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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)

2013 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, 2013 as follows:

Condensed Consolidated Income Statement (Unaudited)

For the six months ended 30th June, 2013

		Six months ended 30th June,	
	Notes	**2013**	2012
		HK$'000	HK$'000
REVENUE	3	**739,466**	687,858
Gross premiums		**739,466**	687,858
Reinsurers' share of gross premiums		**(205,406)**	(208,830)
Change in unearned premiums reserve		**(62,085)**	(71,034)
Change in life fund		**(8,212)**	(2,958)
Net insurance contracts premiums revenue		**463,763**	405,036
Gross claims paid		**(271,330)**	(308,219)
Reinsurers' share of gross claims paid		**64,162**	69,784
Gross change in outstanding claims		**(97,433)**	(7,509)
Reinsurers' share of gross change in outstanding claims		**17,634**	6,939
Net claims incurred		**(286,967)**	(239,005)
Commission income		**33,973**	34,062
Commission expense		**(142,529)**	(126,621)
Net commission expense		**(108,556)**	(92,559)

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Condensed Consolidated Income Statement **(Unaudited)** (continued)

For the six months ended 30th June, 2013

	Notes	Six months ended 30th June, 2013 HK$'000	2012 HK$'000
Management expenses for underwriting business		**(29,157)**	(23,926)
Underwriting profit		**39,083**	49,546
Dividend income		**44,252**	39,492
Realised gain/(loss) on investments		**(13,306)**	23,243
Unrealised gain/(loss) on investments		**(21,792)**	93,397
Interest income		**34,777**	32,937
Other income and gains, net		**6,151**	(2,309)
		89,165	236,306
Operating expenses		**(40,610)**	(39,688)
Finance costs		**(1,151)**	-
		47,404	196,618
Share of profits and losses of joint ventures		**15,697**	15,363
Share of profits and losses of associates		**22,933**	60,399
PROFIT BEFORE TAX	4	**86,034**	272,380
Income tax expense	5	**(3,555)**	(19,818)
PROFIT FOR THE PERIOD		**82,479**	252,562
Attributable to:			
Equity holders of the Company		**79,512**	249,894
Non-controlling interests		**2,967**	2,668
		82,479	252,562
INTERIM DIVIDEND	6	**15,288**	35,672
INTERIM DIVIDEND PER SHARE	6	**HK1.5 cents**	HK3.5 cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic - For profit for the period		**HK7.8 cents**	HK24.5 cents
Diluted - For profit for the period		**N/A**	N/A

Details of the dividends are disclosed in note 6 to the announcement.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June, 2013

	Six months ended 30th June, 2013 HK$'000	2012 HK$'000
PROFIT FOR THE PERIOD	**82,479**	252,562
OTHER COMPREHENSIVE INCOME		
(Items that may be reclassified subsequently to income statement)		
Available-for-sale securities:		
Changes in fair value	**(15,292)**	346,240
Share of other comprehensive income of joint ventures:		
Changes in available-for-sale investment reserve	**(231)**	252
Changes in exchange reserve	**(484)**	726
Reclassification of exchange difference included in the condensed consolidated income statement for capital reduction of a joint venture	**-**	(5,211)
	(715)	(4,233)
Share of other comprehensive income of associates:		
Changes in available-for-sale investment reserve	**(14,528)**	7,709
Changes in exchange reserve	**4,641**	(2,722)
	(9,887)	4,987
Exchange differences on translation of foreign operations	**(102)**	349
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	**(25,996)**	347,343
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**56,483**	599,905
ATTRIBUTABLE TO:		
Equity holders of the Company	**57,942**	594,897
Non-controlling interests	**(1,459)**	5,008
	56,483	599,905

Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2013

	Note	**30th June, 2013 HK$'000**	31st December, 2012 HK$'000
ASSETS			
Property, plant and equipment		**147,501**	150,174
Investment property		**4,770**	4,770
Interests in joint ventures		**220,645**	209,863
Loan to a joint venture		**14,337**	14,337
Interests in associates		**241,291**	230,270
Due from an associate		**168,390**	168,390
Deferred tax assets		**11,571**	11,571
Held-to-maturity securities		**694,033**	681,904
Available-for-sale securities		**3,185,639**	2,853,817
Pledged deposits		**120,080**	102,605
Loans and advances and other assets		**206,056**	209,881
Securities measured at fair value through profit or loss		**1,881,419**	1,759,393
Insurance receivables		**242,366**	198,499
Reinsurance assets		**554,929**	541,140
Cash and cash equivalents		**1,343,891**	1,484,550
Total assets		**9,036,918**	8,621,164
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital		**1,019,200**	1,019,200
Reserves		**5,181,036**	5,138,382
Proposed dividend		**15,288**	43,826
		6,215,524	6,201,408
Non-controlling interests		**20,317**	21,776
Total equity		**6,235,841**	6,223,184
Liabilities			
Insurance contract liabilities		**2,097,010**	1,933,124
Insurance payables		**191,483**	174,095
Due to a joint venture		**27,460**	-
Due to associates		**4,222**	4,222
Other liabilities		**213,536**	222,562
Interest-bearing bank borrowing	8	**200,000**	-
Tax payable		**57,520**	54,131
Deferred tax liabilities		**9,846**	9,846
Total liabilities		**2,801,077**	2,397,980
Total equity and liabilities		**9,036,918**	8,621,164

Notes to the Interim Financial Statements (Unaudited)

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, 2012 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"), which are effective for accounting period beginning on 1st January, 2013 and as disclosed below.

HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments*: *Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

Adoption of these new and 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.

2. Operating Segment Information

(a) Operating segments

The following tables present revenue, profit/(loss) and certain asset and liability for the Group's operating segments.

Group	**Insurance HK$'000**	**Corporate HK$'000**	**Eliminations HK$'000**	**Consolidated HK$'000**
For the six months ended 30th June, 2013				
Segment revenue:				
External customers	**739,466**	**-**	**-**	**739,466**
Other revenue, income, gains, net	**39,520**	**10,562**	**-**	**50,082**
Intersegment	**2,297**	**-**	**(2,297)**	**-**
Total	**781,283**	**10,562**	**(2,297)**	**789,548**
Segment results	**56,862**	**(9,458)**	**-**	**47,404**
Share of profits and losses of:				
Joint ventures	**8,068**	**7,629**	**-**	**15,697**
Associates	**10,818**	**12,115**	**-**	**22,933**
Profit before tax				**86,034**
Income tax expense	**(3,310)**	**(245)**	**-**	**(3,555)**
Profit for the period				**82,479**

Group	Insurance HK$'000	Corporate HK$'000	Eliminations HK$'000	Consolidated HK$'000
For the six months ended 30th June, 2012				
Segment revenue:				
External customers	687,858	-	-	687,858
Other revenue, income, gains, net	128,660	58,100	-	186,760
Intersegment	939	-	(939)	-
Total	817,457	58,100	(939)	874,618
Segment results	157,361	39,257	-	196,618
Share of profits and losses of:				
Joint ventures	2,964	12,399	-	15,363
Associates	9,558	50,841	-	60,399
Profit before tax				272,380
Income tax expense	(15,996)	(3,822)	-	(19,818)
Profit for the period				252,562

2. Operating Segment Information (continued)

(a) Operating segments (continued)

Group	**Insurance HK$'000**	**Corporate HK$'000**	**Consolidated HK$'000**
30th June, 2013			
Segment assets	**4,892,635**	**3,682,347**	**8,574,982**
Interests in joint ventures	**123,344**	**97,301**	**220,645**
Interests in associates	**92,337**	**148,954**	**241,291**
Total assets	**5,108,316**	**3,928,602**	**9,036,918**
Segment liabilities	**2,319,859**	**481,218**	**2,801,077**

Group	Insurance HK$'000	Corporate HK$'000	Consolidated HK$'000
31st December, 2012			
Segment assets	4,870,933	3,310,098	8,181,031
Interests in joint ventures	119,691	90,172	209,863
Interests in associates	98,072	132,198	230,270
Total assets	5,088,696	3,532,468	8,621,164
Segment liabilities	2,145,964	252,016	2,397,980

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

4. Profit before Tax

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

	Six months ended 30th June,	
	2013	2012
	HK$'000	HK$'000
Depreciation	**(2,736)**	(4,735)
Employee benefits expense (including directors' remuneration)	**(42,343)**	(39,982)
Minimum lease payments under operating leases in respect of land and buildings	**(625)**	(468)
Realised gain/(loss) on:		
- disposal of securities measured at fair value through profit or loss (held for trading), net	**(12,960)**	21,379
- disposal of available-for-sale securities	**23**	47
- redemption/call back of held-to-maturity securities	**(369)**	1,817
Total realised gain/(loss) on investments	**(13,306)**	23,243
Unrealised gain/(loss) on securities measured at fair value through profit or loss (held for trading), net	**(21,052)**	77,055
Unrealised gain on prepaid derivative (designated as at fair value through profit or loss upon initial recognition)	-	16,342
Impairment of available-for-sale securities	**(740)**	-
Total unrealised gain/(loss) on investments	**(21,792)**	93,397
Interest income	**34,777**	32,937
Finance costs	**(1,151)**	-
Gain/(loss) on disposal/write-off of items of property, plant and equipment	**(7)**	35
Impairment allowance on insurance receivables	**(206)**	(9)
Reclassification of exchange difference included in the condensed consolidated income statement for capital reduction of a joint venture #	-	5,211
Dividend income from:		
Listed investments	**38,081**	36,536
Unlisted investments	**6,171**	2,956
Total dividend income	**44,252**	39,492

\# Reclassification of exchange difference included in the condensed consolidated income statement for capital reduction of a joint venture is included in "Share of profit and loss of joint ventures" on the face of the condensed consolidated income statement.

5. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) 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 locations in which the Group operates.

	Six months ended 30th June,	
	2013	2012
	HK$'000	HK$'000
Group:		
Current – Hong Kong		
Charge for the period	**1,294**	294
Current – Elsewhere		
Charge for the period	**2,261**	2,450
Deferred	**-**	17,074
Total tax charge for the period	**3,555**	19,818

6. Dividend

	Six months ended 30th June,	
	2013	2012
	HK$'000	HK$'000
Proposed interim dividend:		
HK1.5 cents (2012: HK3.5 cents) per ordinary share based on 1,019,200,000 (2012: 1,019,200,000) shares in issue	**15,288**	35,672

The Board has resolved to pay an interim dividend of HK1.5 cents per share (2012: HK3.5 cents), which will be paid in cash, for the six months ended 30th June, 2013 payable on or about 27th September, 2013 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 18th September, 2013.

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

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK$79,512,000 (2012: HK$249,894,000) and 1,019,200,000 (2012: 1,019,200,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. Interest-bearing bank borrowing

	30th June, 2013 HK$'000	31st December, 2012 HK$'000
Interest-bearing bank loan, secured and repayable on demand	**200,000**	-

The bank loan bears interest at 1% over the 3-month Hong Kong Interbank Offered Rate and is pledged by certain Hong Kong listed shares classified as available-for-sale securities and securities measured at fair value through profit or loss with fair value for not less than HK$200,000,000.

Management Discussion and Analysis

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

Profit attributable to equity holders of the Company:	HK$79.5 million	-68.2%
Earnings per share:	HK7.8 cents	-68.2%
Interim dividend per share:	HK1.5 cents	-57.1%

Asia Financial Holdings Limited ("Asia Financial") recorded net profit attributable to shareholders of HK$79.5 million in the first half of 2013, a 68.2% decline over the same period in 2012. This fall largely reflected unrealised losses in the value of portfolio investments; underwriting performance and organic growth of insurance operations remained satisfactory, as did the results of most of our joint ventures and associates. Increase in expenses remained in line with inflation.

The second half of the year looks uncertain, with possibly limited prospects for strengthening in the markets and the possibility of slower growth in Mainland China as the economy adjusts. However, looking further ahead, we remain confident in the prospects for the insurance, retirement and other individual and family services sectors in Asia represented by our longer-term direct investments, which form our strategic focus.

Economic Background

Given a background of global weakness, the economies of Asia and Greater China performed reasonably well in the first half of 2013, and Hong Kong continued to enjoy strong consumption and low unemployment. This provided satisfactory conditions for Asia Financial's insurance operations. However, the broader global economic environment was gloomy, with European largely in recession, slow growth in the US and the prospect of an end to quantitative easing, as well as policy uncertainty in the Mainland China. These factors weighed down on the financial markets, which impacted our net profit for the period. Specifically, the Hang Seng Index fell by 8.2% during the period, although the main US indices rose by around 12-14%.

Management Approach and Future Prospects

The global outlook remains uncertain, with major economies facing weak recovery at best and recession at worst. In addition to poor overall growth patterns, leading economies' monetary policies are similarly unclear. Even in our own region, Greater China and Southeast Asia are entering periods of slower export growth and, in Mainland China's case, structural adjustment as the country progresses to a new phase of development. These raise the prospects of asset price volatility around the world and, in our own region, slower growth in companies' business operations.

In such an environment, it is essential that Asia Financial's management maintains its traditional, conservative investment approach and sensible policies in such areas as cost control in the pursuit of long-term growth in shareholders' value. We will continue to seek good quality investments and avoid unnecessary risk. We will especially focus on the underlying quality of our trading portfolios and long-term direct investments.

The outlook for Asia Insurance is still reasonably positive, thanks in particular to continued strength in local infrastructure and construction. We will also continue to review and optimise the mix of direct and reinsurance business and between various segments. We are also monitoring possible future progress in the expansion of private health coverage in Hong Kong.

Management Approach and Future Prospects (continued)

Our focus will remain very much on the long term and on the East Asian region. We will continue to build on our interests in livelihood-related service industries such as insurance, retirement, health and property development, focused on Greater China and elsewhere in Asia. 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.

Our existing base of investments fits well with our traditional expertise and networks of clients and partners, and is well-positioned to benefit from long-term economic and social trends. In considering ways to build upon this base, we will adhere to this fundamental approach and exercise patience and caution.

Overview by Investment Segments

Insurance

Wholly owned Asia Insurance's profit attributable to shareholders fell by 52.6% in the first half of 2013 compared with the same period in 2012.

Underwriting profit declined by 20.6%, largely due to the effect of competition in the market on pricing and some claim developments arising from incidents in previous years. However, the underlying health of Asia Insurance was apparent in turnover, which rose at a steady 7.5%, helped by such factors as construction-sector growth in both Hong Kong and Macau. This organic growth in the business reflects Asia Insurance's continued status as a leader in Hong Kong's general insurance market with a very sound reputation among clients.

Most lines of business continued to perform well, notably statutory liability insurance. There were no significant changes to the size and reach of our agent network. Asia Insurance successfully kept costs in line with inflation, despite the growth in turnover.

The bulk of the decline in Asia Insurance's profit was due to unrealised losses in investments, which, allowing for their additional weighting towards bonds, performed broadly in line with those of Asia Financial as a whole (see below). Interest income grew in line with the size of the fixed-income portfolio. Other income rose largely as a result of foreign exchange exposure. Asia Insurance has no significant direct exposure to vulnerable European sovereign debt and related investments.

Despite the possibility of slower economic growth in Greater China and the rest of Asia, the outlook for profit and organic growth in Asia Insurance's core underwriting activities looks stable for the second half of 2013 and beyond. We will continue to review the mix of direct and reinsurance business and to use our risk management expertise to focus on better quality business in such areas as employees' compensation, especially as the market adjusts following a 2012 British legal judgment on compensation rates in personal injury cases. The industry continues to engage with government and other sectors of the community in discussing possible ways to encourage a bigger role for personal health insurance coverage in Hong Kong.

Management Discussion and Analysis (continued)

Overview by Investment Segments (continued)

Insurance *(continued)*

In terms of investment performance, the uncertainty of the global and regional outlook in terms of economic performance and policy makes a medium-term forecast very difficult. Given the uncertainty surrounding the markets, we will maintain a prudent approach towards portfolio management.

Joint ventures and associates in the insurance segment delivered generally satisfactory results given the China and Hong Kong markets' weak investment returns in the first half of 2013. Hong Kong Life Insurance Limited enjoyed reasonable performance, while Professional Liability Underwriting Services Limited and The People's Insurance Company of China (Hong Kong), Limited achieved reasonable increases in profit and business turnover. BC Reinsurance Limited performed less well. 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. The company reported RMB37.7 billion in premium income for the first half of 2013. 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 high levels in line with the business volume. This stake is Asia Financial's single biggest external holding, accounting for 16.8% of our total assets.

Other Portfolio Investment

Unrealised year-on-year losses on trading investments accounted for most of Asia Financial's decline in net profit in the first half of 2013. This particularly reflected a drop in the China and Hong Kong markets that coincided with the six-month period and inevitably affected the valuations of our conservatively managed portfolio. Returns from non-traded investments saw a healthy rise owing in particular to dividend income from long-term holdings. Net interest income remained steady, in line with rates.

Asia Financial has no direct exposure to vulnerable European sovereign debt. Secondary exposure via equity and fund investments is limited by our policy of diversification and focus on quality, while our fixed income investments and derivative instruments are of investment grade or above. Ever since the extreme volatility of world markets in 2008-09, we have adopted a particularly prudent attitude towards management of our portfolio investments. In view of the ongoing uncertainty concerning future economic growth and monetary policy in all major economies, our investment strategy will remain cautious but flexible. Regardless of year-on-year fluctuations in market valuations, we will continue to place the highest priority on preservation of core shareholders' wealth. At the same time, we will remain alert to strategic and long-term opportunities arising from structural changes in the international environment.

Overview by Investment Segments (continued)

Health Care

Our 3.7% holding in Bumrungrad Hospital Public Company Limited ("Bumrungrad") in Bangkok remains one of our best-performing long-term investments, with its valuation rising 2.3% for the first half of the year. Bumrungrad is maintaining its recognition in the market and its success in attracting patients internationally through the delivery of high-quality medical services. This success looks likely to continue.

Bumrungrad International Limited ("BIL"), in which Asia Financial holds a 19.5% stake, has almost completed its liquidation process after the consolidation of its activities due to a lack of suitable new investment opportunities. However, we still foresee good prospects for the health care business in the region, owing to long-term demographic and policy trends. We and Bumrungrad will therefore continue to actively explore potential new opportunities; among areas of possible interest are emerging markets in Asia and specific demographic segments in Hong Kong.

Pension and Asset Management

The Group's investment in Bank Consortium Holding Limited ("BCH") continued to enjoy growth in assets under management and achieved an acceptable level of profit in the first half of 2013. Bank Consortium Trust Company Limited ("BCT"), a wholly owned subsidiary of BCH, remains one of the top five providers of Mandatory Provident Fund services in Hong Kong. Starting 1st November, 2012, employees have had the right to transfer their personal MPF contributions up to one time a year to other service providers. Although there has been no significant impact so far, we are confident that BCT's commitment to quality service will give it an edge in retaining and indeed attracting funds in a market with greater client choice.

Property Development

The Group's interests in real estate are focused on Shanghai and Suzhou and represent 4.8% 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 yielded a share of profits of HK$12.1 million booked in the first half of 2013. The project is proceeding well, with some 88% of units sold up to August 2013. Demand remains encouraging, especially for smaller units, and we expect the sales target for the full year will be met. We are adjusting plans for the development of a smaller lot of land in the same district, where work will begin by end-year, and remain flexible about plans for Phase 3. Government controls to calm the property market are likely to remain for the time being. We are confident that where financing is concerned, existing capital and cash flow will be sufficient for future projects.

Liquidity, Financial Resources and Gearing Ratio

Cash and cash equivalents as at 30th June, 2013 amounted to HK$1,343,891,000 (31st December, 2012: HK$1,484,550,000).

The Group had a bank borrowing of HK$200,000,000 as at 30th June, 2013 (31st December, 2012: Nil), which was secured by certain Hong Kong listed shares, repayable on demand and charged at 1% over the 3-month Hong Kong Interbank Offered Rate.

No gearing ratio was calculated as the Group had no net debt as at 30th June, 2013. 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 associates and a joint venture, interest-bearing bank borrowings 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 of 30th June, 2013, Asia Insurance charged assets with a carrying value of HK$125,357,000 (31st December, 2012: HK$102,912,000) in favour of the Hong Kong Mortgage Corporation Limited (the "HKMC") to secure the payments under the HKMC Mortgage Insurance Programme.

The Group also pledged certain Hong Kong listed shares with a market value of not less than HK$200,000,000 (31st December, 2012: Nil) to a bank to secure the bank borrowing of HK$200,000,000 (31st December, 2012: Nil).

Contingent Liabilities

As at 30th June, 2013, there was an outstanding counter guarantee issued by the Company in favour of The People's Insurance Company (Group) of China Limited (the "PICC Group") amounting to 5% of all the liabilities and expenses of RMB112.5 million (approximately HK$142.2 million) (31st December, 2012: RMB112.5 million) under a master guarantee provided by the PICC Group. The master guarantee is to secure the repayment of 10-year subordinated term debt of RMB2.25 billion issued by PICC Life Insurance Company Limited. The counter guarantee will expire on 25th April, 2019.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2013 was 259 (31st December, 2012: 255). 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 six months ended 30th June, 2013. The Group also offers various training and induction programmes to its employees.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK1.5 cents (2012: HK3.5 cents) per ordinary share for the six months ended 30th June, 2013 payable on or about Friday, 27th September, 2013 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 18th September, 2013.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 16th September, 2013 to Wednesday, 18th September, 2013, 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 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, for registration not later than 4:30 p.m. on Friday, 13th September, 2013.

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

Corporate Governance Code

The Company has complied with the 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 throughout the six months ended 30th June, 2013, except a deviation from code provision A.6.7, namely, an Independent Non-executive Director was unable to attend the annual general meeting of the Company held on 9th May 2013 as he was not in Hong Kong due to his other commitments.

Review of Interim Results

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30th June, 2013 and recommended it for the Board's approval.

Publication of Interim Results and Interim Report

This results announcement is published on the Company's website at www.afh.hk and the HKExnews website at www.hkexnews.hk. The 2013 Interim Report will be despatched to the shareholders and available at the same websites on or about Tuesday, 10th September, 2013.

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

Hong Kong, 21st August, 2013

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 Mr. LAU Ki Chit, Mr. SOPHONPANICH Choedchu, Mr. NG Song Hin, Ms. CHAN Yeow Toh , Mr. YAMAGUCHI Yoshihiro; and the independent non-executive directors are Ms. CHOW Suk Han Anna, Mr. MA Andrew Chiu Cheung, Mr. SIAO Chi Lam Kenneth, Dr. WONG Yu Hong Philip and Mrs. LAI KO Wing Yee Rebecca.

* *For identification purpose only*