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亞洲金融集團(控股)有限公司*
Asia Financial Holdings Ltd.
Incorporated in Bermuda with limited liability

(Stock Code: 662)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company" or "Asia Financial") announces the results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31st December, 2017 as follows:

Consolidated Statement of Profit or Loss

Year ended 31st December, 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
REVENUE	3	**1,294,323**	1,287,457
Gross premiums		**1,293,680**	1,276,956
Reinsurers' share of gross premiums		**(448,091)**	(427,240)
Net insurance contracts premiums revenue		**845,589**	849,716
Gross claims paid		**(603,271)**	(477,493)
Reinsurers' share of gross claims paid		**191,838**	156,973
Gross change in outstanding claims		**(690,542)**	(30,347)
Reinsurers' share of gross change in outstanding claims		**627,140**	(17,899)
Net claims incurred		**(474,835)**	(368,766)
Commission income		**92,014**	86,819
Commission expense		**(305,891)**	(295,721)
Net commission expense		**(213,877)**	(208,902)
Management expenses for underwriting business		**(77,743)**	(65,554)
Underwriting profit		**79,134**	206,494

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Consolidated Statement of Profit or Loss (continued)

Year ended 31st December, 2017

	Notes	2017 HK$'000	2016 HK$'000
Dividend income		**114,114**	135,994
Realised gain on investments		**121,636**	9,909
Unrealised gain on investments		**176,698**	2,413
Interest income		**65,885**	60,576
Other income and gains, net		**21,975**	1,711
		579,442	417,097
Operating expenses		**(139,796)**	(126,857)
Finance costs	4	**(3,170)**	(2,761)
		436,476	287,479
Share of profits and losses of joint ventures		**48,246**	36,857
Share of profits and losses of associates		**19,310**	76,558
PROFIT BEFORE TAX	5	**504,032**	400,894
Income tax expense	6	**(34,152)**	(31,856)
PROFIT FOR THE YEAR		**469,880**	369,038
Attributable to:			
Equity holders of the Company		**468,187**	367,271
Non-controlling interests		**1,693**	1,767
		469,880	369,038
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
- For profit for the year		**HK47.8 cents**	HK36.8 cents
Diluted			
- For profit for the year		**N/A**	N/A

Details of the dividends payable and proposed are disclosed in note 7 to the announcement.

Consolidated Statement of Comprehensive Income

Year ended 31st December, 2017

	2017 HK$'000	2016 HK$'000
PROFIT FOR THE YEAR	**469,880**	369,038
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale securities:		
Changes in fair value	**496,362**	(107,849)
Reclassification adjustment for gain on disposal included in the consolidated statement of profit or loss	**(51,963)**	-
	444,399	(107,849)
Share of other comprehensive income of joint ventures	**5,359**	2,978
Share of other comprehensive income/(expense) of associates	**30,283**	(27,313)
Exchange differences on translation of foreign operations	**114**	63
Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods	**480,155**	(132,121)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Asset revaluation reserve:		
Gain on property revaluation	**85,450**	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**85,450**	-
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**565,605**	(132,121)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,035,485**	236,917
ATTRIBUTABLE TO:		
Equity holders of the Company	**1,032,886**	234,139
Non-controlling interests	**2,599**	2,778
	1,035,485	236,917

Consolidated Statement of Financial Position

31st December, 2017

	2017 HK$'000	2016 HK$'000
ASSETS		
Property, plant and equipment	**176,450**	335,487
Investment properties	**280,200**	28,200
Interests in joint ventures	**208,734**	280,104
Loans to joint ventures	**54,000**	56,500
Interests in associates	**436,700**	357,817
Due from associates	**256,140**	200,765
Held-to-maturity securities	**725,558**	651,969
Available-for-sale securities	**3,616,130**	3,321,596
Pledged deposits	**206,488**	158,915
Loans and advances and other assets	**117,335**	129,352
Securities measured at fair value through profit or loss	**1,736,186**	1,524,770
Insurance receivables	**225,162**	197,465
Reinsurance assets	**1,211,355**	583,379
Cash and cash equivalents	**2,627,224**	2,433,390
	11,877,662	10,259,709
Assets of a disposal group classified as held for sales	**105,084**	-
Total assets	**11,982,746**	10,259,709
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	**978,478**	978,478
Reserves	**6,920,986**	6,004,220
Proposed final dividend	**73,386**	53,816
	7,972,850	7,036,514
Reserve of a disposal group classified as held for sale	**3,595**	-
	7,976,445	7,036,514
Non-controlling interests	**45,689**	43,090
Total equity	**8,022,134**	7,079,604
Liabilities		
Insurance contracts liabilities	**3,187,781**	2,496,596
Insurance payables	**181,949**	157,233
Due to a joint venture	**28,099**	25,055
Due to associates	**4,222**	4,222
Other liabilities	**348,521**	281,111
Interest-bearing bank borrowing	**150,000**	150,000
Tax payable	**46,414**	53,649
Deferred tax liabilities	**13,626**	12,239
Total liabilities	**3,960,612**	3,180,105
Total equity and liabilities	**11,982,746**	10,259,709

Notes

1. Changes in Accounting Policies and Disclosures

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Adoption of these revised HKFRSs and HKASs did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

Notes (continued)

2. Operating Segment Information

(a) Operating segments

The following tables present revenue, profit and certain asset and liability information for the Group's operating segments.

	Insurance 2017 HK$'000	**Corporate 2017 HK$'000**	**Eliminations 2017 HK$'000**	**Consolidated 2017 HK$'000**
Segment revenue:				
External customers	**1,294,323**	**-**	**-**	**1,294,323**
Other revenue, income and gains, net	**304,816**	**195,492**	**-**	**500,308**
Intersegment	**5,449**	**-**	**(5,449)**	**-**
Total	**1,604,588**	**195,492**	**(5,449)**	**1,794,631**
Segment results	**318,747**	**117,729**	**-**	**436,476**
Share of profits and losses of:				
Joint ventures	**23,184**	**25,062**	**-**	**48,246**
Associates	**23,878**	**(4,568)**	**-**	**19,310**
Profit before tax				**504,032**
Income tax expense	**(34,171)**	**19**	**-**	**(34,152)**
Profit for the year				**469,880**

	Insurance 2016 HK$'000	Corporate 2016 HK$'000	Eliminations 2016 HK$'000	Consolidated 2016 HK$'000
Segment revenue:				
External customers	1,287,457	-	-	1,287,457
Other revenue, income and gains, net	93,734	116,869	-	210,603
Intersegment	5,204	-	(5,204)	-
Total	1,386,395	116,869	(5,204)	1,498,060
Segment results	241,870	45,609	-	287,479
Share of profits and losses of:				
Joint ventures	18,922	17,935	-	36,857
Associates	6,248	70,310	-	76,558
Profit before tax				400,894
Income tax expense	(33,510)	1,654	-	(31,856)
Profit for the year				369,038

Notes (continued)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK$'000	Corporate HK$'000	Consolidated HK$'000
31st December, 2017			
Segment assets	**6,738,621**	**4,493,607**	**11,232,228**
Interests in joint ventures	**93,124**	**115,610**	**208,734**
Interests in associates	**201,792**	**234,908**	**436,700**
Assets of a disposal group classified as held for sale	**105,084**	**-**	**105,084**
Total assets	**7,138,621**	**4,844,125**	**11,982,746**
Segment liabilities	**3,715,391**	**245,221**	**3,960,612**

	Insurance HK$'000	Corporate HK$'000	Consolidated HK$'000
31st December, 2016			
Segment assets	5,564,830	4,056,958	9,621,788
Interests in joint ventures	176,330	103,774	280,104
Interests in associates	145,509	212,308	357,817
Total assets	5,886,669	4,373,040	10,259,709
Segment liabilities	2,891,449	288,656	3,180,105

(b) Geographical information

Over 90% of the Group's revenue and results are derived from operations carried out in Hong Kong, Macau and Mainland China.

3. Revenue

Revenue represents gross premiums net of discounts, from the direct and reinsurance businesses underwritten during the year.

4. Finance Costs

	2017 HK$'000	2016 HK$'000
Interest on a bank loan	**3,170**	2,761

Notes (continued)

5. Profit before Tax

The Group's profit before tax is arrived at after crediting/(charging):

	2017 HK$'000	2016 HK$'000
Depreciation	**(15,068)**	(15,563)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**(140,703)**	(125,060)
Pension scheme contributions	**(6,041)**	(5,714)
Less: Forfeited contributions	**38**	7
Net pension scheme contributions	**(6,003)**	(5,707)
Total employee benefit expense	**(146,706)**	(130,767)
Minimum lease payments under operating leases	**(1,578)**	(1,486)
Realised gain/(loss) on:		
- disposal of securities measured at fair value through profit or loss (held for trading), net	**69,486**	9,874
- disposal of available-for-sale securities	**52,238**	115
- redemption/call-back of held-to-maturity securities	**(88)**	(80)
Total realised gain on investments	**121,636**	9,909
Unrealised gain on securities measured at fair value through profit or loss (held for trading), net	**176,698**	2,413
Interest income	**65,885**	60,576
Gain/(loss) on disposal/write-off of items of property, plant and equipment	**(7,390)**	58
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**(170)**	-
Change in fair value of investment properties*	**6,000**	5,100
Foreign exchange gain/(loss), net*	**13,807**	(15,474)
Dividend income from:		
Listed investments	**68,874**	67,265
Unlisted investments	**45,240**	68,729
Total dividend income	**114,114**	135,994

* Such amount was included in "Other income and gains, net" in the consolidated statement of profit or loss.

Notes (continued)

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2017	2016
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the year	**31,045**	28,044
Overprovision in prior years	**(78)**	(4,551)
Current - Elsewhere		
Charge for the year	**2,367**	5,733
Under/(over) provision in prior years	**(569)**	287
Deferred	**1,387**	2,343
Total tax charge for the year	**34,152**	31,856

7. Dividends

	2017	2016
	HK$'000	HK$'000
Interim – HK4.0 cents (2016: HK2.5 cents) per ordinary share	**39,139**	24,576
Proposed final – HK7.5 cents (2016: HK5.5 cents) per ordinary share	**73,386**	53,816
	112,525	78,392

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Accordingly, the proposed final dividend has been included in the proposed final dividend reserve account within the equity attributable to the equity holders of the Company of the statement of financial position.

8. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$468,187,000 (2016: HK$367,271,000) and the weighted average number of ordinary shares of 978,478,000 (2016: 997,454,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31st December, 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31st December, 2017 and 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Asia Financial Holdings Limited ("Asia Financial" or the "Company") achieved net profit attributable to shareholders of HK$468.2 million in 2017, a 27.5% increase on the HK$367.3 million reported in 2016.

This result is due to realised and unrealised year-on-year gains in the value of portfolio and other investments, underpinned by resilient underwriting profit. Returns from most joint ventures and associates were generally in line with the investment environment.

Economic Background

The global economy showed surprising strength during 2017, with rising levels of trade and investment and of commodity prices. Developed economies saw positive economic growth without obvious inflationary pressures. The economy of China successfully continued to adjust to a more stable growth pattern. With such a positive external environment, Hong Kong achieved a 3.8% growth rate for the year, and unemployment fell to a 20-year low of just under 3%.

Asset markets performed strongly during the year. The S&P 500 ended the year up 19.4%, the Hang Seng Index rose by 36.0%, and H Shares increased 24.6% to the end of 2017. This partly reflected an unexpected weakening in the US dollar despite the interest rate increased during the year, and related strengthening of the Yuan. Other factors were anticipated US tax cuts and expectations of rising global mergers and acquisitions. With a long-term supply shortage and strong demand, Hong Kong's property market prices continued to rise.

Management Approach and Future Prospects

Despite the positive global environment in 2017, the medium-term outlook includes economic and political uncertainty. After a nine-year bull market, we cannot assume a repeat of 2017's returns, and markets may be very sensitive to possible bad news. Central banks will probably continue to increase interest rates, probably three or four times in the case of the US, and this is likely to dampen markets at some stage. The US administration may introduce harsher than expected protectionist trade measures, which could have a major impact on Asia Pacific economies. Chinese policymakers must balance deleveraging with overall market and economic stability. Hong Kong is inevitably exposed to all these possibilities.

Given this outlook, we will be very cautious on the management of our cash and direct and indirect investments in the coming year. This is in line with our longstanding prudent approach, which served shareholders well in 2017 and in past years. At the same time, we will remain alert to new investment opportunities with a view to the long term.

Asia Financial's expenses for 2017 reflected acceptable growth in staff and other costs, including charitable donations. We will continue to watch costs, although consumer price inflation in Hong Kong remains fairly moderate.

Management Approach and Future Prospects (continued)

The outlook for our insurance operations is generally positive, despite some intensive competition in the Hong Kong market. Management will aim to build on the current scope and quality of the business, while exploring possible new opportunities from industry development in Hong Kong and the region.

Our focus will remain on the long term. We see great potential opportunity arising from the continued future economic development in much of the East Asian region. In addition to investments in various projects mentioned in the "Business Review" below, 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.

This choice of investment segments is based upon the transformation of the Greater China/East Asia region as a large middle class emerges, societies age and governments broaden market-based policies. It also fits well with our traditional expertise and networks of clients and partners.

Key Financial and Business Performance Indicators

(All changes in % refer to the same period last year)

Profit attributable to equity holders of the Company:	HK$468.2 million	+27.5%
Earnings per share:	HK47.8 cents	+29.9%
Final dividend per share:	HK7.5 cents	+36.4%
Total dividend per share:	HK11.5 cents	+43.8%
Equity attributable to equity holders of the Company:	HK$7,976.4 million	+13.4%
Total Assets:	HK$11,982.7 million	+16.8%
Return on equity:	6.2% (5.2% for 2016)	

Earnings and Dividends

For the year ended 31st December, 2017, the Group recorded net profit attributable to shareholders of HK$468.2 million, representing a 27.5% increase compared with the previous year. These results are largely due to realised and unrealised year-on-year gains in the value of investments. Returns from joint ventures and associated companies also contributed.

The Group's earnings per share for the year 2017 were HK47.8 cents. The Board had declared an interim dividend of HK4.0 cents in August 2017 and proposed a final dividend of HK7.5 cents, making a total dividend for the year of HK11.5 cents per share.

Capital Structure

The Group finances its own working capital requirement through a combination of funds generated from operations and bank borrowings.

Liquidity, Financial Resources and Gearing Ratio

Cash and cash equivalents as at 31st December, 2017 amounted to HK$2,627,224,000 (2016: HK$2,433,390,000).

The Group had a bank borrowing of HK$150,000,000 as at 31st December, 2017 (2016: HK$150,000,000), which was secured by certain Hong Kong listed shares, repayable on or before 29th January, 2018 and charged at 1.25% over the 3-month Hong Kong Interbank Offered Rate per annum.

No gearing ratio was calculated as the Group had no net debt as at 31st December, 2017. The gearing ratio was based on net debt divided by total capital plus net debt. Net debt includes insurance contract liabilities, insurance payables, amounts due to a joint venture and associates, interest-bearing bank borrowing and other liabilities, less cash and cash equivalents and securities measured at fair value through profit or loss. Capital represents equity attributable to equity holders of the Company.

The Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitment and working capital requirements.

Charge on Assets

As at 31st December, 2017, Asia Insurance Company, Limited ("Asia Insurance") charged assets with a carrying value of HK$119,409,000 (2016: HK$119,956,000) in favour of a cedant to secure the performance of Asia Insurance's obligations to the cedant under certain pecuniary loss reinsurance contracts.

The Group also pledged certain equity securities listed in Hong Kong classified as available-for-sale securities and securities measured at fair value through profit or loss with fair value of not less than HK$150,000,000 (2016: HK$150,000,000) to a bank to secure the interest-bearing bank borrowing of HK$150,000,000 (2016: HK$150,000,000).

Contingent Liabilities

As at 31st December, 2017, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review

Insurance

Wholly owned subsidiary, Asia Insurance achieved profit attributable to shareholders of HK$336.6 million, an increase of 41.3% on the previous year. Turnover grew by 0.6%, while underwriting profit was 60.2% down compared to 2016. (All the above figures are before the elimination of intergroup transactions.)

The relatively low growth in turnover reflects the extremely soft and overcrowded market currently prevailing in Hong Kong. Asia Insurance benefited from its disciplined and selective approach to business in these extremely competitive conditions.

The drop in underwriting profit was largely due to local typhoon and US hurricane losses, notably typhoon Hato, which caused major damage in Macau. To put this result in context: the general insurance industry in Hong Kong and Macau as a whole made a loss on underwriting for the year. Without these extreme weather losses and one-off Act-of-God savings, we would have seen underwriting profit to be more or less the same as 2016.

The underlying performance of Asia Insurance's underwriting reflects the company's strength in attracting and developing high-quality business and maintaining prudent balances between levels of reinsurance and direct insurance business and among geographical regions.

We continued to develop our distribution channels and upgrade personal, small and medium enterprise and other products. We are also enhancing employee skills and systems in anticipation of trends in clients' needs and market conditions. Asia Insurance's reputation for service and professionalism was upheld by management and employees' efficiency in settling typhoon-related claims in Macau and Hong Kong during 2017.

At the end of the first half of 2017 the Insurance Authority replaced the Office of the Commissioner of Insurance as the independent regulatory authority for the insurance industry in Hong Kong. We fully support this development, which we believe will strengthen the regulatory framework and benefit all stakeholders in the insurance sector in Hong Kong.

Asia Insurance's securities holdings experienced a significant year-on-year increase in investment returns, largely due to realised and unrealised gains in trading and other portfolios. Dividend income increased, while interest income rose in line with deposits. Other income included foreign exchange gains compared with the previous year, notably from the stronger Yuan.

Asia Insurance's management expenses were in line with growth in business capacity, market pay levels and other business costs.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Insurance (continued)

The main immediate challenge facing Asia Insurance's core business is the continued fierce price competition in the Hong Kong insurance market. However, this situation is not likely to sustain, and industry and regulatory trends suggest a healthier market in the longer run. We are confident that Asia Insurance is well positioned to build on its existing risk-management and reputational strengths and grasp new future opportunities in Hong Kong and regionally. These include new distribution channels, the targeting of new market segments, the development of emerging lines of business, and new roles for insurance arising from regional development and integration including policy initiatives like Belt and Road and Greater Bay Area.

Prospects for portfolio investments reflect the wider global picture. Given the high asset price valuations and possible changes in interest rate and other conditions, management will maintain its prudent approach to management of traded investments and the maintenance of a well-balanced investment portfolio.

Joint ventures and associates in the insurance segment all performed broadly in line with overall market conditions. BC Reinsurance Limited, The People's Insurance Company of China (Hong Kong), Limited and Hong Kong Life Insurance Limited ("Hong Kong Life") reported reasonable performances. Professional Liability Underwriting Services Limited saw stable business.

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. It maintains as a major player in the Chinese market, with a network of some 2,239 offices. PICC Life reported RMB106.2 billion in premium income for 2017, a 1.1% increase over 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 adequate levels in line with the business volume. This stake is Asia Financial's single biggest external holding, accounting for 12.7% of our total assets.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Other Portfolio Investment

Trading investments showed significant realised and unrealised gains in 2017, largely reflecting strength in the Hong Kong, China and US equities markets. Returns from non-traded investments declined owing to lower dividend income from PICC Life. Net interest rose in line with deposits.

Last year was obviously a good period for equities in particular. Our portfolio investment approach will remain long-term and not simply focused on year-on-year fluctuations in market valuations. We will continue to place the highest priority on preservation of core shareholder wealth. At the same time, we will remain alert to strategic and long-term opportunities arising from structural changes in the international environment.

Health Care and Wellness

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.

The Kinnet, our wholly owned Hong Kong wellness centre aimed at healthy aging, reported a loss during 2017 before closure of the operation in September. Client satisfaction had been high, and we will examine possible ways to meet this market need on a commercial basis. We see very attractive prospects in Hong Kong and possibly elsewhere in serving the growing senior population.

We continue to foresee opportunities in the health and wellness sectors in the region, owing to long-term demographic and policy trends, and we continue to consider further opportunities, including possibly in Mainland China.

Pension and Asset Management

The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, enjoyed satisfactory performance in 2017, supported by investment market conditions. Bank Consortium Trust Company Limited, a wholly owned subsidiary of BCH, is one of the major providers of Mandatory Provident Fund services in Hong Kong.

Business Review (continued)

Property Development

The Group's interests in real estate are focused on Shanghai and represent 3.3% of our total assets. The main project is a residential and commercial complex in Jiading, in which we have a 27.5% stake.

With the sales of some remaining units during the year, a small profit was booked during 2017.

Following official approvals for permits, sales of units in Stage 1 of Phase 3 of the project are expected during 2018. Completion and sales of the remaining stage of the project is expected to be completed in 2019-20.

Current measures to regulate China's residential property market have reduced transactions in parts of the country. However, this is not affecting pricing or demand among middle-class end-users in this attractive locality in Shanghai. We will consider new possible opportunities in this sector.

The Group holds 50% in Super Win Limited. This comprises residential properties for leasing in Hong Kong's Tseung Kwan O district. The investment showed a profit for the year.

Compliance with Laws and Regulations

The Group takes active steps to ensure compliance with all relevant laws and regulations in all jurisdictions in which it operates, and recognizes the risks of non-compliance. It dedicates sufficient resources and personnel to ensure such compliance, and to maintaining adequate liaison and communication with regulatory authorities. We believe that risks attached to non-compliance are low.

Principal Risks and Uncertainties

The Group's principal risks are exposed to a variety of key risks including credit risk, equity price risk, insurance risk, interest rate risk, liquidity risk, foreign exchange risk, market risk and operation risk. Details of the aforesaid key risks and mitigation measures are elaborated in the note of "Financial Risk Management Objectivity and Policies" to the consolidated financial statements of the Group in the 2017 annual report.

Stakeholders

Asia Financial understands the importance of its relationships with employees, customers, suppliers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the company's performance and value.

Employees

The Company recognizes the vital role that skilled and motivated staff play in its success. Our human resources policy is therefore to encourage, recognize and reward good performance through appropriate training, appraisal and remuneration practices. The Company is confident of its ability to attract high quality staff and believes that risks attached to over-reliance on key personnel are moderate.

Customers

The Company's main clients are insurance policyholders. Delivery of excellent customer service is a key reason for our consistent underwriting profitability. Diversification of our client base and avoidance of over-dependency on core clients are among our risk management practices.

Shareholders

The Company is committed to creating wealth for our shareholders. This aim is fundamental to all our operations and investment activities.

Employees and Remuneration Policy

The total number of employees of the Group for the year ended 31st December, 2017 was 274 (2016: 308). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme in operation during the year. The Group also offers various training and induction programmes to its employees.

The remuneration policy of the Group is formulated and recommended by the Remuneration Committee of the Company for the Board's approval. The Remuneration Committee's responsibilities include reviewing and approving the management's remuneration proposals, and making recommendations to the Board on the adjustments to remuneration packages payable to directors, senior management and employees of the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") of the Company will be held on Wednesday, 16th May, 2018. Notice of the AGM will be published and despatched to the shareholders on or about Friday, 13th April, 2018.

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders the payment of a final dividend of HK7.5 cents (2016: HK5.5 cents) per share which, together with the interim dividend of HK4.0 cents (2016: HK2.5 cents) per share, will make a total dividend of HK11.5 cents (2016: HK8.0 cents) per share for the year ended 31st December, 2017. The proposed final dividend will be paid in cash to those shareholders whose names are on the Register of Members of the Company on Monday, 28th May, 2018 and the dividend warrants will be despatched to shareholders on or about Tuesday, 5th June, 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) <u>For the purpose of ascertaining shareholders' right to attend and vote at the AGM</u>:

Latest time to lodge transfers	4:30 p.m. on 10th May, 2018
Book close dates (both days inclusive)	11th to 16th May, 2018
Record date	16th May, 2018
AGM	16th May, 2018

(b) <u>For the purpose of ascertaining shareholders' entitlement to the proposed final dividend</u>:

Ex-dividend date for final dividend	21st May, 2018
Latest time to lodge transfers	4:30 p.m. on 23rd May, 2018
Book close dates (both days inclusive)	24th to 28th May, 2018
Record date for final dividend	28th May, 2018

All transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than the above specified time.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31st December, 2017, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except for the deviation as specified and explained below with considered reasons for such deviation:

Code Provision A.6.7 provides that independent non-execute directors and other non-executive directors should attend general meetings. Mr. SOPHONPANICH Choedchu, being the then non-executive director, was unable to attend the 2017 Annual General Meeting ("2017 AGM") of the Company held on 24th May, 2017 due to health reason. Dr. WONG Yu Hong Philip, being the then independent non-executive director, was not able to join the 2017 AGM as he was out-of-town for his other commitment.

REVIEW OF RESULTS

The Audit Committee of the Company has met the auditor of the Company, Ernst & Young, and reviewed and agreed with its auditor the Group's results for the year ended 31st December, 2017.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.afh.hk and the HKExnews website at www.hkexnews.hk. The 2017 annual report will be despatched to the shareholders and available at the same websites on or about Friday, 13th April, 2018.

By Order of the Board
Asia Financial Holdings Limited
CHAN Yau Hing Robin
Chairman

Hong Kong, 22nd March, 2018

As at the date of this announcement, the executive directors of the Company are Dr. CHAN Yau Hing Robin (Chairman), Mr. CHAN Bernard Charnwut (President), Mr. TAN Stephen, Mr. WONG Kok Ho; the non-executive directors are Ms. CHAN Yeow Toh, Mr. TANAKA Junichi, Mr. YAMAMOTO Takao, Mr. SOPHONPANICH Chote; and the independent non-executive directors are Ms. CHOW Suk Han Anna, Mr. MA Andrew Chiu Cheung, Mrs. LAI KO Wing Yee Rebecca and Mrs. SHUEN LEUNG Lai Sheung Loretta.

* *For identification purpose only*