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## **Asia Financial Announces Interim Results**

**Asia Financial Holdings Limited** (“Asia Financial”) announced its interim results today. Mr. Bernard Chan, President of Asia Financial, said, “We achieved net profit attributable to shareholders of **HK\$249.9 million** in the first half of 2012, a 164.9% increase over the same period in 2011. This healthy rise was largely due to realized and unrealized gains in the value of portfolio investments, the continued respectable underwriting performance and organic growth of insurance operations and satisfactory results by most of our joint-venture and associated companies.”

“During the period, other comprehensive income attributable to equity holders of the company was **HK\$345 million**. This is largely due to the appreciation of market value of two holdings, namely Bangkok Bank Public Company Limited (“Bangkok Bank”) and Bumrungrad Hospital Public Company Limited (“Bumrungrad Hospital”). As a result, total comprehensive income attributable to equity holders of the company was **HK\$594.9 million**, increased by **457.0%**.”

“Wholly-owned **Asia Insurance Co Ltd’s** (“Asia Insurance”) profit attributable to shareholders rose by 115.1% in the first half of 2012 compared with the same period in 2011. Underwriting profit increased by 0.8%, which is acceptable given exposure to the flooding in Thailand in the second half of 2011. Turnover rose by a healthy 27.6%; this trend was broad-based, reflecting growth in the property market and the construction sector in both Hong Kong and Macau. These solid operating results reflect Asia Insurance’s status as a leader in Hong Kong’s general insurance market with a very sound reputation among clients.”

Mr. Chan also said, “Associated and joint venture companies in the insurance segment delivered generally satisfactory results. BC Reinsurance Limited, Professional Liability Underwriting Services Limited and the People’s Insurance Company of China (Hong Kong)

Limited achieved reasonable increases in profit and business turnover, while Hong Kong Life Insurance Limited performed less well. On the whole, all these companies look set to show healthy development in the future.”

“PICC Life Insurance Company Limited (“PICC Life”), in which Asia Financial has a 5% stake, continues to take advantage of its opportunities as a company with a nationwide licence. The company reported RMB42.7 billion in premium income for the first half of 2012, down 2.4% on the same period of 2011. All other business performance and risk control indicators showed positive and healthy figures. PICC Life’s insurance liability reserves and solvency ratio were maintained at high levels in line with the business volume. This stake is Asia Financial’s single biggest external holding, accounting for 14.4% of our total assets.”

Mr. Chan continued to say, “As far as our investment portfolio is concerned, year-on-year realized and unrealized valuation gains on trading investments rose significantly compared with the first half of 2011. These improved results largely reflected the rise in major markets during the period and our generally cautious approach, focusing on high-quality trading investments. Strong market performance in the first quarter of the year provided an opportunity to lock in some gains. 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.”

“Two holdings performed particularly well, namely Bangkok Bank and Bumrungrad Hospital. During the period, we have booked HK\$340 million as other comprehensive income attributable to equity holders of the company, due to the appreciation of value of these two holdings. The valuation of our 0.99% holding in Bangkok Bank rose 25.3% for the first half of the year, reflecting a 22% rise in its net profit. Our 3.7% holding in Bumrungrad Hospital in Bangkok remains one of our best-performing investments, with its valuation rising 61.6% for the first half of the year. This is largely due to recognition in the market of Bumrungrad Hospital’s success in attracting patients internationally through the delivery of high-quality medical services. This success looks likely to continue.”

“Bumrungrad International Limited (“BIL”), in which Asia Financial holds a 19.5% stake, is undergoing liquidation following the consolidation of its activities and the lack of suitable new investment opportunities. This has resulted in a return of capital to Asia Financial, including some exchange rate gain, which accounts for an increase in our share of profits from this source in the first half of 2012. We have also refrained from submitting a bid to the Hong Kong government to start a new hospital at Wong Chuk Hang on the south of Hong Kong Island, as in our view the conditions attached to the project seriously hindered its viability. Despite these developments, we continue to foresee very good prospects for the health care business in the region, owing to long-term demographic and policy trends, and we will remain alert to potential new opportunities in the sector.”

Mr. Chan added, “Our holding in the jointly controlled Bank Consortium Holding Limited (“BCH”) continued to produce an acceptable level of profit in the first half of 2012, owing to asset portfolio growth following the recovery of markets. 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. Starting November 1 2012, employees will have the right to transfer their personal contributions up to one time a year to other service providers. This will heighten competition in the market; we are confident that BCT’s commitment to quality client service will give it an edge in retaining and indeed attracting funds.”

“The Group’s interests in real estate are focused on Shanghai and Suzhou and represent 5.3% of our total assets. The main project is a residential and commercial complex in Jiading in Shanghai, in which we have a 27.5% stake. Sales of Phase 2 of the project are proceeding well, with some 65% of units for sale now sold, yielding share of profits of HK\$50.8 million booked in the first half of 2012. We expect the sales target for the full year will be met. To allow for possible changes in market conditions, disposal of remaining units will be kept flexible for the time being. This also applies to the development of Phase 3 and a smaller lot of land in the same district; approval to build on the latter has recently been approved.”

Looking forward, Mr. Chan said, “Our company has in recent years increasingly focused its sights on acquiring holdings in specific business and geographic sectors with solid but very attractive development prospects. Accumulating and developing such holdings is the strategic priority; at the same time, we will select opportunities very carefully and therefore possibly infrequently. Year-on-year fluctuations in the nominal value of the portfolio investments are of relatively less importance. We are currently witnessing signs of a probably historic rebalancing and structural shift in the global economy, which point to the rise of China and other parts of Asia as major potential consuming economies. As an investment company with a focus on insurance, retirement and other individual and family services in the region, we continue to see major strategic opportunities for Asia Financial.”

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