

## **Asia Financial Announces 2017 Results**

**Asia Financial Holdings Limited** (“Asia Financial”) announces the results for the year ended 31 December 2017. Mr. Bernard Chan, President of Asia Financial, said, “**Asia Financial achieved net profit attributable to shareholders of HK\$468.2 million in 2017, a 27.5% increase** on the HK\$367.3 million reported in 2016. This result is due to realised and unrealised year-on-year gains in the value of portfolio and other investments, underpinned by resilient underwriting profit. Returns from most joint ventures and associates were generally in line with the investment environment.”

“Wholly-owned subsidiary, **Asia Insurance Company, Limited** (“Asia Insurance”) achieved **profit attributable to shareholders of HK\$336.6 million, an increase of 41.3%** on the previous year. Turnover grew by 0.6%, while underwriting profit was 60.2% down compared to 2016. The relatively low growth in turnover reflects the extremely soft and overcrowded market currently prevailing in Hong Kong. Asia Insurance benefited from its disciplined and selective approach to business in these extremely competitive conditions. The drop in underwriting profit was largely due to local typhoon and US hurricane losses, notably typhoon Hato, which caused major damage in Macau. Without these extreme weather losses and one-off Act-of-God savings, we would have seen underwriting profit to be more or less the same as 2016.”

Mr. Chan continued to say, “Joint ventures and associates in the insurance segment all performed broadly in line with overall market conditions. BC Reinsurance Limited, The People’s Insurance Company of China (Hong Kong), Limited and Hong Kong Life Insurance Limited reported reasonable performances. Professional Liability Underwriting Services Limited saw stable business.”

“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. It maintains as a major player in the Chinese market, with a network of some 2,239 offices. PICC Life reported RMB106.2 billion in premium income for 2017, a 1.1% increase over 2016. 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 adequate levels in line with the business volume. This stake is Asia Financial’s single biggest external holding, accounting for 12.7% of our total assets.”

Mr. Chan added, “Our 3.6% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok remains a very sound investment in terms of valuation and dividends. This reflects Bumrungrad’s continuing success in attracting patients internationally through the delivery of high-quality and good-value medical services.”

“The Group’s holding in Bank Consortium Holding Limited (“BCH”), one of our joint ventures, enjoyed satisfactory performance in 2017, supported by investment market conditions. Bank Consortium Trust Company Limited, a wholly owned subsidiary of BCH, is one of the major providers of Mandatory Provident Fund services in Hong Kong.”

Mr. Chan raised, “The Group’s interests in real estate are focused on Shanghai and represent 3.3% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake. With the sales of some remaining units during the year, a small profit was booked during 2017.”

“Following official approvals for permits, sales of units in Stage 1 of Phase 3 of the project are expected during 2018. Completion and sales of the remaining stage of the project is expected to be completed in 2019-20.”

Looking ahead, Mr. Chan said, “Despite the positive global environment in 2017, the medium-term outlook includes economic and political uncertainty. After a nine-year bull market, we cannot assume a repeat of 2017’s returns, and markets may be very

sensitive to possible bad news. Central banks will probably continue to increase interest rates – probably three or four times in the case of the US, and this is likely to dampen markets at some stage. The US administration may introduce harsher than expected protectionist trade measures, which could have a major impact on Asia Pacific economies. Chinese policymakers must balance deleveraging with overall market and economic stability. Hong Kong is inevitably exposed to all these possibilities.”

“Given this outlook, we will be very cautious on the management of our cash and direct and indirect investments in the coming year. This is in line with our longstanding prudent approach, which served shareholders well in 2017 and in past years. At the same time, we will remain alert to new investment opportunities with a view to the long term.”

“The outlook for our insurance operations is generally positive, despite some intensive competition in the Hong Kong market. Management will aim to build on the current scope and quality of the business, while exploring possible new opportunities from industry development in Hong Kong and the region.”

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