

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\$190.0 million** in the first half of 2014, a 139.0% increase over the same period in 2013. This rise largely reflected the underwriting profits and organic growth of insurance operations, and realized and unrealized gains in the value of portfolio investments. The results of most of our joint ventures and associates were also positive.”

“Wholly owned subsidiary, **Asia Insurance Company, Limited** (“Asia Insurance”)’s profit attributable to shareholders increased 87.7% in the first half of 2014 compared with the same period in 2013. Underwriting profit grew a very healthy 41.6%. This was helped by continuing strong demand for employees’ compensation and other coverage in the construction and infrastructure sector, and the absence of any major losses from natural disasters. However, fierce competition for business hence lowered premium rates and this accounted for the 8.2% fall in turnover for the period. The growth in profit reflects Asia Insurance’s continued status as a leader in Hong Kong’s general insurance market with a very sound reputation and a loyal client base.”

Mr. Chan also said, “Joint ventures and associates in the insurance segment delivered generally satisfactory results in the first half of 2014. Hong Kong Life Insurance Limited enjoyed continued good performance, while The People’s Insurance Company of China (Hong Kong) Limited achieved a healthy increase in profit. BC Reinsurance Limited’s earnings remained stable, while Professional Liability Underwriting Services Limited saw some weakening in profit. Looking further ahead, all these companies look well positioned for future healthy development.”

“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 RMB58.0 billion in premium income for the first half of 2014, a 53.8% increase over the same period in 2013. All other business performance and risk control indicators showed positive and healthy figures. This stake is Asia Financial’s single biggest external holding, accounting for 15.8% of our total assets.”

Mr. Chan continued to say, “Realized and unrealized year-on-year gains on trading investments made a helpful contribution to Asia Financial’s increase in net profit in the first half of 2014. This particularly reflected year-on-year gains in the Hong Kong and US markets and a weighting of our portfolio towards equities. Returns from non-traded investments saw a satisfactory rise. Increase in net interest income was broadly in line with deposits and rates.”

“Our 3.7% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok remains one of our best-performing investments, with its valuation rising 34.7% for the first half of the year. This reflects continued recognition in the market of Bumrungrad’s success in attracting patients internationally through the delivery of high-quality medical services. This success looks likely to continue.”

“In March 2014, Asia Financial announced the acquisition of a stake in Ulaanbaatar Songdo Hospital (“UBSD”), one of the leading hospitals in the capital of Mongolia. Our stake comprises a 20% share in a consortium with Bumrungrad. The consortium is taking a 51% stake in UBSD. This is an opportunity to participate in significant growth in Mongolia’s health-care sector and an attractive long-term addition to our portfolio of investments in regional companies focusing on personal coverage and care services.”

“Asia Financial has announced plans to open The Kinnet, a wholly owned wellness centre. This unique and innovative facility will deliver premium services aimed at the over-50s. The Kinnet will be located in the Sheung Wan district adjacent to Central. It will offer an extensive range of age-specific facilities and activities to nurture the physical, mental and emotional well-being of clients. Facilities will include a well-equipped fitness centre, classrooms, studios and a café. The venture will benefit from a board of respected advisors in relevant health and social fields. The soft opening will be in September 2014. The Kinnet will be a long-term project seeking to serve Hong Kong’s growing senior population. Asia Financial sees very attractive prospects in Hong Kong and possibly elsewhere in serving this developing market.”

Mr. Chan added, “The Group’s holding in Bank Consortium Holding Limited (“BCH”) continued to enjoy growth in assets under management and achieved an acceptable increase in profit in the first half of 2014, helped by the rise in market values. Bank Consortium

Trust Company Limited, 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 is focused on Shanghai and represent 3.9% 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. Sales of Phase 2 of the project are now mostly complete, yielding share of profits of HK\$19.9 million booked in the first half of 2014. Demand for the remaining units is anticipated to be good. Planning for Phase 3 is now approaching local authority approvals stage. Work has commenced on preparing a smaller lot of land in the same district, and construction will begin in the second half of 2014 with a view to completion by end-2015. Sales are expected to commence early in 2015.”

Looking forward, Mr. Chan said, “Our overall focus will remain very much on the long term and continue to build on our interests in livelihood-related service industries such as insurance, retirement, health and property development. This choice of investment segments is based on the transformation of the Greater China/East Asia region as a large middle class comes into being, societies begin to age and governments seek market-based solutions to demographic policy challenges. This is the long-term environment on which Asia Financial’s management focuses.”

“The outlook for Asia Insurance is positive, thanks in particular to continued strength in local infrastructure and construction. We will continue to anticipate changes in the market by reviewing and optimizing our mix of business segments. We are also monitoring possible future progress in the expansion of private health coverage in Hong Kong.”

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