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中國融保金融集團有限公司
China Assurance Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

PROFIT WARNING

This announcement is made by China Assurance Finance Group Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors (the “**Potential Investors**”) that further to the Company’s profit warning announcement dated 30 April 2012 and the first quarterly results announcement for the three months ended 31 March 2012 dated 10 May 2012, the interim results announcement for the six months ended 30 June 2012 dated 7 August 2012 and the third quarterly results announcement for the nine months ended 30 September 2012 dated 7 November 2012 where as disclosed therein, among other things, notwithstanding the Group recorded a gain, in particular, for the three months ended 30 June 2012 and for the three months ended 30 September 2012 respectively, the Group recorded overall losses for the three months ended 31 March 2012, six months ended 30 June 2012 and nine months ended 30 September 2012 respectively as compared with a profit for the corresponding periods of year 2011. The overall decline was mainly attributable to (i) the expenses related to the grant of share options to eligible persons of the Group on 23 March 2012 which is one-off and non-cash in nature; (ii) the decrease in the number of performance guarantee contracts; and (iii) the decrease in average contract size with the customers of the Group.

The Board wishes to inform the Shareholders and the Potential Investors that, based on the information currently available to the Group, it is expected that the Group’s revenue and profits for the three months ended 31 December 2012 may experience a decline as compared to the corresponding period in 2011. Due to the same reasons as stated in the paragraph above, it is expected that the Group may continue to record an overall loss for the year ended 31 December 2012 as compared to a profit recorded for the year ended 31 December 2011.

The information contained in this announcement is a preliminary assessment by the Board based on the information currently available to the Group and is not based on any figures nor information that has been audited or reviewed by the auditor of the Company.

Despite the above situation, the Group remains positive and optimistic about the prospects of the financing market in the People’s Republic of China. The Group will continue to adopt a prudent loan approval standard, safeguard its capital adequacy and liquidity position, and set prudent yet flexible business development strategies to strike a balance between business growth and prudent risk management.

Further details of the Group's results and performance will be disclosed in the annual results announcement of the Group for the year ended 31 December 2012, which is expected to be published by 20 March 2013.

Shareholders and the Potential Investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Assurance Finance Group Limited
Pang Man Kin Nixon
Executive Director

Hong Kong, 7 March 2013

As at the date of this announcement, the executive Directors are Mr. Chang Hoi Nam, Mr. Pang Man Kin Nixon and Mr. Chen Xiao Li; the non-executive Director is Mr. Chang Xi Min; and the independent non-executive Directors are Mr. Chan Kai Wing, Mr. Lam Raymond Shiu Cheung and Mr. Chow Shiu Ki.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.cafgroup.hk.