

For immediate release
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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\$265.9 million** in the first half of 2017, a **105.5% increase** over the same period in 2016. This reflected realised and unrealised gains in the value of portfolio investments and stronger returns from some of our joint ventures and associates. Underwriting profits fell somewhat, in line with insurance market conditions. 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\$197.4 million** in the first half of 2017, a **125.8% increase** compared with the same period in 2016. Turnover declined by 4.0%. This was largely due to intense competition in pricing in several major market segments in Hong Kong, which led us to tighten underwriting discipline. There was no exposure to major catastrophes in the period. Under these circumstances, the 11.4% year-on-year decline in underwriting profit is acceptable”

Mr. Chan also said, “Joint ventures and associates in the insurance segment delivered generally positive results in the first half of 2017. BC Reinsurance Limited enjoyed a healthy turnaround thanks to improved investment returns and stable underwriting performance. The People’s Insurance Company of China (Hong Kong) Limited similarly recorded a good increase in profit. Professional Liability Underwriting Services Limited continued to deliver steady results.”

“Hong Kong Life Insurance Limited (“Hong Kong Life”) saw stable performance in line with returns from fixed income investments. In March 2017, Asia Insurance entered into a share sale agreement with an independent third party to dispose of 16.67% of the issued capital of Hong Kong Life for a cash consideration of approximately HK\$1,183 million before transaction expenses. Completion of the transaction is subject to certain conditions including obtaining the necessary approvals from the relevant authorities.”

“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 RMB83.3 billion in premium income for the first half of 2017, a 1.7% increase over the same period in 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 high levels in line with the business volume. This stake is Asia Financial’s single biggest external holding, accounting for 14.0% of our total assets.”

Mr. Chan continued to say, “Trading investments showed realised and unrealised gains in the first half of 2017. This particularly reflected strength in the Hong Kong, China and US equities markets. Returns from non-traded investments declined owing mainly to lower dividend income. Net interest income was steady.”

“Our 3.6% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok remains one of our most solid investments. The stock market valuation was stable 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 Kinnet, our wholly owned Hong Kong wellness centre aimed at healthy aging, reported another loss in the first half, and management has since decided to close the operation with effect from September. Client satisfaction had been high, and we will examine possible ways to meet this market need on a commercial basis.”

Mr. Chan added, “The Group’s holding in Bank Consortium Holding Limited (“BCH”), one of our joint ventures, generated healthy returns in the first half of 2017 owing to organic growth and market conditions. 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 3.5% 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 first stage of Phase 3 of the project is now under construction, and pre-sales should start by the end of this year.”

Looking forward, Mr. Chan said, “We remain positive about the 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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