



亞洲金融
Asia Financial

*For immediate release
2nd March 2012*

Asia Financial Announces 2011 Results

Asia Financial Holdings Limited (“Asia Financial”) announces the results for the year ended 31 December 2011. Mr. Bernard Chan, President of Asia Financial, said, “**Asia Financial** reported a **net loss of HK\$137.5 million** in 2011, a **151.2% reversal** from the HK\$268.8 million profit reported in 2010. This result, anticipated in a profit warning in December, is largely due to unrealized valuation losses from securities holdings hit by turmoil in the financial markets during the year. Securities trading results nonetheless outperformed main market benchmarks. Returns from joint ventures and associated companies were generally satisfactory. At a challenging time, management successfully trimmed costs for the year.”

“Exceptional natural disasters in Asia and Australasia in 2011 required wholly owned **Asia Insurance Company, Limited’s** (“Asia Insurance”) reinsurance business to make provisions for claims, resulting in a 32.1% fall in underwriting profit for the company compared with the record-breaking performance of 2010. The earthquake and tsunami in Japan, flooding in Australia, earthquake in New Zealand and, later in the year, flooding in Thailand impacted the whole industry throughout the region. However, underlying these exceptional events was continued healthy development of Asia Insurance as one of Hong Kong’s leading local general insurers, with continued balanced growth in other regions.”

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 Limited suffered a valuation loss, although Hong Kong Life Insurance Limited and People’s Insurance Company of China (Hong Kong) Limited

reported healthy increases in contributions. Professional Liability Underwriting Services Limited remained profitable in an increasingly competitive market.”

“PICC Life Insurance Company Limited 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. It now ranks fifth in the Chinese market and operates a network of some 2,100 offices. The company reported RMB70.4 billion in gross premiums for 2011, down 2.4% on the same period for the year before. All other business performance and risk control indicators showed positive and healthy figures. The insurance liability reserves and solvency ratio were maintained at reasonable 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, reported a loss in 2011, as BIL reduced certain of its activities including the disposal of Asian Hospital Inc. Manila in the Philippines. Foreign exchange loss also had an impact. We continue to foresee very healthy potential for health care in Asia and the Middle East, owing to long-term demographic and policy trends. However, not all opportunities in the sector are necessarily attractive, and we must consider possible future investments very carefully. We have expressed an interest to the Hong Kong government in bidding for a hospital site at Wong Chuk Hang on the south of Hong Kong Island.”

“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 reasonable profit growth, largely due to fee income, in 2011. Bank Consortium Trust Company Limited. (“BCT”), a wholly owned subsidiary of BCH, remains one of the top five providers of Mandatory Provident Fund services in Hong Kong. The crowded market may become more competitive at some stage when employees are given the right to transfer contributions among service providers; 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 to remain a solid and steady contributor to Asia Financial.”

Mr. Chan raised, “The Group’s interests in real estate are focused on Shanghai and Suzhou and represent 5.1% 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 remaining profits were booked during 2011. Phase 2 is now undergoing sales. With the majority of units already sold, we expect all profits to be recognized by the end of 2012. Phase 3 – with a total saleable area of around 130,000 square meters – is now being planned. This phase will roll out in the coming two to three years, and the outlook for healthy returns is very positive. A smaller 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. This is likely to be used for higher-end development and is expected to yield an acceptable profit.”

“Measures to cool speculative activity in the Mainland property market, such as higher down-payments and tighter credit supply, have been put in place since 2010. We believe these measures will continue for the foreseeable future, although there is pressure on policymakers to ease up. Either way, it is apparent from our experience in 2011 that the impact of this on our projects is not too significant. Jiading is a good quality development in a convenient location with a growing range of local facilities, and is successfully meeting demand among middle-class end-users.”

Looking ahead, Mr. Chan said, “The global outlook remains very uncertain and potentially volatile even though the first two months of 2012 have seen some strength return to equities markets, and at least a few signs that the impacts of the sovereign debt crisis in Europe can be contained. During such a volatile time, we will continue to exercise caution in the management of our cash and direct and indirect investments.

This is our longstanding philosophy, and it is one that has served our shareholders well over the years. However, we will also remain alert to the possibility that short-term instability in markets can create worthwhile investment opportunities within acceptable levels of risk.”

- End -

For further information, please contact:

Ms. Shirley Kwok (Tel: 3606 9620)

Asia Financial Holdings Limited