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)

2008 INTERIM RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	Notes	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
REVENUE	3	**450,873**	412,821
Gross premiums		**450,873**	412,821
Reinsurers' share of gross premiums		**(152,950)**	(145,428)
Change in unearned premiums reserve		**(7,758)**	(23,118)
Change in life fund		**(1,520)**	(822)
Net insurance contracts premiums revenue		**288,645**	243,453
Gross claims paid		**(161,405)**	(162,313)
Reinsurers' share of gross claims paid		**40,116**	52,839
Gross change in outstanding claims		**(37,451)**	(13,254)
Reinsurers' share of gross change in outstanding claims		**4,531**	(1,310)
Net claims incurred		**(154,209)**	(124,038)
Commission income		**21,712**	23,541
Commission expenses		**(97,035)**	(90,984)
Net commission expenses		**(75,323)**	(67,443)
Management expenses for underwriting business		**(18,897)**	(18,402)
Underwriting profit		**40,216**	33,570

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30th June, 2008

	Notes	Six months ended 30th June, **2008** **HK$'000**	2007 HK$'000
Dividend income		**27,624**	23,659
Realised gains/(losses) on investments		**(60,831)**	83,183
Unrealised gains/(losses) on investments		**(179,275)**	151,575
Interest income		**39,035**	53,689
Other revenue		**2,312**	17,650
		(130,919)	363,326
Operating expenses		**(39,905)**	(38,164)
		(170,824)	325,162
Share of profits and losses of jointly-controlled entities		**(34,624)**	23,323
Share of profits and losses of associates		**(961)**	3,344
PROFIT/(LOSS) BEFORE TAX	4	**(206,409)**	351,829
TAX	5	**20,121**	(22,265)
PROFIT/(LOSS) FOR THE PERIOD		**(186,288)**	329,564
Attributable to:			
Equity holders of the Company		**(185,922)**	328,676
Minority interests		**(366)**	888
		(186,288)	329,564
INTERIM DIVIDEND	6	**10,527**	98,958
INTERIM DIVIDEND PER SHARE	6	**HK1.0 cent**	HK9.4 cents
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic - For profit /(loss) for the period		**(HK 17.7 cents)**	HK31.2 cents
Diluted - For profit/(loss) for the period		**N/A**	N/A

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

30th June, 2008

	30th June, 2008 HK$'000	31st December, 2007 HK$'000
ASSETS		
Property, plant and equipment	**200,097**	202,728
Investment properties	**3,780**	3,780
Interests in jointly-controlled entities	**291,960**	306,027
Loans to jointly-controlled entities	**68,821**	70,964
Interests in associates	**69,919**	72,823
Due from an associate	**107,500**	107,510
Held-to-maturity securities	**367,465**	294,109
Available-for-sale securities	**921,459**	922,379
Loans and advances and other assets	**229,655**	292,596
Securities measured at fair value through profit or loss	**2,081,944**	2,011,928
Insurance receivables	**142,848**	149,389
Reinsurance assets	**366,378**	342,444
Deferred tax assets	**10,353**	-
Pledged deposits	**52,883**	34,831
Cash and cash equivalents	**2,137,127**	2,471,471
Total assets	**7,052,189**	7,282,979
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Issued capital	**1,052,739**	1,052,739
Reserves	**4,418,849**	4,622,819
Proposed dividend	**10,527**	98,958
	5,482,115	5,774,516
Minority interests	**16,848**	17,214
Total equity	**5,498,963**	5,791,730
LIABILITIES		
Insurance contract liabilities	**1,217,125**	1,148,154
Insurance payables	**168,206**	154,228
Due to associates	**265**	265
Other liabilities	**110,021**	121,074
Tax payable	**57,609**	56,242
Deferred tax liabilities	**-**	11,286
Total liabilities	**1,553,226**	1,491,249
Total equity and liabilities	**7,052,189**	7,282,979

NOTES

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No.34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted are consistent with those adopted in the Company's financial statements for the year ended 31st December, 2007 except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"), which are effective for periods beginning on 1st January, 2008 and as disclosed below.

HK(IFRIC) Interpretation 11 "HKFRS 2 – Group and Treasury Share Transactions"

HK(IFRIC) Interpretation 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC) Interpretation 11 also addresses the accounting for share based payment transactions involving two or more entities within the Group.

HK(IFRIC) Interpretation 12 "Service Concession Arrangements"

HK(IFRIC) Interpretation 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC) Interpretation 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC) Interpretation 14 "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

HK(IFRIC) Interpretation 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

NOTES (continued)

1. ACCOUNTING POLICIES (continued)

Adoption of these new HKFRS interpretations did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue and results for the Group's business segments.

Group	Insurance HK$'000	Corporate HK$'000	Eliminations HK$'000	Consolidated HK$'000
For the six months ended 30th June, 2008				
Segment revenue:				
External customers	450,873	-	-	450,873
Other revenue, income, gain/(loss), net	(74,520)	(96,615)	-	(171,135)
Intersegment	2	-	(2)	-
Total	376,355	(96,615)	(2)	279,738
Segment results	(52,305)	(118,519)	-	(170,824)
Share of profits and losses of:				
Jointly-controlled entities	(42,336)	7,712	-	(34,624)
Associates	(1,159)	198	-	(961)
Loss before tax				(206,409)
Tax	5,200	14,921	-	20,121
Loss for the period				(186,288)

NOTES (continued)

2. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Insurance	Corporate	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
For the six months ended 30th June, 2007				
Segment revenue:				
External customers	412,821	-	-	412,821
Other revenue, income, gain/(loss), net	191,304	138,452	-	329,756
Intersegment	2,280	-	(2,280)	-
Total	606,405	138,452	(2,280)	742,577
Segment results	206,884	118,278	-	325,162
Share of profits and losses of:				
Jointly-controlled entities	18,045	5,278	-	23,323
Associates	3,296	48	-	3,344
Profit before tax				351,829
Tax	(11,592)	(10,673)	-	(22,265)
Profit for the period				329,564

(b) Geographical segments

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

3. REVENUE

Revenue, which is also the Group's turnover, represents gross premiums net of discounts, from direct and reinsurance business underwritten during the period.

NOTES (continued)

4. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th June,	
	2008	2007
	HK$'000	HK$'000
Auditors' remuneration	**(1,125)**	(1,016)
Depreciation	**(8,205)**	(5,229)
Employee benefits expense (including directors' remuneration)	**(34,452)**	(35,673)
Minimum lease payments under operating leases in respect of land and buildings	**(962)**	(1,201)
Gain on sale of properties held for sale	**-**	4,828
Dividend income from:		
Listed investments	**22,932**	20,859
Unlisted investments	**4,692**	2,800
Interest income	**39,035**	53,689
Realised gain/(loss) on investments:		
- securities measured at fair value through profit or loss	**(58,267)**	83,793
- available-for-sale securities	**(66)**	12
- redemption/call back of held-to-maturity securities	**(2,498)**	(622)
	(60,831)	83,183
Unrealised gain /(loss) on investments:		
- securities measured at fair value through profit or loss	**(179,275)**	151,771
- available-for-sale securities	**-**	(196)
	(179,275)	151,575

5. TAX

Hong Kong profits tax for the Group has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

NOTES (continued)

5. TAX (continued)

	Six months ended 30th June,	
	2008	2007
	HK$'000	HK$'000
Current tax charge for the period:		
Hong Kong	**459**	22,484
Elsewhere	**1,449**	596
Overprovision in prior periods	**(390)**	(815)
Deferred tax credit	**(21,639)**	-
Tax charge/(credit) for the period	**(20,121)**	22,265

6. DIVIDEND

	Six months ended 30th June,	
	2008	2007
	HK$'000	HK$'000
Interim dividend:		
HK1.0 cent (2007: HK9.4 cents) per ordinary share based on 1,052,739,428 (2007:1,052,739,428) shares in issue	**10,527**	98,958

The Board has resolved to pay an interim dividend of HK1.0 cent per share (2007: HK9.4 cents), which will be paid in cash, for the six months ended 30th June, 2008 payable on 28th October, 2008 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 17th October, 2008.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$185,922,000 (2007: profit of HK$328,676,000) and on 1,052,739,428 (2007: 1,052,739,428) ordinary shares in issue during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Loss attributable to equity holders of the Company:	HK$185.9m	-156.6%
Loss per share:	HK17.7 cents	-156.7%
Interim dividend per share:	HK1.0 cent	-89.4%

Asia Financial Group suffered a net loss of HK$185.9 million in the first half of 2008. This represents a 156.6% fall from the very satisfactory result of the same period in 2007. The bulk of this loss represents unrealised year-on-year declines in the market values of equity and fund investments, reflecting the significant falls in global markets during the period. While a net loss is unprecedented for our Group, shareholders should bear in mind that our underlying operations are still profitable, the quality of our underlying portfolio investments is good and the long-term prospects for our direct investments remain highly attractive. However, owing to the accounting treatment of year-on-year unrealised losses – and given the likelihood of continued global market uncertainty and weakness – we cannot be hopeful for a positive profit result for the full year.

Economic Background

Since the outbreak of the credit crisis in the US last year, economic uncertainty has spread in some form to other economies. Falls in property prices and rising oil prices have made recession or sharp slowdowns highly likely in many countries, with obvious potential repercussions for trading economies like Hong Kong and China. Although the Hong Kong economy grew by an impressive 7.3% year-on-year in the first quarter, the second quarter saw economic contraction compared with the first – the first negative change since mid-2003. At the same time, underlying consumer inflation reached the 6% level. The Mainland economy continued to grow at more than 10%, but against a background of falling consumer demand overseas and falling asset prices at home. The Hang Seng, Shanghai A and Dow Jones indexes fell by 20.5%, 48.0% and 14.4% respectively for the six months ended 30 June 2008.

The global volatility in asset and commodity prices suggests that monetary policy in many leading developed countries has been too lax for at least several years, which in turn implies a period of market adjustment with global effects still to come. Our Group's management strongly believes this is an environment that calls for a defensive and highly prudent investment approach for the remainder of the year and probably beyond.

Overview by Investment Segments

<u>Insurance</u>

Wholly owned Asia Insurance's turnover rose 9.3% in the first half of 2008, while underwriting profit increased 20.2%. This healthy result was largely due to organic growth in business and premiums, helped by the commensurate retention following a capital injection in 2006, rather than significant extension of the distribution or client bases. It is also after taking into account the impact of exposure to several major catastrophic incidents, including snowstorms, earthquakes and floods in Mainland China, Hong Kong and other parts of Asia-Pacific during the six-month period. This operating result therefore highlights the fundamental strengths of Asia Insurance as a top-quality insurer and leader in Hong Kong's general insurance market.

As with the Group as a whole, Asia Insurance's bottom line was severely affected by the drop in global equity markets and the effect of this on year-to-year unrealised losses. Of the HK$105.1 million net losses on investments, HK$93.3 million, or 88.7%, was unrealised. Management is taking a highly prudent investment stance and, monitoring the outlook for interest rates, minimizing exposure to more volatile equities in favour of fixed income investments. Asia Insurance has no significant direct exposure to US sub-prime mortgage and similar types of investment instrument. Costs remained under control. The fall in other income reflects an exceptional item in the same period in 2007. We expect continued stable growth in the core business in the second half.

Associated and joint venture companies in the insurance segment suffered similarly, with BC Reinsurance, People's Insurance Company of China (HK) and Hong Kong Life all reporting losses, while Professional Liability Underwriting Services produced a profit. However, the underlying businesses of these companies and their future growth prospects remain very sound and we look forward to benefiting in the longer term from their continued development.

Other Portfolio Investment

As would be expected, the remainder of our portfolio investments was affected by the year-on-year decline in global equity markets and produced a net loss of HK$107.4 million, HK$86.0 million of which, or 80.1%, was due to unrealised losses on equities and funds. Net interest income largely fell in line with deposits, some of which were diverted into capital injections for direct investments.

The Group has no direct exposure to the parts of the credit market affected by the sub-prime loans problems arising in the United States. Secondary exposure via equity and fund investments is limited by our policy of diversification and focus on quality, while our relatively minor holdings in fixed income and derivative instruments are of investment grade or above.

The outlook for the markets during the rest of 2008 and into 2009 is very uncertain, and management will maintain a very cautious investment strategy, with a shift in focus towards fixed income and away from equities. Our longstanding investment principles, and the underlying quality of the assets we hold, are very sound, and we are confident that the group's portfolio will return to profitability as adjustments in the global credit system help to restore business confidence in leading economies and thus prospects for equity markets.

Health Care

The Group's 19.5% stake in Bumrungrad International Limited ("BIL") started to contribute income during the first half of 2008, mainly due to hospital and health service development in Manila and elsewhere in East Asia. Future expansion of the business in Asia and the Middle East, combined with demographic and policy trends, are expected to make BIL a very productive investment in the years ahead.

Pension and Asset Management

Profit from the Group's holding in jointly-controlled company Bank Consortium Holding Limited ("BCH") fell 31.6% in the first half of 2008, owing to a decrease in assets under management following the drop in equity markets. Bank Consortium Trust Co. Ltd., wholly owned subsidiary of BCH, is one of the top five providers of Mandatory Provident Fund services in Hong Kong, and its long-term outlook remains positive.

Property and Other Investment

The Group's interests in real estate and other areas represent only a small percentage of our overall investments. The main projects – developments in Mainland China – enable us to leverage partnerships and gain geographical diversification that may benefit us in our core areas of interest in due course. Their performances were acceptable over the period.

Management Approach and Future Prospects

Management maintains its longstanding policy of prudence in the pursuit of long-term growth in shareholder value. During a period of market weakness as the one we are witnessing during 2008, we will exercise particular caution. However, we will also look beyond the structural and cyclical problems currently affecting the global economy and the impact they have on our bottom line via unrealised losses on fundamentally good quality assets. The Group's future mission is increasingly based on acquiring holdings in businesses with solid but very attractive development prospects. We are clear about the business and geographic sectors we are most interested in, and this is at least as important a focus for us as year-on-year fluctuations in the nominal value of the portfolio investments.

Aside from the obvious uncertainty affecting the markets in major developed economies, we face the possibility of slower economic growth in Hong Kong, the Mainland and elsewhere in Asia. We are confident that the core operations of Asia Insurance and our associates and jointly-controlled entities will weather this reasonably well, thanks in particular to the fundamental dynamism of the Chinese economy at this stage in the country's development. With inflation picking up in Hong Kong, we will continue to monitor our cost base, though we are currently satisfied that our costs are comfortably under control.

To conclude, we see major strategic opportunities for Asia Financial Group. In particular, we believe that future Asia-Pacific economic growth, along with the ageing population and related government policy trends, will produce growing demand for insurance and health care in the Asia-Pacific region. This is a long-term strategy, but, under the surface of the current market turmoil, it is one that is already starting to produce real returns for our shareholders.

Contingent Liabilities

As at 30 June, 2008, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2008 was 245 (December, 2007: 246). Annual remuneration increments and promotions are determined through a performance-oriented appraisal system, with the basic pay structure being reviewed from time to time to reflect market trends. In addition to the basic salary, employees also receive an annual bonus based on both the Group's and their individual performance. Medical and retirement benefit schemes are made available to all level of personnel. There was no share option scheme in operation during the six months ended 30th June, 2008. The Group also offers various training and induction programmes to its employees.

DIVIDEND

The Board has resolved to declare an interim cash dividend of HK1.0 cent per ordinary share (2007: HK9.4 cents) for the six months ended 30th June, 2008 payable on or about Tuesday, 28th October, 2008 to shareholders whose names appear on the Register of Members of the Company on Friday, 17th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 14th October, 2008 to Friday, 17th October, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, 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 4:30 p.m. on Monday, 13th October, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2008.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30th June, 2008.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.afh.hk and the HKExnews at www.hkexnews.hk. The 2008 interim report will be despatched to the shareholders and available on the same websites on or about Friday, 26th September, 2008.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Robin Yau Hing Chan (Chairman), The Hon. Bernard Charnwut Chan (President), Mr. Stephen Tan, Mr. Wong Kok Ho; the non-executive directors are Mr. Lau Ki Chit, Dr. The Hon. Leo Tung Hai Lee, Mr. Choedchu Sophonpanich, Mr. Ng Song Hin, Dr. The Hon. Philip Yu Hong Wong, Mr. Kenneth Chi Lam Siao, Mr. Mamoru Miyazaki, Ms. Chan Yeow Toh; and the independent non-executive directors are Ms. Anna Suk Han Chow, Mr. Andrew Chiu Cheung Ma and Dr. Ko Wing Man.

By Order of the Board
Asia Financial Holdings Limited
Robin Y.H. Chan
Chairman

Hong Kong, 19th September, 2008