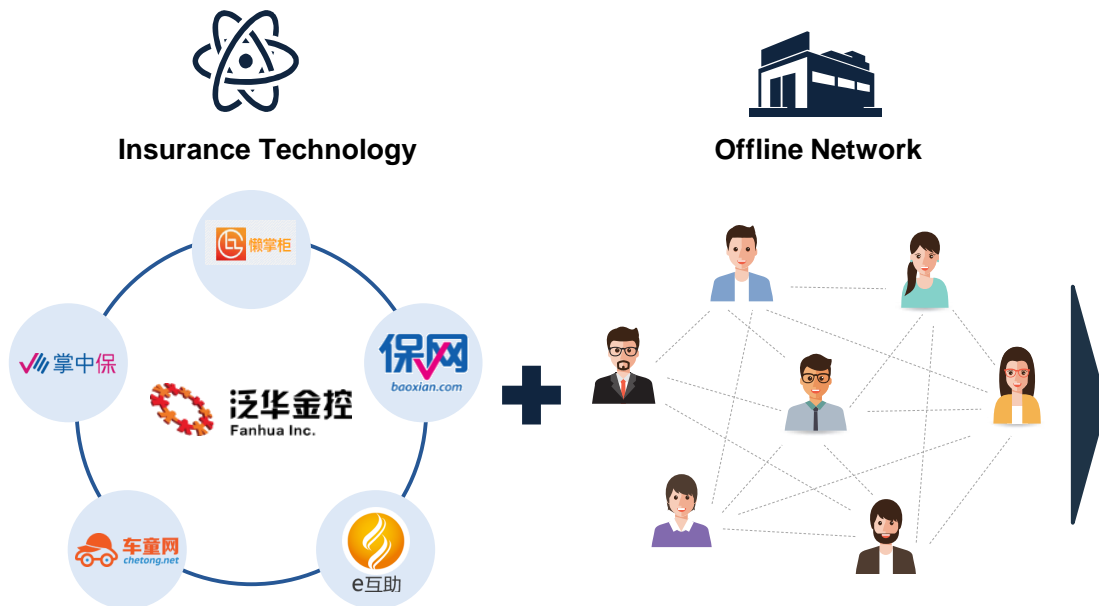
Solid financial profile and solid financial performance

7

Stable, dedicated management team supported by effective incentive schemes

1 Largest Insurance Agency Group in China

Leading Technology Capabilities



Total premiums generated online in 2019: **RMB 4.9bn**
in 2020Q1: **RMB 0.8bn** ⁽¹⁾
Aggregated online registered users: **9.7 mn** ⁽²⁾

Largest Insurance Agency Group in China(3)



650,065 Sales agents **1,668** Claims Adjusting
31 provinces, municipalities and autonomous regions
922 sales and service outlets

2 Compelling Value Propositions



Insurance companies

- Quicker way to acquire premiums
- Additional distribution channels
- Cost efficiency
- Quick access to a large customer base
- High persistency ratio with good business quality



Insurance customers

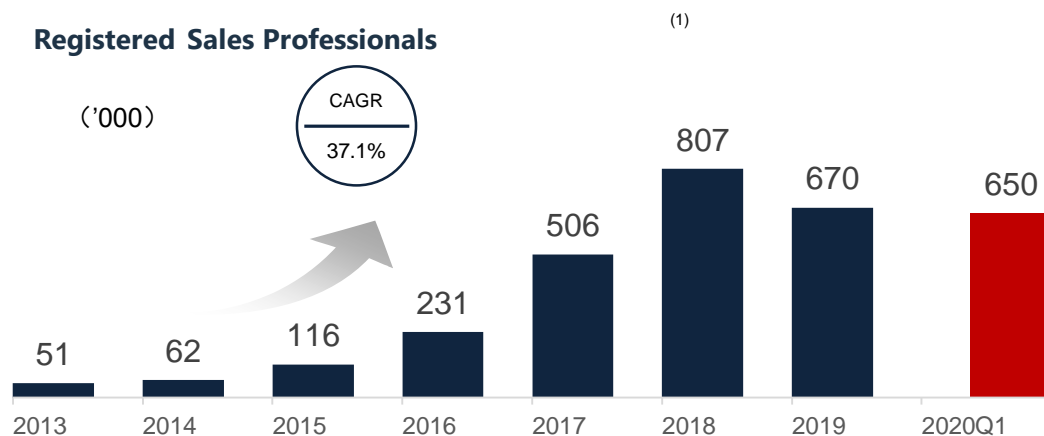
- Customer-centric model
- Comprehensive product offering
- Independent & professional consultation
- Simplified product comparison
- Efficient streamline transaction process
- Superior purchasing experience



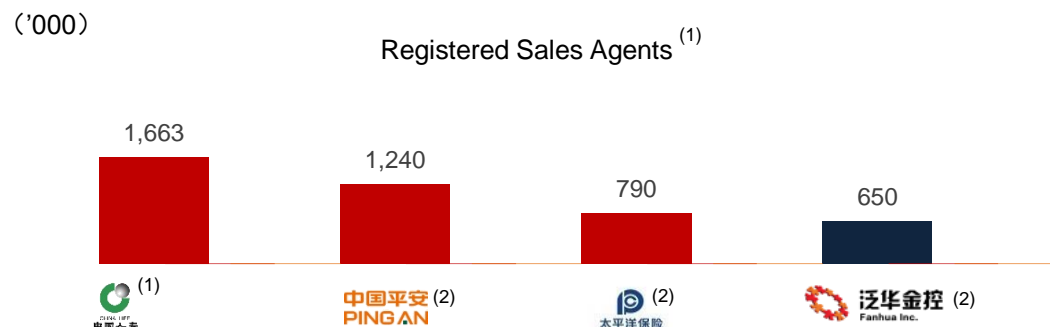
Sales agents

- Convenience access to a wide selection of products and large customer base
- Comprehensive toolkits to facilitate smooth execution of transactions
- Competitive commission, incentives & long-term career development opportunities

3 Largest Independent Insurance Agency Force



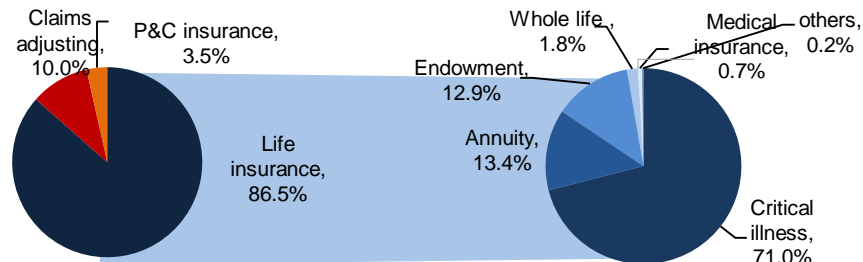
Largest among independent insurance intermediary companies
4th largest among insurance companies in China



650,065 registered sales agents
922 sales & services outlets
1,668 claims adjusters
41,828 registered claims service representatives
31 provinces, municipalities and autonomous regions

■ No. of sales agents over 100,000
 ■ No. of sales agents over 10,000
 ■ No. of sales agents below 10,000

Diversified Product Offerings With Focus on Long-term Life Insurance ⁽¹⁾



Life insurance policies with 5 years or longer payment terms accounting for ~96% of total life APE in 2020Q1

Industry-Leading Business Quality ⁽²⁾



Strategic focus on life insurance



In line with industry trends & regulatory requirements



Higher profit margins & in great demand

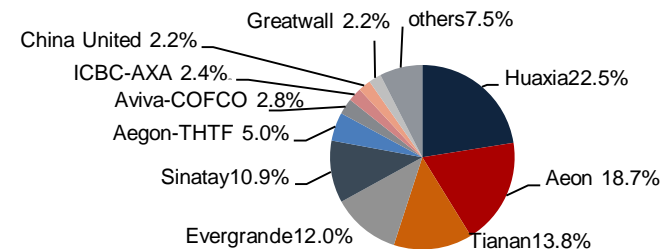


Recurring Premiums ■ First Year Premiums
Recurring commissions throughout premium payer term with zero commission cost after 5 years



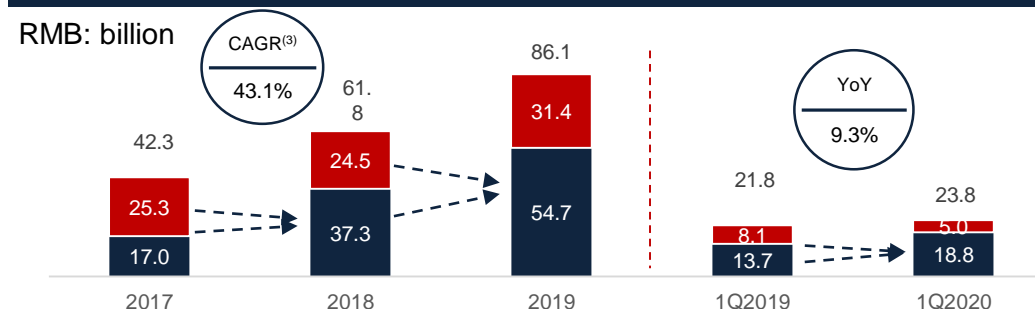
High embedded customer value

Our Business Partners ⁽¹⁾



Partnership with **103** insurance companies including **35** life insurance partners at headquarter-to-headquarter level for long term insurance products

Snowball Effect of Renewal Premiums



For sales agents



Largest
Agent-facing Insurance Sales
Support Platform in China



1.1 7mn
registered users



RMB 3.2 bn
life insurance FYP in 2019
RMB 0.4 bn
life insurance FYP in 1Q2020



Auto Insurance
Transaction Platform



632,566
registered users



RMB 1.5 bn
insurance premiums in 2019
RMB 0.3 bn
insurance premiums in 1Q2020

For the whole society



e互助



Online Mutual Aid Platform



~3.8 mn
Paying members



~ RMB650 mn
Accumulated payout amount
contributed by plan members

For consumers & sales agents



Leading third-party online insurance supermarket
in China



~600 insurance products
underwritten by **+30** major insurers
~2.84 mn registered users



RMB343.9 mn insurance premiums in 2019
RMB70 mn insurance premiums in 1Q2020

For claim adjustors



A leading third-party claims service-
sharing platform in China

100%

Coverage at
Cities at
Prefecture-level

41,828

Registered Service
Representatives

50+

Institutional
Partners

2.3 mn

Accumulative No.
of Orders

5 O2O Ecosystem



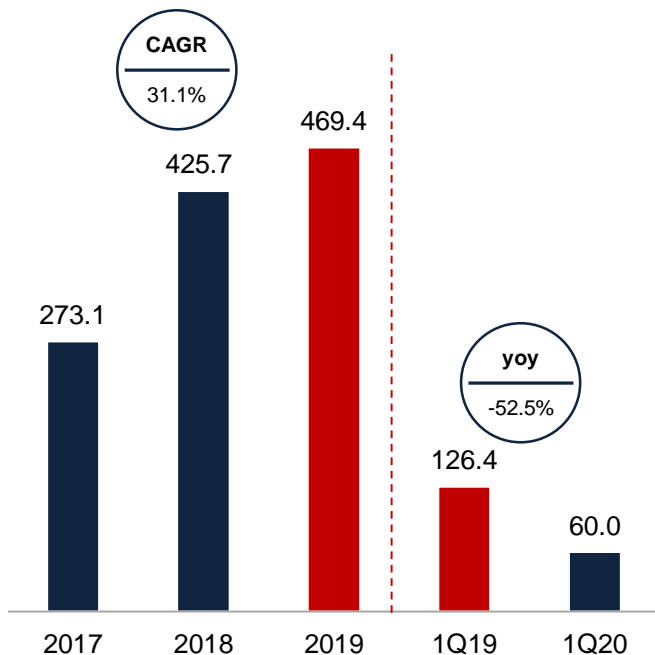
Face-to-face personalized consultation, online transaction supported by offline after-sales services, enabling sales agents & claims adjusters to manage their business more efficiently

- Powerful online platforms serving different user groups with different needs
- Smooth transaction execution
- Superior service quality
- Commitment to technological improvement
- Over 93% of insurance products were sold through online platforms⁽¹⁾

6 Robust Financial Performance

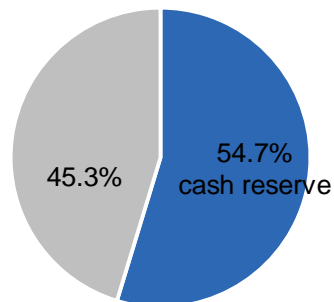
Operating Income

RMB: million



Notes:
1. As of Mar 31, 2020

Total Assets⁽¹⁾



Strong Cash Reserve



No Interest-bearing Debt or Guarantee



Capital-light Model



No Underwriting & Investment Risk



Stable Quarterly Dividend Payout



Chunlin Wang

Chairman & CEO

- Over 21 years in Fanhua
- Rich management experience in the insurance intermediary sector
- Visiting Professor, Postgraduate Supervisor, ZUEL



Peng Ge

Executive Director & CFO

Founding Team Member

- Over 21 years in Fanhua
- Rich management experience in the insurance intermediary sector
- MBA, UIBE



Yinan Hu

Director &

Co-founder

- Over 22 years experience in the insurance industry and in Fanhua
- Master of Economics
- “The 60 Greatest Insurance Leaders in 60 Years of New China’s History”

Rich Experience

Seasoned & devoted management team; over 21 years’ experience in the insurance industry; pioneer in the industry

Elite Team

Investing in talents to build a professional & competitive agency force

Entrepreneurship System

An effective employee incentive system to motivate employees, improve productivity and align their long-term interests with the Company

CONTENTS

1

Industry Analysis

2

Company Overview

3

Investment Highlights

4

Our Strategies

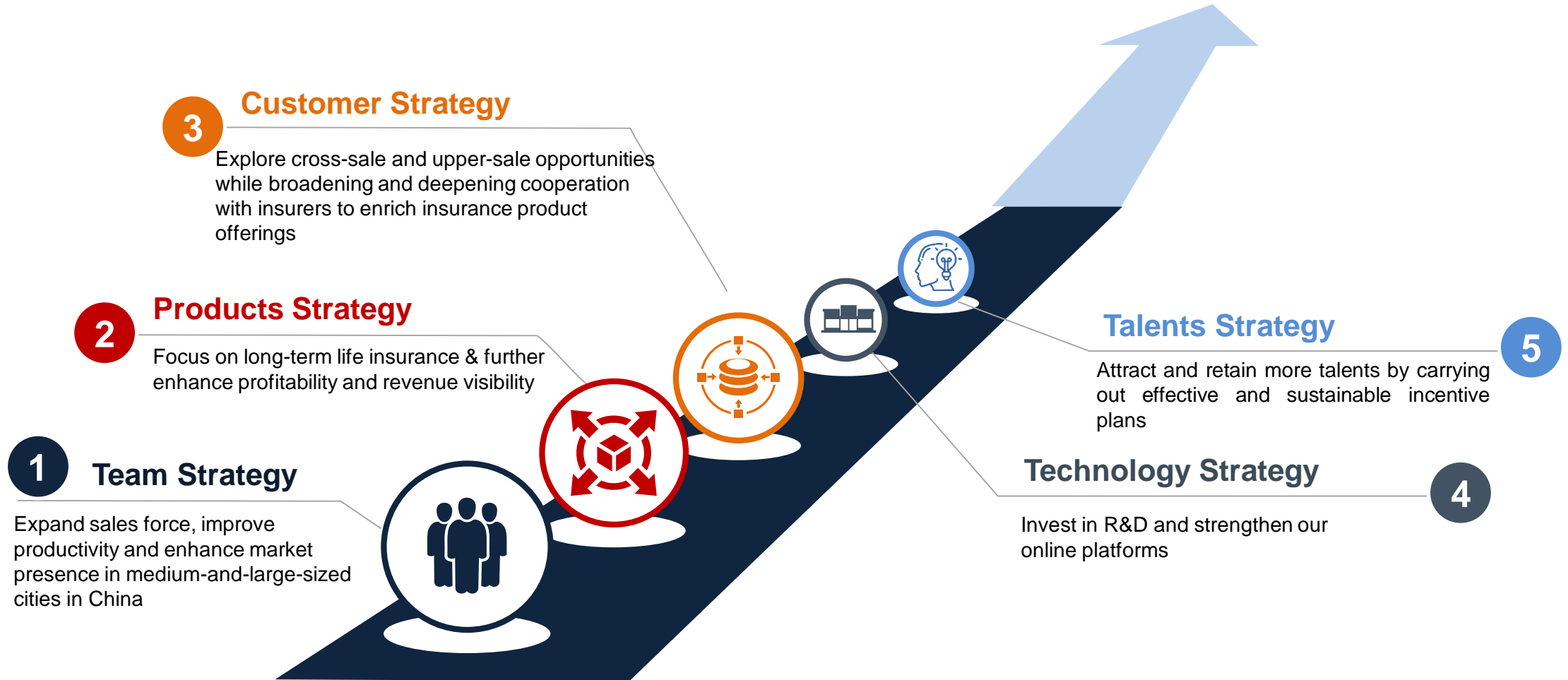
5

Financial Performance

6

Appendix

Growth Strategy



CONTENTS

1

Industry Analysis

2

Company Overview

3

Investment Highlights

4

Our Strategies

5

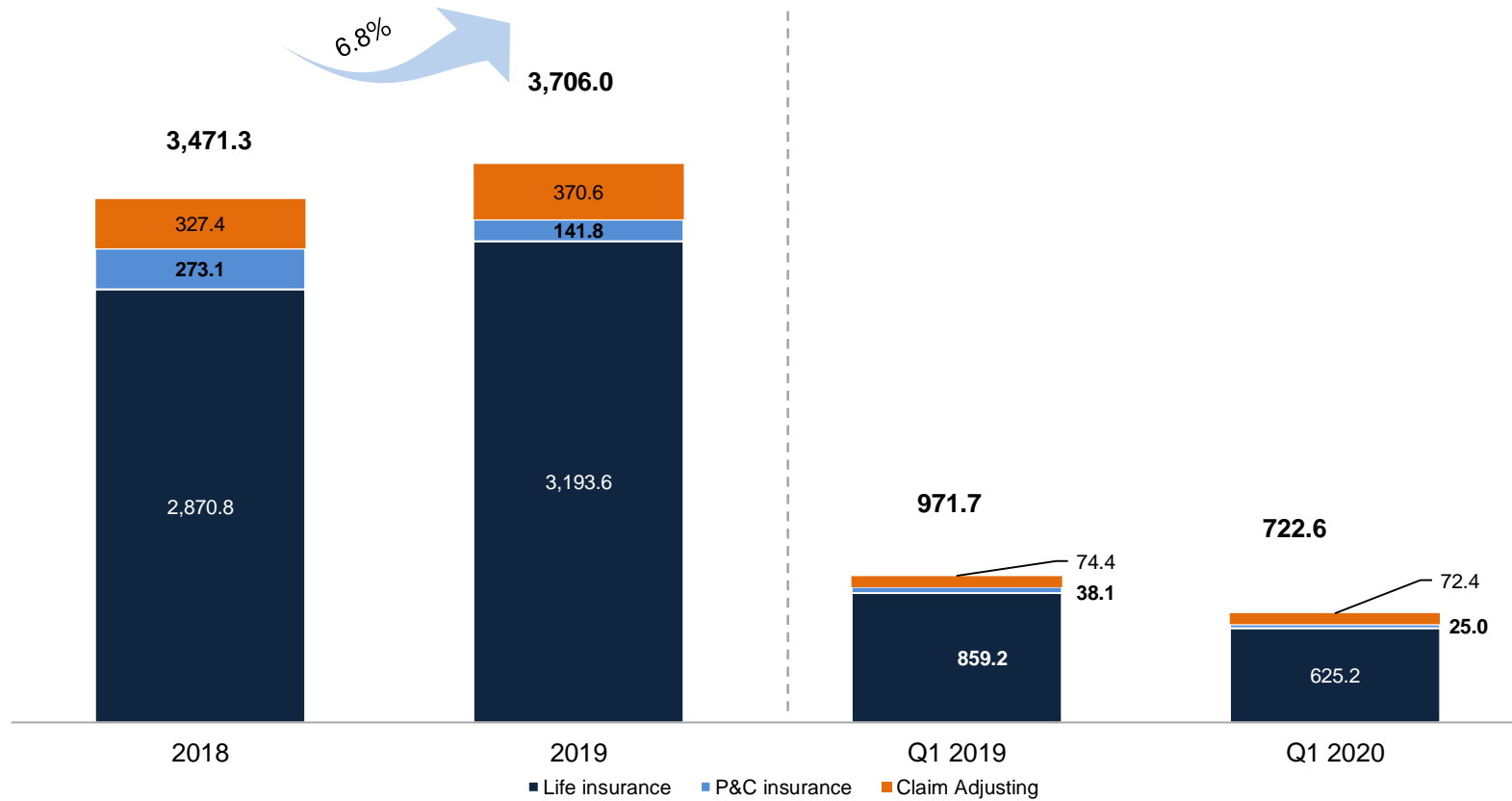
Financial Performance

6

Appendix

Total net revenue

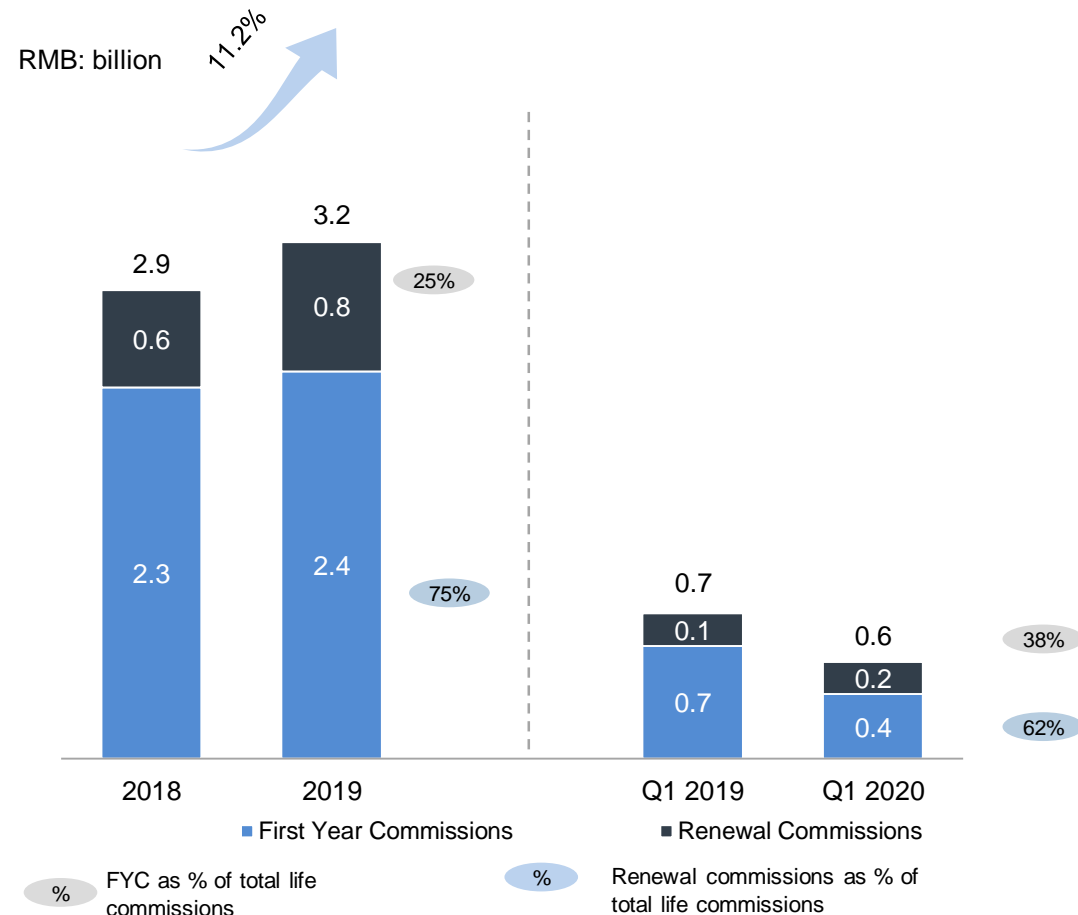
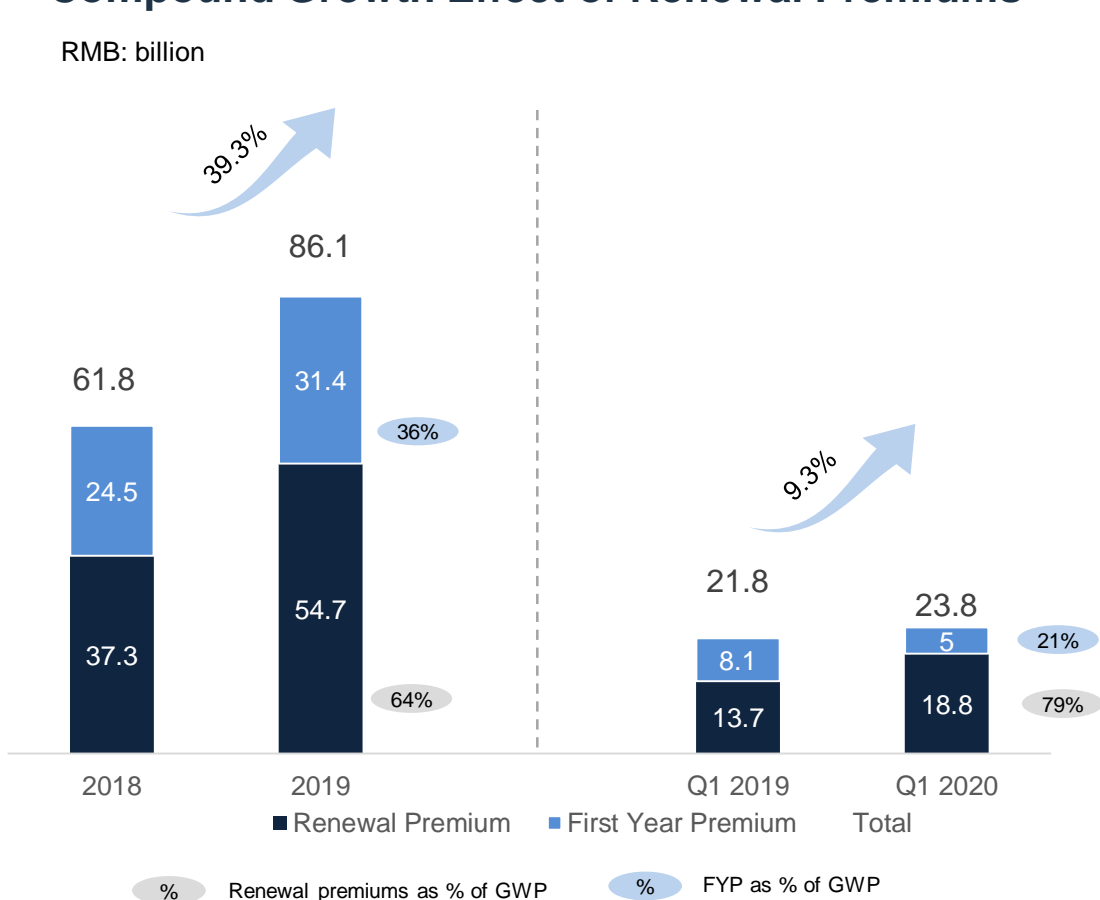
RMB: million



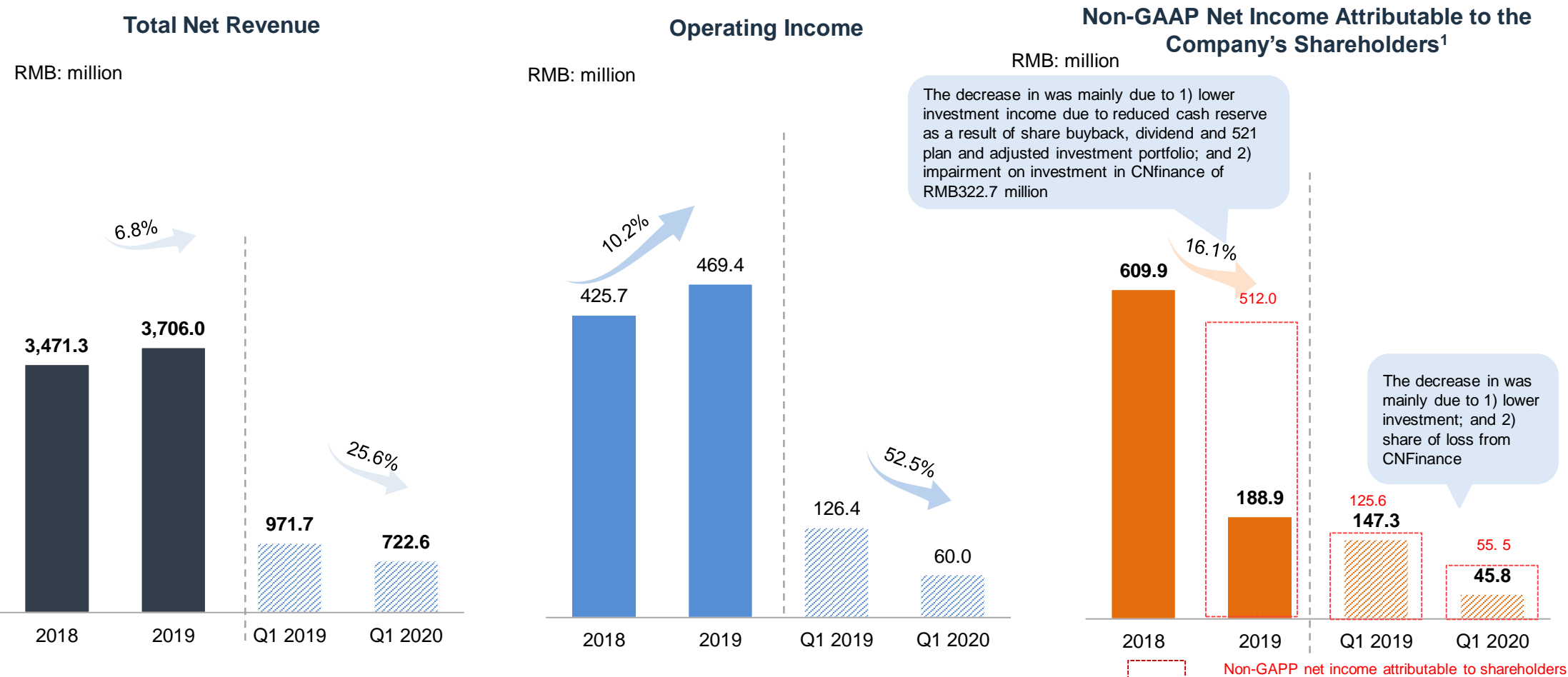
Compound Growth Effect of Renewal Premiums Resulting in High Revenue Visibility

Compound Growth Effect of Renewal Premiums

RMB: billion

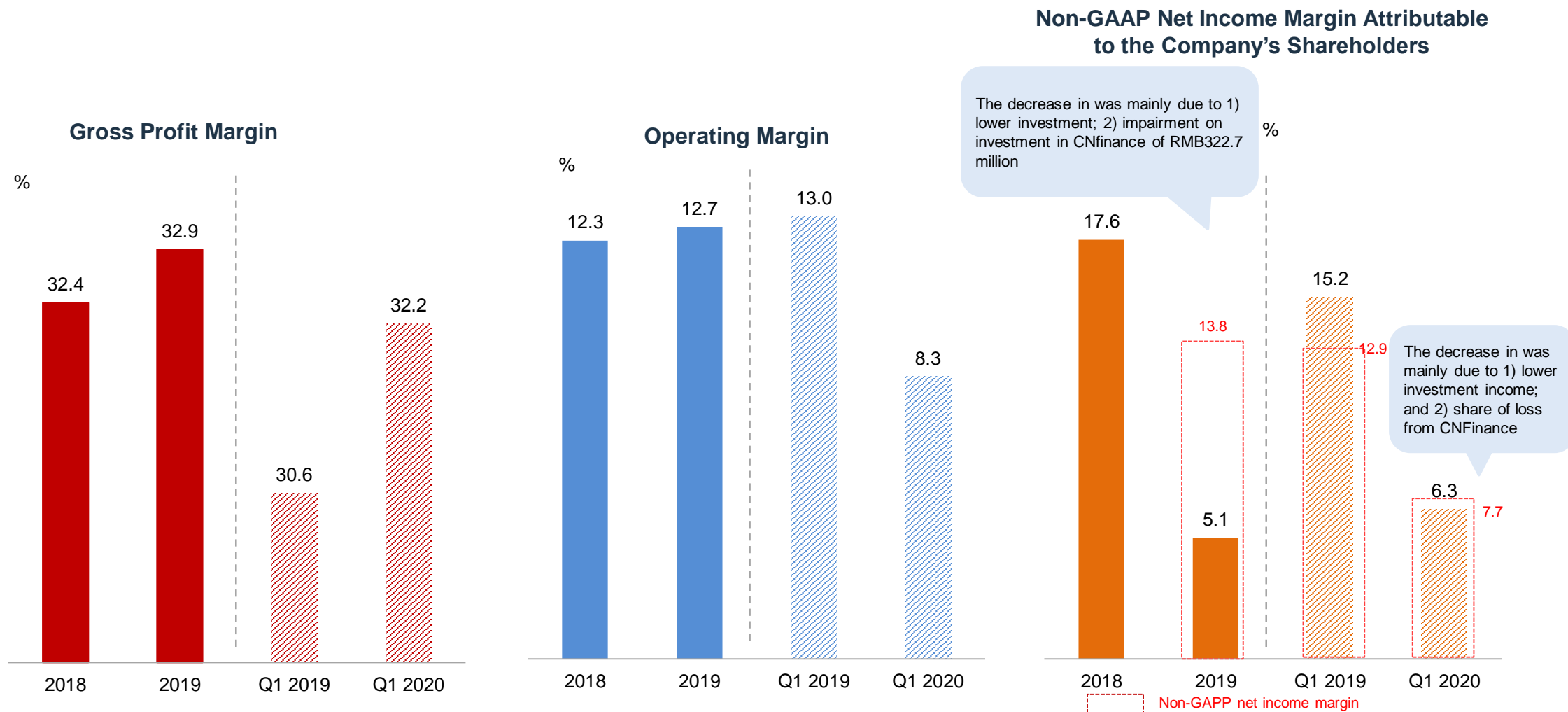


Robust Business Growth



Note: 1. Non-GAAP net income attributable to shareholders for 2019 is defined as net income attributable to shareholders adjusted for impairment on investment in CNFinance and share-based compensation expenses;
Non-GAAP net income attributable to shareholders for Q119 and Q120 is defined as net income attributable to shareholders adjusted for share of income(loss) from CNFinance and share-based compensation expenses;

Solid Financial Performance



CONTENTS

1

Industry Analysis

2

Company Overview

3

Investment Highlights

4

Our Strategies

5

Financial Performance

6

Appendix

Consolidated Statements of Income & Comprehensive Income

(RMB: million, except per ADS)	2018	2019	YoY(%)	Q1 2019	Q1 2020	YoY(%)
Net revenues						
Life insurance business	2,870.8	3,193.6	11.2%	859.2	625.2	-27.2%
P&C insurance business	273.1	141.8	-48.1%	38.1	25	-34.4%
Claims adjusting	327.4	370.6	13.2%	74.4	72.4	-2.6%
Total net revenues	3,471.3	3,706.0	6.8%	971.7	722.60	-26%
Operating costs and expenses						
Life insurance business	(1,943.0)	(2,166.1)	11.5%	-601.5	-427.4	-28.9%
P&C insurance business	(208.8)	(97.8)	-53.2%	-24.6	-16.7	-32.1%
Claims adjusting	(194.2)	(219.5)	13.0%	-42.6	-46.8	9.9%
Total operating costs	(2,346.0)	(2,483.4)	5.9%	-668.7	-490.9	-26.6%
Selling expenses	(231.1)	(278.1)	20.3%	-64.6	-61.3	-5.1%
General and administrative expenses	(468.4)	(475.1)	1.4%	-111.9	-110.4	-1.3%
Total operating costs and expenses	(3,045.5)	(3,236.6)	6.3%	-845.2	-662.6	-21.6%
Operating Profit	425.7	469.4	10.2%	126.4	60	-52.5%
Other income, net						
Investment income	195.5	79.1	-59.5%	36.8	8.9	-75.8%
Interest income	34.2	2.8	-91.8%	0.4	2.9	625.0%
Income before income taxes and income of affiliates	667.2	560.9	-15.9%	165.1	73.8	-55.3%
Income tax	(224.6)	(143.8)	-36.0%	25.4	-12.3	-56.4%
Share of income(loss) of affiliates	174.5	(224.6)	-228.7%	147.7	42.8	-71.0%
Net income	617.1	192.6	-68.8%	0.4	-3	-
Net income attributable to the Company's shareholders	609.9	188.9	-69.0%	147.3	45.8	-68.9%
Non-GAAP Net income attributable to the Company's shareholders	609.9	512.0	-16.1%	125.6	55.5	-55.8%

Note: 1. Non-GAAP net income attributable to shareholders is defined as net income attributable to shareholders adjusted for impairment on investment in CNfinance of RMB322.7 million in 2019 and loss from Cnfinance in Q120 and share-based compensation expenses

Consolidated Statements of Balance Sheet

(RMB: million)	As of Mar 31, 2019	As of Mar 31, 2020
Current assets:		
Cash and cash equivalents	169.6	503.3
Restricted cash	96.0	123.0
Short term investments	1,612.3	1,340.0
Accounts receivable, net	682.2	490.5
Insurance premium receivables	5.1	6.6
Other receivables	61.6	117.6
Other current assets	55.0	46.0
Total current assets	2,681.8	2,621.2
Non-current assets:		
Property, plant, and equipment, net	40.8	38.6
Goodwill and intangible assets, net	110.2	110
Deferred tax assets	7.3	10.2
Investment in affiliates	363.4	351.9
Other non-current assets	46.9	46.2
Right of use assets	190.4	192.3
Total non-current assets	759.0	749.2
Total assets	3,440.8	3,370.4
Current liabilities:		
Accounts payable	382.9	270.0
Insurance premium payables	7.9	26.0
Other payables and accrued expenses	220.3	210.6
Accrued payroll	101.6	79.2
Income tax payable	155.3	160.9
Current operating lease liability	80	80.6
Total current liabilities	948	941.2
Total non-current liabilities	448.4	456.2
Total liabilities	1,396.4	1,397.5
Total shareholders' equity	1,931.3	1,862.70
Non-controlling interests	113.2	110.2
Total equity	2,044.5	1,972.9
Total liabilities and equity	3,440.8	3,370.4