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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 recorded **net profit attributable to shareholders of HK\$104.6 million** in the first half of 2018, a **60.7% fall** over the same period in 2017. This largely reflected realised and unrealised declines in the value of portfolio investments during a period of market weakness. Underwriting profits remained at a steady and healthy level despite a very competitive market. Overall contributions from our joint ventures and associates fell over the same period last year. Our expenses remained under control and in line with inflation.”

“Wholly owned subsidiary, **Asia Insurance Company, Limited** (“Asia Insurance”) achieved **profit attributable to shareholders of HK\$87.3 million** in the first half of 2018, a **55.8% decrease** compared with the same period in 2017. Turnover rose by 11.5%. This is a good result in view of our commitment to underwriting discipline and the intense competition in pricing in several major market segments in Hong Kong. There was no exposure to major catastrophes in the period. Underwriting profit was at the same level as in the first half of 2017, maintaining Asia Insurance’s very healthy profit margin.”

Mr. Chan also said, “Joint ventures and associates in the insurance segment performed acceptably in the first half of 2018. BC Reinsurance Limited, the People’s Insurance Company of China (Hong Kong) Limited and Professional Liability Underwriting Services Limited all maintained generally stable profits. No profits from Hong Kong Life Insurance Limited were booked in the period as it is reclassified as an asset held for sale.”

“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. PICC Life reported RMB69.9 billion in premium income for the first half of 2018. 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 21.1% of our total assets.”

Mr. Chan continued to say, “Trading investments showed realised and unrealised declines in the first half of 2018. This reflected weakness in the Hong Kong and China equities markets, largely due to global fears of trade conflict. Returns from non-traded investments rose owing to growth in dividend income. Net interest income rose owing to higher returns from deposits.”

“Our 3.6% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok remains one of our most solid investments. The stock market valuation weakened in the first half of the year. Bumrungrad’s success in attracting patients internationally through the delivery of high-quality medical services looks likely to continue. The company is also continuing to explore new opportunities.”

Mr. Chan added, “The Group’s holding in Bank Consortium Holding Limited (“BCIF”), one of our joint ventures, generated healthy returns in the first half of 2018, helped by general business growth. Bank Consortium Trust Company Limited (“BCT”), a wholly owned subsidiary of BCH, is one of the major providers of Mandatory Provident Fund services in Hong Kong.”

“The Group’s interests in real estate are focused on Shanghai and represent 2.9% 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. The only revenues from the project booked in the first half of 2018 resulted from the sale of a number of car parking spaces. The first stage of Phase 3 of the project is now under construction, and pre-sales so far have proved encouraging.”

Looking forward, Mr. Chan said, “We remain optimistic about the overall longer-term outlook. China’s leadership is gradually addressing structural adjustment through increased consumption, urbanization and financial and other reforms. Other parts of East Asia are continuing their own long-term reforms and development. The region is in the midst of a major transformation involving the rise of large middle classes, gradually aging societies and greater use of market-based solutions to demographic and other policy challenges.”

“Medium-term prospects for our insurance operations remain positive, with our strong distribution network and market positioning helping us to perform well despite a crowded market. We will continue reviewing and optimizing our mix of business segments. We are also further developing our distribution capacity and product range.”

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For further information, please contact:

Ms. Shirley Kwok

Asia Financial Holdings Ltd.

Tel: 2545 0496