
CNinsure Reports Third Quarter 2007 Unaudited Financial Results

GUANGZHOU, Dec 13, 2007 /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 third quarter ended September 30, 2007.

Highlights for Third Quarter 2007

Total net revenues were RMB116.9 million (US\$15.6 million), representing an increase of 14.8% from the second quarter of 2007 and 124.8% from the third quarter of 2006

Net revenues from commissions and fees were RMB116.2 million (US\$15.5 million), representing an increase of 14.2% from the second quarter of 2007 and 124.7% from the third quarter of 2006

Net income was RMB42.4 million (US\$5.7 million), representing an increase of 28.9% from the second quarter of 2007 and 508.0% from the third quarter of 2006

Basic and diluted net income per ADS were RMB 1.247 (US\$0.166) and RMB 1.244 (US\$ 0.166), respectively.

Commenting on the third quarter results, Yinan Hu, Chairman and CEO of CNinsure stated: “We are encouraged by the strong top and bottom line growth achieved during the third quarter of 2007. CNinsure’s leading position among professional insurance intermediaries in China and our unified operating platform give us extensive reach to distribute insurance products underwritten by many insurance companies operating in China. With an innovative entrepreneurial agent program, an extensive distribution network and a large customer database, I’m optimistic about our future growth prospects.”

“Looking forward, we will remain focused on executing on our strategy of further expanding our property and casualty insurance business, developing new opportunities in the life insurance sector, and expanding our business through selective acquisitions and other measures,” continued Mr. Hu, “Building upon our successful listing on the Nasdaq in October, we will continue to bring on top talent, expand our distribution networks and invest in the necessary technology and resources to further scale up our operating platform.”

Financial Results for the Third Quarter of 2007

Total net revenues for the third quarter ended September 30, 2007 were RMB116.9 million (US\$15.6 million), representing a 14.8% increase over RMB101.8 (US\$13.6 million) for the preceding quarter,

and a 124.8% increase from RMB52.0 million (US\$6.9 million) for the third quarter in 2006, primarily reflecting the increase in revenues from commissions and fees.

Revenues from commissions and fees were RMB116.2 million (US\$15.5 million) for the third quarter of 2007, representing an increase of 14.2 % as compared to RMB101.7 million (US\$13.6 million) for the previous quarter and an increase of 124.7% as compared to RMB51.7 million (US\$6.9 million) for the third quarter of 2006. We derive commissions and fees from the distributions of property and casualty and life insurance products. The substantial year-over-year increase was primarily attributable to the further expansion of our business and the fact that our commissions and fees in the third quarter of 2006 had experienced a temporary decline due to the introduction of mandatory third party automobile liability insurance by the PRC government.

Revenues from other service fees were RMB0.7 million (US\$0.1 million) for the third quarter of 2007.

Total operating costs and expenses were RMB77.1 million (US\$10.3 million) for the third quarter of 2007, representing growth of 8.8% as compared to RMB70.9 million (US\$9.5million) for the previous quarter and an increase of 61.1% as compared to RMB47.9 million (US\$6.4 million) for the third quarter of 2006.

Commissions and fees expenses were RMB62.2 million (US\$8.3 million) for the third quarter of 2007, representing growth of 14.6% as compared to RMB54.3 million (US\$7.2 million) for the previous quarter and an increase of 98.6% as compared to RMB31.3 million (US\$4.2 million) for the third quarter of 2006, primarily due to the increase in the distribution of insurance products..

Selling expenses were RMB2.3 million (US\$0.3 million) for the third quarter of 2007, representing growth of 16.8% as compared to RMB2.0 million (US\$0.3 million) for the previous quarter and a decrease of 21.5% as compared to RMB3.0 million (US\$0.4 million) for the third quarter of 2006. The quarter-over-quarter increase reflects results largely from the overall growth of our business. The year-over-year decrease was primarily due to decreases in office expenses following further centralization of management functions.

General and administrative expenses were RMB12.6 million (US\$1.7 million) for the third quarter of 2007, representing a decrease of 13.8% as compared to RMB14.6 million (US\$1.9 million) for the previous quarter and a decrease of 7.5% as compared to RMB13.6 million (US\$1.8 million) for the third quarter of 2006. The quarter-over-quarter decrease was primarily due to the recognition of certain IPO-related expenses during the second quarter of 2007. The year-over-year decrease was primarily due to a decrease in share-based compensation expenses.

Operating margin was 34.0% for the third quarter of 2007 as compared with 30.4% for the previous quarter and 7.9% for the third quarter of 2006.

Interest income for the third quarter of 2007 was RMB2.7 million (US\$0.4 million), representing an increase of 181.1% as compared to RMB1.0 million (US\$0.1 million) for the previous quarter and an

increase of 36.4% as compared to RMB2.0 million (US\$0.4 million) for the third quarter of 2006. The increases resulted primarily from an increase in cash and cash equivalents arising from overall positive cash flows and increases in interest rates in China.

Net income was RMB42.4 million (US\$5.7 million) for the third quarter of 2007, representing growth of 28.9% as compared to RMB32.9 million (US\$4.4 million) for the previous quarter, and an increase of 508.0% as compared to RMB7.0 million (US\$0.9 million) for the third quarter of 2006. Net margin was 36.3% for the third quarter of 2007 as compared to 32.3% for the previous quarter and 13.4% for the third quarter of 2006.

As of September 30, 2007, the Company had RMB419.9 million (US\$56.0 million) in cash and cash equivalents.

Business Outlook

For the fourth quarter 2007, CNinsure expects its total net revenues to be between RMB135 million (US\$18.0 million) and RMB150 million (US\$20.0 million). 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 third quarter results at

Time: 8:00 pm Eastern Standard Time on December 13, 2007
or 9:00 am Beijing/Hong Kong Time on December 14, 2007

The Toll Free dial-in number: US: 1866-549-1292
UK: 0808-234-6305
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: 573031#

A replay of the call will be available for three days as follows:
3005-2020 (Hong Kong)
+852-3005-2020 (international)
PIN number: 133470#

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>

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