



January 20, 2009

CNinsure Announces Fourth Quarter Preliminary Financial Information

GUANGZHOU, China, January 20 /Xinhua-PRNewswire-FirstCall/ -- CNinsure Inc. (Nasdaq: [CISG](#)) (the "Company" or "CNinsure"), a leading independent insurance intermediary company operating in China, today announced preliminary financial information for the quarter ended December 31, 2008.

Despite the recent economic slowdown in China, the Company expects to report net revenue for the quarter in line with the previous guidance of between RMB235 million and RMB250 million. Gross margin will remain flat as compared with the previous quarter, while operating margin is expected to be lower than that in the third quarter of 2008.

The decline in operating margin was primarily attributable to the increase of share-based compensation expenses in connection with the grant of new options and voluntary surrender and cancellation of previously granted options during the fourth quarter of 2008.

On November 21, 2008, various directors, officers and employees were granted options to acquire 32,000,000 ordinary shares of the Company at an exercise price of \$0.278 per ordinary share, equal to the closing price of the Company's American Depositary Shares on the Nasdaq Global Market on the grant date (after adjusting for the 20 ordinary shares to 1 ADS ratio), which resulted in the recognition of approximately RMB0.33 million share-based compensation expenses in the quarter ended December 31, 2008. The remaining expenses related to these option grants will be amortized over 4 years.

In late December 2008, in response to a call from CNinsure's Chairman and Chief Executive Officer, Yinan Hu, for all staff members to stand together to face both challenges and opportunities lying ahead, various directors, officers and employees voluntarily surrendered certain previously granted options to purchase an aggregate of 30,804,500 ordinary shares of the Company. Those options had been granted to them in October 2007 at an exercise price of \$0.8 per share. The surrendered options were cancelled immediately and, in accordance with paragraph 57 of SFAS123R, approximately RMB30 million share-based compensation expenses were recognized in the fourth quarter of 2008, representing the remaining unamortized share-based compensation expenses for these options.

"The surrender and cancellation of the options granted in 2007 will enable the company to grant the same number of options to new and existing staff members in the future as incentive awards, without creating further dilution to our current shareholders, and therefore to a certain degree protecting our shareholders' interests," said Mr. Hu.

He added, "We always believe that the insurance intermediary business is a people's business. By proper use of stock options as incentives, we expect to build a strong sales force and management team so as to maintain the robust growth momentum of our business and deliver the best returns to our shareholders in the long run."

Commenting on the preliminary financial results, CNinsure's Chief Financial Officer, Peng Ge, said, "The share-based compensation expenses were non-cash charges, and as such there was no impact on the company's business operations and cash flow. We remain confident in the long-term growth of our business as well as our ability to further solidify our leading position in China's insurance intermediary sector."

The Company is still in the process of finalizing its financial statements for the fourth quarter of 2008 and expects to provide its fourth quarter 2008 earnings release on February 24th, 2009.

Company Contacts:

Oasis Qiu

Tel: +86-20-61222777-850

Email: qiusr@cninsure.net