

Merger and Acquisition Report of China Insurance Industry, 2007-2008

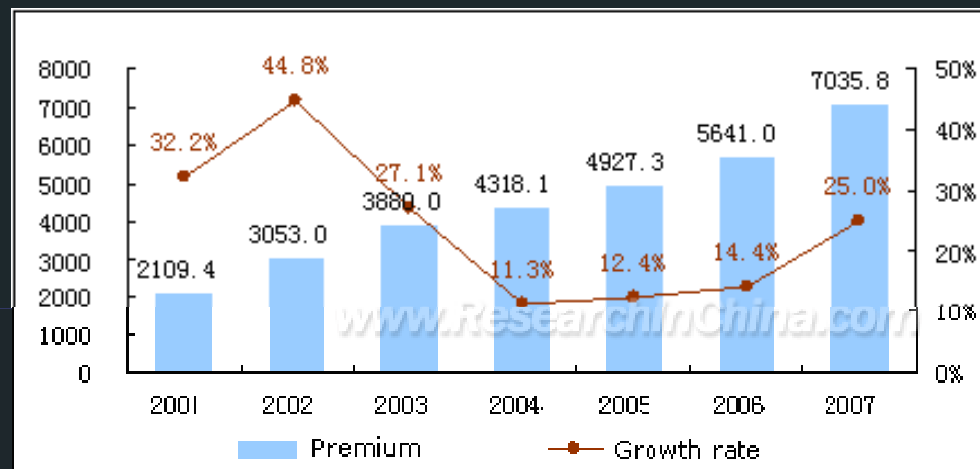


In 2007, China insurance industry developed rapidly and stably, premiums revenue reached as many as CNY703.58 billion, ranked at NO.9 in the world, up by 25% year on year, the growth rate was the highest during 2004-2007.

Jan.-Jun. 2008, premium revenue reached CNY561.79 billion, of which CNY129.93 billion were from property insurance; CNY431.86 billion were from life insurance. The total assets hit CNY3.0235 trillion.

Compared with other countries, insurance penetration and density in China are much lower than global average. In 2007, the insurance penetration was 2.85% and insurance density was CNY 532.4 per person; while global insurance penetration was 7.5% and insurance density was USD 512 per person.

Trend of Premium Revenue , 2001-2007
(Unit: CNY100 million)



Source: CIRC

M&A of insurance industry has accelerated new competitive pattern since 2007. In this process, some large scale insurance companies would control more financial resources; For different purposes, more and more non-insurance business companies are seeking for an entry opportunity. Meanwhile, China financial industry has begun mixed operation, foreign giants will also bring an impact to China insurance industry; therefore, M&A cases will emerge continuously in the future.

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