亞洲金融集團(控股)有限公司*
Asia Financial Holdings Ltd.
Incorporated in Bermuda with limited liability

(Stock Code: 662)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2011

RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company") announces the results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31st December, 2011 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	3	**1,079,847**	964,312
Gross premiums		**1,010,985**	871,308
Reinsurers' share of gross premiums		**(298,770)**	(266,654)
Net insurance contracts premiums revenue		**712,215**	604,654
Gross claims paid		**(416,726)**	(343,278)
Reinsurers' share of gross claims paid		**121,648**	100,384
Gross change in outstanding claims		**(163,557)**	(103,946)
Reinsurers' share of gross change in outstanding claims		**17,220**	30,196
Net claims incurred		**(441,415)**	(316,644)
Commission income		**61,763**	58,326
Commission expense		**(223,776)**	(203,827)
Net commission expense		**(162,013)**	(145,501)
Management expenses for underwriting business		**(46,479)**	(49,638)
Underwriting profit		**62,308**	92,871

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CONSOLIDATED INCOME STATEMENT (continued)

Year ended 31st December, 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Dividend income		**60,940**	47,327
Realised gain/(loss) on investments		**(133,899)**	71,130
Unrealised gain/(loss) on investments		**(172,867)**	80,432
Interest income		**61,283**	59,347
Other income and gains, net		**11,362**	11,779
		(110,873)	362,886
Operating expenses		**(79,075)**	(95,997)
		(189,948)	266,889
Share of profits and losses of jointly-controlled entities		**6,188**	17,578
Share of profits and losses of associates		**38,548**	29,474
PROFIT/(LOSS) BEFORE TAX	4	**(145,212)**	313,941
Income tax expense	5	**11,112**	(42,378)
PROFIT/(LOSS) FOR THE YEAR		**(134,100)**	271,563
Attributable to:			
Equity holders of the Company		**(137,516)**	268,819
Non-controlling interests		**3,416**	2,744
		(134,100)	271,563
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic			
- For profit/(loss) for the year		**(HK13.5 cents)**	HK26.4 cents
Diluted			
- For profit/(loss) for the year		**N/A**	N/A

Details of the dividends are disclosed in note 6 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st December, 2011

	2011 HK$'000	2010 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(134,100)**	271,563
OTHER COMPREHENSIVE INCOME		
Available-for-sale securities:		
Changes in fair value	**76,478**	251,998
Share of other comprehensive income of jointly-controlled entities:		
Changes in available-for-sale investment reserve	**(52)**	144
Changes in exchange reserve	**7,279**	16,960
Reclassification of exchange difference included in the consolidated income statement for capital reduction of a jointly-controlled entity	**(12,318)**	-
	(5,091)	17,104
Share of other comprehensive income of associates:		
Changes in available-for-sale investment reserve	**(17,539)**	(2,103)
Changes in exchange reserve	**11,048**	6,789
	(6,491)	4,686
Exchange differences on translation of foreign operations	**136**	(579)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**65,032**	273,209
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**(69,068)**	544,772
ATTRIBUTABLE TO:		
Equity holders of the Company	**(67,154)**	542,685
Non-controlling interests	**(1,914)**	2,087
	(69,068)	544,772

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st December, 2011

	2011 HK$'000	2010 HK$'000
ASSETS		
Property, plant and equipment	**154,971**	166,671
Investment property	**4,150**	3,380
Interests in jointly-controlled entities	**245,020**	343,075
Loans to jointly-controlled entities	**37,600**	43,553
Interests in associates	**162,099**	136,472
Due from an associate	**164,763**	164,763
Deferred tax assets	**35,029**	19,529
Held-to-maturity securities	**776,816**	908,566
Available-for-sale securities	**2,262,256**	1,491,416
Pledged deposits	**92,605**	80,941
Loans and advances and other assets	**208,225**	244,400
Securities measured at fair value through profit or loss	**1,848,154**	1,556,724
Insurance receivables	**151,751**	171,522
Reinsurance assets	**426,625**	393,687
Cash and cash equivalents	**841,581**	1,600,561
Total assets	**7,411,645**	7,325,260
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	**1,019,200**	1,019,200
Reserves	**4,358,009**	4,460,835
Proposed final dividend	**20,384**	66,248
	5,397,593	5,546,283
Non-controlling interests	**14,449**	16,363
Total equity	**5,412,042**	5,562,646
Liabilities		
Insurance contract liabilities	**1,633,212**	1,400,793
Insurance payables	**135,341**	159,400
Due to associates	**4,222**	4,643
Other liabilities	**168,451**	131,245
Tax payable	**48,531**	56,687
Deferred tax liabilities	**9,846**	9,846
Total liabilities	**1,999,603**	1,762,614
Total equity and liabilities	**7,411,645**	7,325,260

NOTES

1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1st July, 2009 or earlier if HKAS 27 is applied earlier.

NOTES (continued)

2. OPERATING SEGMENT INFORMATION

(a) Operating segments

The following tables present revenue and profit/(loss) for the Group's operating segments.

Group	**Insurance 2011 HK$'000**	**Corporate 2011 HK$'000**	**Eliminations 2011 HK$'000**	**Consolidated 2011 HK$'000**
Segment revenue:				
External customers	**1,079,847**	**-**	**-**	**1,079,847**
Other revenue, income, losses, net	**(80,707)**	**(92,474)**	**-**	**(173,181)**
Intersegment	**1,313**	**-**	**(1,313)**	**-**
Total	**1,000,453**	**(92,474)**	**(1,313)**	**906,666**
Segment results	**(57,575)**	**(132,373)**	**-**	**(189,948)**
Share of profits and losses of:				
Jointly-controlled entities	**5,318**	**870**	**-**	**6,188**
Associates	**13,500**	**25,048**	**-**	**38,548**
Loss before tax				**(145,212)**
Income tax expense	**12,201**	**(1,089)**	**-**	**11,112**
Loss for the year				**(134,100)**

Group	Insurance 2010 HK$'000	Corporate 2010 HK$'000	Eliminations 2010 HK$'000	Consolidated 2010 HK$'000
Segment revenue:				
External customers	964,312	-	-	964,312
Other revenue, income, gains, net	165,722	104,293	-	270,015
Intersegment	777	-	(777)	-
Total	1,130,811	104,293	(777)	1,234,327
Segment results	216,887	50,002	-	266,889
Share of profits and losses of:				
Jointly-controlled entities	11,017	6,561	-	17,578
Associates	11,455	18,019	-	29,474
Profit before tax				313,941
Income tax expense	(34,453)	(7,925)	-	(42,378)
Profit for the year				271,563

NOTES (continued)

2. OPERATING SEGMENT INFORMATION (continued)

(b) Geographical information

Over 90% of the Group's revenue and results are derived from operations carried out in Hong Kong, Macau and China.

3. REVENUE

Revenue, which is also the Group's turnover, represents gross premiums net of discounts, from the direct and reinsurance businesses underwritten during the year.

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after crediting/(charging):

	2011 HK$'000	2010 HK$'000
Depreciation	**(12,316)**	(13,391)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**(73,792)**	(83,434)
Pension scheme contributions	**(3,669)**	(3,536)
Less: Forfeited contributions	**-**	143
Net pension scheme contributions	**(3,669)**	(3,393)
Total employee benefit expense	**(77,461)**	(86,827)
Minimum lease payments under operating leases in respect of land and buildings	**(222)**	(203)
Realised gain/(loss) on:		
- disposal of securities measured at fair value through profit or loss (held for trading), net	**(133,129)**	72,704
- disposal of available-for-sale securities	**83**	78
- redemption/call-back of held-to-maturity securities	**(853)**	(1,652)
	(133,899)	71,130
Unrealised gain/(loss) on securities measured at fair value through profit or loss (held for trading), net*	**(135,233)**	80,432
Unrealised loss on securities measured at fair value through profit or loss (designated upon initial recognition)*	**(37,634)**	-
Gain/(loss) on disposal/write-off of items of property, plant and equipment	**(5)**	13
Change in fair value of an investment property	**770**	360
Impairment allowance on insurance receivables	**(488)**	(458)
Impairment of an interest in a jointly-controlled entity#	**(16,655)**	-
Reclassification of exchange difference included in the consolidated income statement for capital reduction of a jointly-controlled entity#	**12,318**	-
Dividend income from:		
Listed investments	**55,035**	40,727
Unlisted investments	**5,905**	6,600
	60,940	47,327
Interest income	**61,283**	59,347

NOTES (continued)

4. PROFIT/(LOSS) BEFORE TAX (continued)

Impairment of an interest in a jointly-controlled entity and reclassification of exchange difference included in the consolidated income statement for capital reduction of a jointly-controlled entity are included in "Share of profit and loss of jointly-controlled entities" on the face of the consolidated income statement.

* Unrealised gain/(loss) on securities measured at fair value through profit or loss are included in "Unrealised gain/(loss) on investments" on the face of the consolidated income statement.

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2011	2010
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
Charge for the year	**1,178**	11,029
Underprovision in prior years	**-**	17,293
Current - Elsewhere		
Charge for the year	**3,090**	1,481
Underprovision in prior years	**120**	-
Deferred	**(15,500)**	12,575
Total tax charge/(credit) for the year	**(11,112)**	42,378

6. DIVIDENDS

	2011	2010
	HK$'000	HK$'000
Interim - HK1.5 cents (2010: HK1.2 cents) per ordinary share	**15,288**	12,230
Proposed final - HK2.0 cents (2010: HK6.5 cents) per ordinary share	**20,384**	66,248
	35,672	78,478

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Accordingly, the proposed final dividend has been included in the proposed final dividend reserve account within the equity attributable to the equity holders of the Company of the statement of financial position.

NOTES (continued)

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$137,516,000 (2010: profit of HK$268,819,000) and 1,019,200,000 (2010: 1,019,200,000) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31st December, 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

MANAGEMENT DISCUSSION AND ANALYSIS

(All changes in % refer to the same period last year)

Loss attributable to equity holders of the Company:	HK$137.5m	-151.2%
Loss per share:	HK13.5 cents	-151.1%
Final dividend per share:	HK2.0 cents	-69.2%
Total dividend per share:	HK3.5 cents	-54.5%

Asia Financial Holdings Limited ("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. Underwriting profits suffered a 32.1% decline for the year owing to claim provisions following several exceptional catastrophic events in Asia and Australasia. Returns from joint ventures and associated companies were generally satisfactory. At a challenging time, management successfully trimmed costs for the year.

Economic Background

The year 2011 was one of economic uncertainty not only in Western countries undergoing deleveraging and sovereign debt problems but in slowing emerging export-oriented nations, including China. Hong Kong and other parts of East Asia continued to benefit from the relative strength of China and intra-regional trade, but the underlying trends were generally subdued. Hong Kong's year-on-year GDP growth fell from over 7% in the first quarter to 3% in the fourth, while China's annual growth rate fell slightly to around 9%. While some analysts late in the year saw tentative signs of a soft landing in China and even a gradual pickup in jobs and demand in the United States, the evidence was far from conclusive.

Not surprisingly under these conditions, asset prices generally weakened during the year. Equities, which can have a considerable impact on our year-on-year profitability, were no exception, with the Hang Seng and H Share indexes declining around 20% over the year, and the S&P500 staying flat. Relaxed monetary policies around the world meanwhile constrained gains from interest income. On the operational side, continued strength in certain economic sectors in Hong Kong and to an extent elsewhere in the region benefited our general insurance business.

Management Approach and Future Prospects

The global outlook remains very uncertain and potentially volatile. As various forms of social protest in the Middle East, Europe and the United States last year showed, economic readjustment since the credit crisis in 2008-09 continues to cause economic hardship. Continued debate in Western countries between commentators who fear deflation and those who fear inflation illustrates just how unclear the picture is. On the brighter side, the easing of commodity prices last year, and some minor positive signs in China and the United States, perhaps suggests that policymakers are doing some things right. Furthermore, 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.

In all events, we will remain focused on the long term. The recent financial crisis has exposed weaknesses and strengths in many economies and industries throughout the world, and we are aware of our own region's demographic and other challenges. However, we are surer than ever that as an investment-based company, Asia Financial is in the right place at the right time as the historic rebalancing of global growth towards Asia continues.

We will continue to base our growth largely upon our existing range of investments in livelihood service industries, including insurance, retirement, health 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. These are described in more detail below. This range of investment segments is deliberate: the Greater China/East Asia region is undergoing transformation as a large middle class comes into being, societies begin to age and governments seek market-based solutions to demographic policy challenges. This is the long-term environment on which Asia Financial's management focuses.

Our existing base of investments fits well with our traditional expertise and networks of clients and partners, and is well-positioned to benefit from long-term economic and social trends. In considering ways to build upon this base, we will adhere to this fundamental approach and exercise patience and caution.

Overview by Investment Segments

Insurance

Exceptional natural disasters in Asia and Australasia in 2011 required Asia Insurance's 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Overview by Investment Segments (continued)

Insurance (continued)
Turnover rose 12.0% in 2011, reflecting management's continued efforts to focus on growing our base of quality business and taking 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 employees' compensation area. Most other lines of business produced stable profits. There were no significant changes to the size and reach of our agent network.

As with Asia Financial's other portfolio investments, Asia Insurance's securities holdings suffered valuation losses owing to the turmoil in the equities markets during the year. This accounted for the bulk of Asia Insurance's 106.6% decline in total operating income for the year compared with 2010. Despite their market valuations as of the end of 2011, the equities in the portfolio are focused on good-quality holdings. The fall in other income reflected the effect of foreign exchange shifts, while dividend income was in line with the market. Interest income rose, thanks to a strategy of tilting the portfolio further towards fixed income instruments, including RMB bonds which also offered exchange rate gains. Asia Insurance has no significant direct exposure to vulnerable European sovereign debt and related investments.

In view of the challenging market environment, Asia Insurance successfully kept costs under control, despite growth in turnover.

Despite the industry-wide impact of natural disasters in the region, Asia Insurance continued in 2011 to develop as a leader in Hong Kong's general insurance market with a sound reputation among a steadily expanding base of clients. The outlook in 2012 for core underwriting looks reasonable given the uncertain economic background. Consumption and infrastructure are likely to underpin the Hong Kong economy and offer Asia Insurance continued opportunities in the employees' compensation and engineering segments; it can be noted here that improvements in construction safety in Hong Kong have had a welcome effect. We will take steps to improve risk management in the reinsurance area; upward pressure on premiums is also likely in some Asian markets following last year's natural catastrophes.

The biggest potential threat looking ahead for Asia Insurance's core business (and indeed Hong Kong as a whole) would be a major internal or external setback to the Mainland economy. Prospects for portfolio investments reflect the wider global uncertainty, and management will maintain a particularly prudent approach to management of traded investments, relying on a meaningful weighting towards fixed-interest assets as a buffer against market volatility.

Asia Insurance remains open to possible new growth areas, but these seem fairly limited in the foreseeable future. Health care reform in Hong Kong, especially official measures to encourage greater use of personal health insurance coverage in the community, has been proceeding slowly under the outgoing administration, not least because of weak public support. Nonetheless, with this new potential market in mind, the company is offering a 'Care Forever' product aimed essentially at middle- and upper-income individuals and families.

Overview by Investment Segments (continued)

Insurance (continued)
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 The 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.

Other Portfolio Investment
Asia Financial's other portfolio investment income fell year-on-year by 215.0%, reflecting the decline in equities markets during the period. This result is largely accounted for by unrealized valuation losses from conservative, good-quality holdings, and trading performance surpassed the Hang Seng and H Share index benchmarks. Net interest income rose for Asia Financial largely in line with levels of bond holdings during the period.

Asia Financial has no direct exposure to vulnerable European sovereign debt. Secondary exposure via equity and fund investments is limited by our policy of diversification and focus on quality, while our fixed income investments and derivative instruments are of investment grade or above.

Despite an upturn in equities markets in early 2012, the outlook for our portfolio holdings is as uncertain as that for the world's economy and markets in general. Management sees the portfolio as a reserve of shareholders' wealth alongside Asia Financial's direct investments and business operations. As a result, we will adhere to our traditional careful investment principles, maintain exposure to high-quality holdings and, in these particular times, prefer fixed-income to equities in order to defend shareholders' interests.

Health Care
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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Overview by Investment Segments (continued)

<u>Pension and Asset Management</u>
The Group's 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.

<u>Property Development</u>
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. Although the Mainland property market has softened since its peak, we are finding demand steady and discounting unnecessary. 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.

Charge on Assets

As at 31st December, 2011, Asia Insurance charged assets with a carrying value of HK$102,658,000 (2010: HK$78,621,000) in favour of the Hong Kong Mortgage Corporation Limited (the "HKMC") to secure the payments under the HKMC Mortgage Insurance Programme.

Contingent Liabilities

As at 31st December, 2011, there was an outstanding counter guarantee issued by the Company in favour of People's Insurance Company (Group) of China Limited (the "PICC Group") amounting to 5% of all the liabilities and expenses of RMB112.5 million (approximately HK$138.8 million) (2010: Nil) under a master guarantee provided by the PICC Group. The master guarantee is to secure the repayment of 10-year subordinated term debt of RMB2.25 billion issued by PICC Life Insurance Company Limited. The counter guarantee will expire on 25th April, 2019.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group for the year ended 31st December, 2011 was 263 (2010: 252). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme in operation during the year. The Group also offers various training and induction programmes to its employees.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") of the Company will be held on Thursday, 3rd May, 2012. Notice of the AGM will be published and despatched to the shareholders on or about Wednesday, 28th March, 2012.

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders the payment of a final dividend of HK2.0 cents (2010: HK6.5 cents) per share which, together with the interim dividend of HK1.5 cents (2010: HK1.2 cents) per share, will make a total dividend of HK3.5 cents (2010: HK7.7 cents) per share for the year ended 31st December, 2011. The proposed final dividend will be paid in cash to those shareholders whose names are on the Register of Members of the Company on Friday, 11th May, 2012 and the dividend warrants will be despatched to shareholders on or about Tuesday, 22nd May, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of ascertaining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfers	4:30 p.m. on 30th April, 2012
Book close dates (both days inclusive)	2nd to 3rd May, 2012
Record date	3rd May, 2012
AGM	3rd May, 2012

(b) For the purpose of ascertaining shareholders' entitlement to the proposed final dividend:

Ex-dividend date for final dividend	7th May, 2012
Latest time to lodge transfers	4:30 p.m. on 8th May, 2012
Book close dates (both days inclusive)	9th to 11th May, 2012
Record date for final dividend	11th May, 2012
Despatch of dividend warrants	on or about 22nd May, 2012

All transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than the above specified time.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31st December, 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

Throughout the year ended 31st December, 2011, the Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31st December, 2011.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.afh.hk and the HKExnews website at www.hkexnews.hk. The 2011 annual report will be despatched to the shareholders and available at the same websites on or about Wednesday, 28th March, 2012.

By Order of the Board
Asia Financial Holdings Limited
Robin Y.H. Chan
Chairman

Hong Kong, 2nd March, 2012

As at the date of this announcement, the executive directors of the Company are Dr. Robin Yau Hing Chan (Chairman), Mr. Bernard Charnwut Chan (President), Mr. Stephen Tan, Mr. Wong Kok Ho; the non-executive directors are Mr. Lau Ki Chit, Mr. Choedchu Sophonpanich, Mr. Ng Song Hin, Mr. Mamoru Miyazaki, Ms. Chan Yeow Toh; and the independent non-executive directors are Ms. Anna Suk Han Chow, Mr. Andrew Chiu Cheung Ma, Dr. Ko Wing Man, Mr. Kenneth Chi Lam Siao and Dr. The Hon. Philip Yu Hong Wong.

* *For identification purpose only*