

For immediate release
18th August 2016

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\$129.4 million** in the first half of 2016, a **50.3% decline** over the same period in 2015. This reflected realised and unrealised losses in the value of portfolio investments and weaker returns from some of our joint-ventures and associates. At the same time, we enjoyed a healthy increase in underwriting profits. 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\$87.4 million** in the first half of 2016, a **61.8% decrease** compared with the same period in 2015. Turnover increased by a healthy 18.3%. This was partly helped by market consolidated in some segments following a period of intense competition in pricing. More broadly, this improvement reflected more focused marketing and distribution efforts. These efforts helped support margins, contributing to a 9.5% growth in underwriting profit. This was helped by an absence of exposure to major catastrophes in the period, and also by expansion in our distribution capacity.”

Mr. Chan also said, “Joint ventures and associates in the insurance segment delivered generally weaker results in the first half of 2016. BC Reinsurance Limited suffered a fall in investment returns despite stable underwriting performance. The People’s Insurance Company of China (Hong Kong) Limited recorded decrease in profit. Hong Kong Life Insurance Limited also saw weaker returns from fixed income investments. Professional Liability Underwriting Services Limited continued to deliver steady results.”

“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 RMB81.9 billion in premium income for the first half of 2016, a 22.2% increase over the same period in 2015. 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 14.9% of our total assets."

Mr. Chan continued to say, "Trading investments showed realised and unrealised losses in the first half of 2016. This particularly reflected weaker Hong Kong and China markets and lower values of particular strategic holdings. Returns from non-traded investments saw a very healthy rise owing to strong growth in dividend income. Net interest income weakened in line with yields."

"Our 3.6% holding in Bumrungrad Hospital Public Company Limited ("Bumrungrad") in Bangkok remains one of our most solid investments, though the stock market valuation declined 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 exploring new opportunities, and has obtained a licence to open a clinic in Myanmar."

"The Kinnet, our wholly owned Hong Kong wellness centre aimed at healthy aging, reported a somewhat smaller loss than in the same period last year. The number of cardholders has been growing, and feedback from them is very positive. We are exploring ways to expand revenue streams from the facilities with a view to growing long-term operating income and Asia Financial's investment base."

Mr. Chan added, "The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, continued to generate satisfactory returns in the first half of 2016 owing to organic growth. 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 Group's interests in real estate are focused on Shanghai and represent 3.1% 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. Foundation work has started on Phase 3 of the project, and construction should begin by end-2016, with sales hopefully starting one year later."

“Meanwhile, work on a smaller plot has been completed, and occupation permits issued, enabling handovers to begin. Owing to the high quality of the development, sales have been strong and profits should be booked in the second half of this year.”

Looking forward, Mr. Chan said, “We will continue to build on our interests in livelihood-related service industries such as insurance, retirement, health and property development, focused on Greater China and elsewhere in Asia. Our existing range 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.”

“Medium-term prospects for insurance operations remain positive, with our strong distribution network and market positioning helping us to perform well despite a crowded market. We will actively continue to anticipate changes in the insurance market by reviewing and optimizing our mix of business segments and our distribution network. We are also monitoring possible future progress in the expansion of private health coverage in Hong Kong.”

- End -

For further information, please contact:

Ms. Shirley Kwok

Asia Financial Holdings Ltd.

Tel: 2545 0496