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Asia Financial Announces 2010 Results

Asia Financial Holdings Limited (“Asia Financial”) announces the results for the year ended 31 December 2010. Mr. Bernard Chan, President of Asia Financial, said, “We achieved **net profit attributable to shareholders of HK\$268.8 million** in 2010, an 18.6% decrease on the HK\$330.3 million for the year 2009. This is largely due to the fall in gains from the Group’s portfolio investments, reflecting the far slower market environment in 2010 following the sharp rebounds in 2009. At 9.1%, trading returns nonetheless remained in line with main benchmarks. Returns from joint ventures and associated companies were satisfactory.”

“For the fourth consecutive year, wholly owned **Asia Insurance Company, Limited** (“Asia Insurance”) reported a record underwriting profit, achieving a 14.8% increase over that of 2009. Turnover rose 20.6%. This satisfactory result reflects management’s ongoing efforts to expand our base of quality business and take advantage of changes in supply and demand in the market to focus on more profitable market segments. In particular, Asia Insurance benefited from a firmer pricing environment in the motor sector and rising demand for employees’ compensation coverage arising from new infrastructure and other construction projects in Hong Kong and Macau. Our growing reinsurance-related business also grew satisfactorily, helped by expansion overseas.”

Mr. Chan continued to say, “Associated and joint venture companies in the insurance segment generally performed in line with expectations under the overall investment climate. BC Reinsurance Ltd. and Hong Kong Life Insurance Ltd. both saw profits fall owing to declines in investment income; both companies enjoyed solid underwriting results. The People’s Insurance Company of China (Hong Kong) Ltd.

experienced a similar trend but also benefited from good premium growth. Professional Liability Underwriting Services Ltd. remained profitable in an increasingly competitive market.

“PICC Life Insurance Co. Ltd in Mainland China, in which Asia Financial has a 5% stake, continues to take advantage of its opportunities as a company with a nationwide licence in a country where life insurance premiums are growing at double-digit rates. It now ranks sixth in the Chinese life insurance market and operates a network of some 1,900 offices. The company reported RMB72.1 billion in gross premiums for 2010, up 54.9% on the same period in the year before. All other business performance and risk control indicators were positive and healthy. The insurance liability reserves and solvency ratio were maintained at comfortable levels in line with the fast-growing business volume.”

Mr. Chan added, “Hospital development and health care company Bumrungrad International Limited (“BIL”), in which we hold a 19.5% stake, showed a profit decline in 2010. This is partly a result of foreign exchange loss incurred when BIL sold Asia Renal Care, the chain of outpatient dialysis facilities in Asia. We continue to foresee very healthy prospects for the business in Asia and the Middle East, owing to long-term demographic and policy trends, and the company will continue to consider suitable opportunities for expansion.”

“The Group’s main current presence in the Pension and Asset Management sector, its holding in jointly-controlled company, Bank Consortium Holding Limited (“BCH”), enjoyed acceptable profit growth in 2010. This is largely due to the rising fee income from increased assets under management and provision of services to third parties. Bank Consortium Trust Co. Ltd. (“BCT”), a wholly owned subsidiary of BCH, remains one of the top five providers of Mandatory Provident Fund services in Hong Kong. The market may become more competitive at some stage when employees are given the right to transfer their personal contributions to other service

providers; however, we are confident that BCT's commitment to quality client service will give it an edge in retaining and indeed attracting funds. Future expansion of this market will to some extent be influenced by government policy, but we expect BCT at least to remain a solid and steady contributor."

Mr. Chan raised, "The Group's interests in real estate are focused on Shanghai and Suzhou and represent 4.7% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake. Phase 1 of the project has now been sold, and Phase 2 is now attracting pre-sales. Another piece of new land in an adjacent area in Jiading was acquired during early 2010 for a planned residential complex with a saleable area of 40,000 square meters. It is planned that the construction will start in 2011. Measures to cool the mainland property market may have some limited impact on continuing sales, but we are confident that this overall project will continue to deliver good returns. It is a good quality development in a convenient location with a growing range of local facilities, and is intended to satisfy strong demand among middle-class end-users."

Looking ahead, Mr. Chan said, "We will continue to base our growth largely upon our existing range of investments in livelihood service industries, including insurance, retirement products, health care and property development, focused on Greater China and elsewhere in Asia. A good example would be the prospects for our interests in the life insurance sector in the Mainland. This range of investment segments is not a coincidence: this region is witnessing the growth of a large middle class; societies are at the same time beginning to age; and governments are seeking more market-based solutions to demographic policy challenges. This is the long-term environment on which Asia Financial's management focuses."

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