

CNinsure Reports Fourth Quarter and Fiscal 2007 Unaudited Financial Results

GUANGZHOU, Feb 25, 2008 /Xinhua-PRNewswire/ -- CNinsure Inc., (Nasdaq: [CISG](#)), a leading independent insurance agency and brokerage company operating in China, today announced its unaudited financial results for the fourth quarter and fiscal year ended December 31, 2007.

Financial Highlights:

Highlights for Fourth Quarter 2007

Total net revenues: RMB158.7 million (US\$21.8 million), representing an increase of 35.8% quarter-over-quarter and an increase of 80.9% year-over-year, exceeding the previous guidance of RMB135.0 million to RMB150.0 million.

Net revenues from commissions and fees: RMB158.5 million (US\$21.7 million), representing an increase of 36.4% quarter-over-quarter and an increase of 81.3% year-over-year.

Net income: RMB53.8 million (US\$7.4 million), representing an increase of 26.8% quarter-over-quarter and representing an increase of 105.0% year-over-year.

Basic and diluted net income per ADS: RMB1.284 (US\$0.176) and RMB1.275 (US\$ 0.175), respectively.

Highlights for Fiscal Year 2007

Total net revenues: RMB448.2 million (US\$61.4 million), representing an increase of 81.8% from 2006.

Net revenues from commissions and fees: RMB447.0 million (US\$61.3 million), representing an increase of 81.9% from 2006.

Net income: RMB154.9 million (US\$21.2 million), representing an increase of 170.0% from 2006.

Basic and diluted net income per ADS: RMB4.396 (US\$0.603) and RMB4.380 (US\$0.600), respectively.

Commenting on the fourth quarter results, Yinan Hu, Chairman and CEO of CNinsure stated: “We are pleased to report strong financial results for the fourth quarter which exceeded our previous estimate. In 2007, the insurance market and insurance intermediary market in China continued to grow rapidly. By executing our existing growth strategy we believe that CNinsure, led by an experienced management team, is well positioned to capture the growth opportunities. “We will continue expanding our distribution network in China through selective acquisitions and our entrepreneurial agent program while enhancing our operating platform through IT system improvement. Meanwhile, we will further deepen relationships with insurance companies, by helping them launch customized products to be exclusively distributed through our network. ”

Financial Results for the Fourth Quarter Ended December 31, 2007

Total net revenues for the fourth quarter ended December 31, 2007 were RMB158.7 million (US\$21.8 million), representing an increase of 35.8% from RMB116.9 million for the previous quarter, and an 80.9% increase from RMB87.8 million for the fourth quarter in 2006, primarily reflecting the increase in net revenues from commissions and fees.

Net revenues from commissions and fees were RMB158.5 million (US\$21.7 million) for the fourth quarter of 2007, representing an increase of 36.4% from RMB116.2 million for the previous quarter and an increase of 81.3% from RMB87.4 million for the fourth quarter of 2006. The quarter-over-quarter increase was primarily attributable to the seasonality of our business, which results largely from the insurance companies' increased sales efforts in the fourth quarter of a year and increasing number of sales agents. The year-over-year increase was primarily due to an increase in commission rates, higher productivity of sales agents in the distribution of life insurance products and increasing number of sales agents.

Net revenues from other service fees were RMB0.3 million (US\$0.03 million) for the fourth quarter of 2007.

Total operating costs and expenses were RMB112.5 million (US\$15.4 million) for the fourth quarter of 2007, representing an increase of 45.9% from RMB77.1 million for the previous quarter and an increase of 75.2% from RMB 64.2 million for the fourth quarter of 2006.

Commissions and fees expenses were RMB83.2 million (US\$11.4 million) for the fourth quarter of 2007, representing an increase of 33.8% from RMB62.2 million for the previous quarter and an increase of 71.8% from RMB48.4 million for the fourth quarter of 2006, primarily due to the increase in the distribution of insurance products and higher commissions and fees to sales agents.

Selling expenses were RMB2.8 million (US\$0.4 million) for the fourth quarter of 2007, representing an increase of 21.9% from RMB2.3 million for the previous quarter and a decrease of 6.0% from RMB3.0 million for the fourth quarter of 2006. The quarter-over-quarter increase was due to the increase in the distribution of insurance products and the year-over-year decrease was primarily due to decreases in office expenses following further centralization of management functions.

General and administrative expenses were RMB26.4 million (US\$3.6 million) for the fourth quarter of 2007, representing an increase of 110.4% from RMB12.6 million for the previous quarter and an increase of 107.5% from RMB12.7 million for the fourth quarter of 2006. The quarter-over-quarter and year-over-year increases were primarily due to the recognition of additional share-based compensation expenses for options granted in October, 2007, certain IPO-related expenses, and exchange losses in connection with the payment of previous declared dividends in the fourth quarter of 2007.

Operating margin was 29.1% for the fourth quarter of 2007 as compared with 34.0% for the previous quarter and 26.8% for the fourth quarter of 2006.

Interest income for the fourth quarter of 2007 was RMB10.9 million (US\$1.5 million), representing an increase of 307.6% from RMB2.7 million for the previous quarter and an increase

of 505.3% from RMB1.8 million for the fourth quarter of 2006, primarily attributable to the proceeds generated by our initial public offering in October 2007.

Net income was RMB53.8 million (US\$7.4 million) for the fourth quarter of 2007, representing an increase of 26.8% from RMB42.4 million for the previous quarter, and an increase of 105.0% from RMB26.2 million for the fourth quarter of 2006. Net margin was 33.9% for the fourth quarter of 2007 as compared with 36.3% for the previous quarter and 29.9% for the fourth quarter of 2006.

Fully diluted net income per ADS was RMB1.275 (US\$0.175) for the fourth quarter of 2007, compared with RMB1.244 for the third quarter of 2007 and RMB0.800 for the fourth quarter of 2006.

As of December 31, 2007, the Company had RMB1,545.5 million (US\$211.9 million) in cash and cash equivalents.

Financial Results for the Year Ended December 31, 2007

Total net revenues for fiscal year 2007 were RMB448.2 million (US\$61.4 million), representing an 81.8% increase from RMB246.6 million for fiscal year 2006.

Net revenues from commissions and fees for fiscal year 2007 were RMB447.0 million (US\$61.3 million), representing an increase of 81.9% from RMB245.7 million in fiscal year 2006, primarily driven by the growth in the number of sales agents, an increase in commission rates and higher productivity of sales agents in the distribution of life insurance products.

Net revenues from other service fees for fiscal year 2007 were RMB1.2 million (US\$0.2 million), representing an increase of 37.5% from RMB0.9 million in fiscal year 2006.

For fiscal year 2007, total operating costs and expenses were RMB307.0 million (US\$42.1 million), representing an increase of 56.2% from RMB196.5 million in fiscal year 2006.

Commissions and fees expenses for fiscal year 2007 were RMB232.7 million (US\$31.9 million), representing an increase of 74.9% from RMB133.1 million in fiscal year 2006. The increase was primarily due to the increase in the distribution of insurance products.

Selling expenses for fiscal year 2007 were RMB9.4 million (US\$1.3 million), a decrease of 17.0% from RMB11.3 million in fiscal year 2006. The decrease of selling expense was primarily due to the centralization of management functions and stricter budget control.

General and administrative expenses for fiscal year 2007 were RMB64.9 million (US\$8.9 million), representing an increase of 24.5% from RMB52.1 million in fiscal year 2006, primarily as a result of the recognition of additional share-based compensation expenses for options granted in October,

2007, IPO-related expenses, and exchange losses in connection with the payment of previous declared dividends in the fiscal year 2007.

For fiscal year 2007, operating margin was 31.5% as compared with 20.3% for fiscal year 2006, primarily reflecting the growth of commission rates outpacing that of the commissions and fees expenses.

For fiscal year 2007, total interest income were RMB15.6 million (US\$2.1 million), representing an increase of 190.4% from RMB5.4 million in fiscal year 2006, primarily attributable to an increase in cash as a result of our initial public offering and increases in interest rates in China.

For the fiscal year 2007, net income was RMB154.9 million (US\$21.2 million), representing an increase of 170.0% from RMB57.4 million for the fiscal year 2006. Net margin was 34.6% for the fiscal year 2007, as compared with 23.3 % for the fiscal year 2006.

Fully diluted net income per ADS was RMB4.380 (US\$0.600) for the fiscal year 2007, compared with RMB1.750 for the fiscal year 2006.

Business Highlights

CNinsure continued executing its strategy of expanding our business, with the following highlights for the fourth quarter ended December 31, 2007:

On November 5, 2007, CNinsure successfully completed its initial public offering and listing on the Nasdaq Global Market of 13,526,773 American Depositary Shares ("ADSs") after the underwriters fully exercised their over-allotment options. The total offering size was approximately US\$216 million. Each ADS represents twenty ordinary shares.

In November 2007, CNinsure appointed Mr. Feng Jin as Chief Information Officer to help the company upgrade the IT infrastructure.

In December 2007, CNinsure acquired a 60% equity interest in Guangdong Fangzhong Insurance Surveyors & Loss Adjusters Co. Ltd., an insurance adjusting company based in Guangzhou and enter China's insurance adjusting sector.

In December 2007, CNinsure acquired the remaining 45% stake in Fujian Xinheng Insurance Agency Co., Ltd. in order to further increase investment of resources and expand penetration in the Fujian market.

As of December 31, 2007, CNinsure had approximately 13,830 sales professionals and 195 sales and service outlets.

According to the Insurance Intermediary Market Development Report 2007 published by the

China Insurance Regulatory Commission, six of CNinsure's affiliated insurance agencies ranked Nos.1, 5, 8, 17, 18 and 19, respectively, among China's top 20 insurance agencies in terms of revenue in 2007.

Business Outlook

For the first quarter 2008, CNinsure expects its total net revenues to be between RMB125.0 million (US\$17.1 million) and RMB 135.0 million (US\$18.5 million), which reflect the seasonality of our business as result of the Chinese New Year and the impact of the recent snow storms in central and southern China. This forecast reflects CNinsure's current and preliminary view, which is subject to change.

Conference Call

The Company will host a conference call to discuss the fourth quarter and fiscal year 2007 results at

Time: 8:00 pm Eastern Standard Time on February 25, 2008
or 9:00 am Beijing/Hong Kong Time on February 26, 2008

The Toll Free dial-in number: US: 1866-549-1292

UK: 0808-234-6305

CA: 1866-8691-825

Singapore: 800-852-3576

Taiwan: 0080-185-6004

Hong Kong: 3005-2050

China (Mainland): 800-869-7678;

China (Mainland) local dial-in number: 400-733-1511

Password: 566597 #

A replay of the call will be available for three days as follows:

3005-2020 (Hong Kong)

+852-3005-2020 (International)

PIN number: 134074#

Additionally, a live and archived web cast of this call will be available at:

<http://www.corpasia.net/us/CISG/irwebsite/index.php?mod=event>

About CNinsure Inc.

CNinsure is a leading independent insurance agency and brokerage company operating in China. CNinsure's distribution network reaches many of China's most economically developed regions and affluent cities. The Company distributes a wide variety of property and casualty and life insurance products underwritten by domestic and foreign insurance companies operating in China,

as well as other insurance-related services.

Forward-looking Statements

This press release contains statements of a forward-looking nature. These statements 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, the management’s quotations and “Business Outlook” 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 CNinsure and the industry. Potential risks and uncertainties include, but are not limited to, those relating to CNinsure’s limited operating history, especially its limited experience in selling life insurance products, its ability to attract and retain productive agents, especially entrepreneurial 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 Chinese insurance industry, and its ability to compete effectively against its competitors. All information provided in this press release is as of February 25, 2008, and CNinsure undertakes no obligation to update any forward looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Although CNinsure 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 CNinsure is included in CNinsure’s filings with the U.S. Securities and Exchange Commission, including its registration statement on Form F-1.