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Asia Financial Announces 2016 Results

Asia Financial Holdings Limited (“Asia Financial”) announces the results for the year ended 31 December 2016. Mr. Bernard Chan, President of Asia Financial, said, “**Asia Financial** achieved **net profit attributable to shareholders of HK\$367.3 million** in 2016, a **97.4% increase** on the HK\$186.1 million reported in 2015. This result is due to realised and unrealised year-on-year gains in the value of portfolio and other investments, and a very healthy increase in underwriting profit. Overall returns from joint ventures and associates showed satisfactory performance.”

“Wholly-owned subsidiary, **Asia Insurance Company, Limited** (“Asia Insurance”) achieved **profit attributable to shareholders of HK\$238.2 million**, an **increase of 26.4%** on the previous year. Turnover grew by 9.8%, largely reflecting organic growth in key segments, predominantly property insurance. Underwriting profit increased by a very healthy 30.6%. This was largely due to continued underlying growth from a strong market position, and an ongoing focus on high-quality business. This performance was also helped by a lack of exposure to any major natural disasters during the reporting period.”

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 saw a healthy rebound after its 2015 weakness. The People’s Insurance Company of China (Hong Kong) Limited and Hong Kong Life Insurance Limited both reported relatively stable performances. Professional Liability Underwriting Services Limited saw a slight decrease in profit.”

“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 its prime position in the Chinese market, with a

network of some 2,184 offices. The company reported RMB105.1 billion in premium income for 2016, a 17.5% increase over 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 adequate levels in line with the business volume. This stake is Asia Financial's single biggest external holding, accounting for 14.8% 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."

"Our wholly owned Hong Kong wellness centre, the Kinnet, is now in its third year. While parts of the operation are performing well, the centre as a whole is yet to become profitable. Management will continue to focus on marketing efforts to build the client base. We see very attractive prospects in Hong Kong and possibly elsewhere in serving the growing senior population. As a producer of future operating income, it will also help diversify Asia Financial's investment base."

"The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, enjoyed satisfactory performance in 2016. 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."

Mr. Chan raised, "The Group's interests in real estate are focused on Shanghai and represent 3.6% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake. Healthy profits of HK\$69.7 million mainly from development and sale of properties on a smaller lot of land in the Jiading district were booked during 2016."

"Work is now starting on the larger Phase 3 of the project, which will be divided into several stages. Sales permits for the two initial stages are expected in late 2017 and late 2018 respectively. We do not expect the project to book any profits during 2017-18."

Looking ahead, Mr. Chan said, “The outlook for our insurance operations is generally positive, despite possibly weaker economies and less advantageous exchange rates in some markets outside Hong Kong. Management will aim to continue developing the scope of the business while maintaining the quality of the client base. The Company will remain alert to possible innovative growth models and new opportunities in health care coverage reforms in Hong Kong and in other health-related demographic and geographical sectors.”

“Our focus will remain on the long term. We see great potential opportunities arising from the continued future economic development in much of the Southeast Asian region. In addition to investments in various projects mentioned above, we will continue to seek opportunities to build our interests in livelihood-related service industries such as insurance, retirement, health and wellness, education and property development, focused on Greater China and elsewhere in Asia.”

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