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Asia Financial Announces 2009 Results

Asia Financial Holdings Limited (“Asia Financial”) announces the results for the year ended 31 December 2009. Mr. Bernard Chan, President of Asia Financial, said, “We achieved a **net profit of HK\$330.3 million** in 2009, comparing a loss of HK\$771.3 million in 2008. This satisfactory result largely reflects the impact on our portfolio investments of the rebound in world markets following the sharp declines in late 2008 and early 2009. Despite a challenging business environment, underwriting profits remained solid and returns from joint ventures and associated companies were healthy.”

“Wholly owned **Asia Insurance Company Limited** (“Asia Insurance”) maintained a good performance in 2009, with **net profit** for the year of **HK\$253.3 million**, comparing a loss of HK\$357.1 million in 2008. Underwriting profit increased by 2.5% for the year, while turnover fell by 6.2%. This was due to an ongoing strategy of rebalancing and streamlining the company’s portfolio by reducing emphasis on less profitable coverage in order to protect the bottom line. Our exposure to less cyclical business sectors also helped us to achieve this creditable operating performance during a difficult economic climate in Hong Kong. Unlike in 2008, there were no serious typhoons, storms or other major incidents affecting Asia Insurance.”

Mr. Chan continued to say, “Associated companies and joint ventures continued to perform respectably, with The People’s Insurance Company of China (Hong Kong) Ltd. and BC Reinsurance Ltd. (“BC Re”) in particular benefiting from the rebound in the markets during 2009, as did Hong Kong Life Insurance Ltd, which following an increase in issued capital has now moved into profit and is poised for continued

growth. Professional Liability Underwriting Services Ltd. remained profitable. We expect returns from these companies to rise as their operations develop. BC Re, like Asia Insurance itself, has enjoyed notable success in expanding reinsurance business, especially in overseas markets such as Japan, South Korea and Southeast Asia.”

“PICC Life Insurance Co. Ltd. (“PICC Life”) in Mainland China, in which Asia Financial has a 5% stake, raised additional capital on two occasions during 2009 to maintain strong business expansion, which was reflected during the year in terms of premiums, which rose to RMB52.4 billion, and rising assets and profit. To give an example, PICC Life is planning to expand the number of its local offices from 1,600 to 2,300 in 2010.”

Mr. Chan added, “Hospital development and health care company Bumrungrad International Limited (“BIL”), in which we hold a 19.5% stake, made a small profit for the year, through its hospital in the Philippines and regional renal dialysis centres in North-east and Southern Asian countries. The company is actively studying opportunities in the Middle East and elsewhere in Asia. Demographic and related government policy trends will produce growing demand for health-related services in the Asia-Pacific region in the years ahead, and we expect BIL and other possible investments in this sector to represent sound long-term sources of profit. We are currently examining the possibility of investment in the hospital sector in Hong Kong, which the government is keen to see expand.”

“The Group’s main current presence in the Pension and Asset Management sector, its holding in jointly-controlled company Bank Consortium Holding Limited (“BCH”), saw a profit decline in 2009. This reflected falls in some classes of fee income common to the industry during these market conditions. Bank Consortium Trust Co. Ltd., a wholly owned subsidiary of BCH, is one of the top five providers of Mandatory Provident Fund services in Hong Kong, and its outlook remains positive.”

“The Group’s interests in real estate are focused in Shanghai and Suzhou in Mainland China and which represent 4.7% of our total assets at the end of 2009. Our main project is a residential and commercial development at Jiading in Shanghai in which we have a 27.5% stake. The first phase of the project has enjoyed strong pre-sales and will be complete by the end of 2010. The project is designed to be popular among middle-class end-users; it is in particular located in a very desirable area near mass transit and leisure facilities and has been recognised as a leader in the city for its design and quality. It offers the sort of housing for which there is solid underlying market demand.”

Looking ahead, Mr. Chan said, “Our strategy is to build upon our existing base of investments in insurance, in the fields of retirement and health care, and in certain property development projects in the Mainland. We foresee this overall area of private individual and family services as offering very attractive opportunities in the years to come. The middle-class population in Greater China and elsewhere in Asia is growing in size and wealth. Meanwhile, demographic trends point to aging societies in the region, and thus government policies to encourage individual provision of many services. We expect these two trends to produce growing demand for the products and services of our selected investment sectors.”

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