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## **Asia Financial Announces 2012 Results**

**Asia Financial Holdings Limited** (“Asia Financial”) announces the results for the year ended 31 December 2012. Mr. Bernard Chan, President of Asia Financial, said, “**Asia Financial achieved net profit attributable to shareholders of HK\$403.8 million** in 2012, comparing a loss of HK\$137.5 million in 2011. This very positive result is due to the continued growth in underwriting profit and insurance operations, and very satisfactory growth from our joint ventures and associated companies. Realised and unrealised gains in the value of our portfolio investments were also recorded.”

“Wholly owned **Asia Insurance Company, Limited’s** (“Asia Insurance”) **profit attributable to shareholders for 2012 was HK\$274.2 million**, comparing a loss of HK\$27.5 million in 2011. Underwriting profit increased by 30.1%, which is acceptable given remaining exposure to the flooding in Thailand in the second half of 2011 and to Hurricane Sandy in 2012. Turnover rose by a healthy 22.3% and this reflects management’s continuing efforts to focus on more high-value business. We have also focused on maintaining prudent balances between levels of reinsurance and direct insurance business and among geographical regions. The success of these measures underlines Asia Insurance’s status as one of Hong Kong’s leading local insurers.”

Mr. Chan continued to say, “Associated and joint venture companies in the insurance segment generally performed satisfactorily. BC Reinsurance Ltd enjoyed a good rebound in profit in line with investment valuations. Hong Kong Life Insurance Ltd reported growth in turnover, reflecting the continued expansion of the business. People’s Insurance Company of China (HK) Ltd reported healthy and stable performance, as did Professional Liability Underwriting Services Ltd.”

“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 2,050 offices. The company reported RMB64.0 billion in gross premiums for 2012, down 9.0% on

the same period for the year before. All other business performance and risk control indicators showed positive and healthy figures.”

Mr. Chan added, “Our 3.7% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok remains one of our best-performing investments, with its valuation rising 77.0% in 2012. This is largely due to market recognition of Bumrungrad’s success in attracting patients internationally through the delivery of high-quality medical services. This success looks likely to continue.”

“The Group’s holding in jointly-controlled company Bank Consortium Holding Limited (“BCH”) enjoyed healthy profit growth in 2012, because of rising fee income in line with equity market growth, and the company for the first time declared a dividend. Bank Consortium Trust Co. Ltd. (“BCT”), a wholly owned subsidiary of BCH, remains one of the top five providers of Mandatory Provident Fund services in Hong Kong and is now marketing back-office services to other players. Starting 1<sup>st</sup> November, 2012, employees will have the right to transfer their personal contributions up to one time a year to other service providers; so far, this has not had much effect on the market. Anyhow, 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.”

Mr. Chan raised, “The Group’s interests in real estate are focused on Shanghai and Suzhou and represent 4.9% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake. Sales of Phase 2 of the project proceeded well during 2012, yielding share of profits of HK\$51.4 million booked for the year. The remaining units at Phase 2 are expected to be sold equally successfully during 2013. The timescale of the development of Phase 3 and a smaller plot of land is being kept flexible, in view of possible changes in measures to cool speculative activity in the mainland property market.”



“The outlook for the China residential property market depends to some extent on regulatory issues. However, we are confident that where financing is concerned, existing capital and cash flow will be sufficient for future projects. We are also confident that our projects contribute to a socially positive housing market, being aimed at middle-class end-users in a competitive local market, and are therefore not the prime targets of anti-speculative policies. Given the overall success of this project, we will consider new possible opportunities in this sector.”

Looking ahead, Mr. Chan said, “The global economic outlook for 2013 is mixed. Developed economy government deficits remain a concern; the Eurozone is undergoing contraction; and competitive currency devaluations or trade restrictions are possible, On the other hand, China seems to have achieved a ‘soft landing’ after the investment-led growth of the last few years, and the United States economy is showing some early signs of a recovery. Therefore, we expect the stock market will remain volatile.”

“Given the degree of uncertainty, we will continue to exercise caution in the management of our cash and direct and indirect investments in the coming year. This is our longstanding approach, and it has served our shareholders well over the years. We will also remain alert to the possibility that short-term instability in markets can create worthwhile investment opportunities within acceptable levels of risk.”

“The outlook for our insurance operations is generally positive, helped by continued infrastructure construction and resilient consumption in our main markets, and further efforts to optimize the balance between Asia Insurance’s direct and reinsurance underwriting business. The company will remain alert to possible new opportunities arising from health care coverage reforms in Hong Kong.”

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