

*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 a **net loss attributable to shareholders of HK\$29.9 million** in the first half of 2020, a **112.2% reversal** from the HK\$244.6 million profit over the same period in 2019. The main contributing factor was the impact of the coronavirus pandemic, a historic crisis that continues to create uncertainty and volatility in economies and global equities markets. In spite of unprecedented economic headwinds, our core businesses showed reassuring resiliency. Current underwriting profits remain stable. Overall contributions from our joint-ventures and associates were mixed, however our expenses remained under control and in line with inflation.”

“Wholly owned subsidiary, **Asia Insurance Company, Limited** (“Asia Insurance”) achieved **net loss attributable to shareholders of HK\$29.1 million** in the first half of 2020, a **119.5% reversal** from the HK\$149.5 million profit over the same period in 2019. Despite the pandemic’s impact on our clients’ businesses, our turnover for the first half of 2020 rose by about 1.4%, an extraordinary testimony to our company’s service, reputation and client confidence. We maintained most of our existing business while adding new business as well, particularly in our core SME market. There was no exposure to major catastrophe during the period. Underwriting profit dropped 14.1%. This is partly due to payouts on catastrophic losses from previous years, and partly because we were required to increase our insurance reserve when we added new business. Our fundamental underwriting profit trend remains healthy and stable, and we remain among the top performers in the Hong Kong insurance industry, with a S&P’s rating of A.”

Mr. Chan also said, “Joint ventures and associates in the insurance segment had mixed performances in the first half of 2020. BC Reinsurance Limited had an investment loss due to global equity volatility. Hong Kong Life Insurance Limited experienced an operating loss due to the life insurance industry’s thin profit margin, and because of low interest rates in the bond market. Professional Liability Underwriting Services Limited enjoyed a stable profit while The People’s Insurance Company of China (Hong Kong) Limited saw a return to healthy underwriting profit.”

Mr. Chan continued to say, “We suffered both realised and unrealised losses in our investments, due to the historically bad performance of global equities markets in this period of coronavirus pandemic. We have adjusted our portfolio in line with market changes, and will continue to monitor and adjust to continuing market fluctuations. Returns from non-traded investments were healthy.”

“Our 3.4% holding in Bumrungrad Hospital Public Company Limited (“Bumrungrad”) in Bangkok is our largest listed equity investment. This year, the stock market valuation weakened due to a suffering Thai economy, which experienced its sharpest downturn in 22 years. The Thai baht, as well, dropped in value. Additionally, the company felt the negative effect of coronavirus pandemic restrictions on entry to Thailand (around 48% of Bumrungrad’s patients are from overseas.) With Thailand on track to re-opening its borders to medical tourism, Bumrungrad’s success in attracting patients internationally through the delivery of high-quality medical services is likely to rebound.”

Mr. Chan added, “The Group’s holding in Bank Consortium Holding Limited (“BCH”), one of our joint ventures, generated very healthy returns in the first half of 2020, in spite of the economic situation. Bank Consortium Trust Company Limited (“BCT”), a wholly owned subsidiary of BCH, remains 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 3.7% 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. China’s property market remains strong, and there is high demand among lifestyle-conscious young urbanites for design-forward housing complexes like Jiading. Its Phase 3 is being developed in three stages, and in the first half of 2020 we took a healthy profit from residential sales of Stage One. Despite the COVID-19 pandemic, there was enthusiastic demand for residential sales of Stage Two, which is now 100% sold. We expect to realise these profits in 2021. We anticipate that Stage Three, currently in permit application status, will follow the successful trajectory of the project’s previous stages.”

Looking forward, Mr. Chan said, “At this time of global challenge in our industry and the world, our company’s reputation and stability are an advantage in an uncertain and volatile marketplace. The region is undergoing 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. In this changing environment, Asia Financial is well-positioned for steady and successful growth.”

“The current outlook for our insurance operations is positive, with our strong distribution network and market positioning helping us to perform well despite the challenging economic situation and 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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