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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)

2016 INTERIM RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company" or "Asia Financial") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 30th June, 2016 as follows:

Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2016

	Notes	Six months ended 30th June, 2016 HK$'000	2015 HK$'000
REVENUE	3	**718,766**	608,847
Gross premiums		**718,766**	608,847
Reinsurers' share of gross premiums		**(259,265)**	(176,996)
Change in unearned premiums reserve		**(22,920)**	24,320
Change in life reserve		**(10,552)**	(5,826)
Net insurance contracts premiums revenue		**426,029**	450,345
Gross claims paid		**(258,998)**	(198,419)
Reinsurers' share of gross claims paid		**97,256**	47,165
Gross change in outstanding claims		**18,181**	(106,089)
Reinsurers' share of gross change in outstanding claims		**(30,504)**	31,629
Net claims incurred		**(174,065)**	(225,714)
Commission income		**44,611**	31,014
Commission expense		**(161,160)**	(125,934)
Net commission expense		**(116,549)**	(94,920)
Management expenses for underwriting business		**(26,125)**	(28,441)
Underwriting profit		**109,290**	101,270

……continued

Condensed Consolidated Statement of Profit or Loss **(Unaudited)** (continued)

For the six months ended 30th June, 2016

	Notes	Six months ended 30th June, **2016** HK$'000	2015 HK$'000
Dividend income		**97,388**	50,831
Realised gain/(loss) on investments		**(16,345)**	33,333
Unrealised gain/(loss) on investments		**(38,779)**	77,825
Interest income		**30,535**	35,328
Other income and gains, net		**2,208**	(16)
		184,297	298,571
Operating expenses		**(59,762)**	(59,316)
Finance costs	4	**(1,376)**	(1,203)
		123,159	238,052
Share of profits and losses of joint ventures		**10,032**	37,619
Share of profits and losses of associates		**10,772**	17,427
PROFIT BEFORE TAX	5	**143,963**	293,098
Income tax expense	6	**(14,541)**	(27,950)
PROFIT FOR THE PERIOD		**129,422**	265,148
Attributable to:			
Equity holders of the Company		**129,366**	260,051
Non-controlling interests		**56**	5,097
		129,422	265,148
INTERIM DIVIDEND	7	**24,576**	36,691
INTERIM DIVIDEND PER SHARE	7	**HK2.5 cents**	HK3.6 cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic - For profit for the period		**HK12.7 cents**	HK25.5 cents
Diluted - For profit for the period		**N/A**	N/A

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

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the six months ended 30th June, 2016

	Six months ended 30th June,	
	2016	2015
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**129,422**	265,148
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale securities:		
Changes in fair value	**(63,677)**	127,405
Share of other comprehensive income/(expense) of joint ventures	**(870)**	561
Share of other comprehensive income/(expense) of associates	**258**	(1,308)
Exchange differences on translation of foreign operations	**(40)**	23
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	**(64,329)**	126,681
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**65,093**	391,829
ATTRIBUTABLE TO:		
Equity holders of the Company	**62,548**	386,744
Non-controlling interests	**2,545**	5,085
	65,093	391,829

Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2016

	Note	**30th June, 2016 HK$'000**	31st December, 2015 HK$'000
ASSETS			
Property, plant and equipment		**337,869**	324,262
Investment properties		**23,100**	23,100
Interests in joint ventures		**263,731**	257,719
Loans to joint ventures		**46,500**	33,335
Interests in associates		**323,793**	314,140
Due from an associate		**168,390**	168,390
Deferred tax assets		**245**	1,913
Held-to-maturity securities		**621,364**	587,886
Available-for-sale securities		**3,365,523**	3,426,715
Pledged deposits		**158,915**	148,236
Loans and advances and other assets		**175,547**	92,942
Securities measured at fair value through profit or loss		**1,643,060**	1,853,696
Insurance receivables		**250,797**	201,622
Reinsurance assets		**590,579**	567,198
Cash and cash equivalents		**2,255,756**	2,162,868
Total assets		**10,225,169**	10,164,022
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	9	**996,368**	1,019,200
Reserves		**5,946,433**	5,990,225
Proposed dividend		**24,576**	10,192
		6,967,377	7,019,617
Non-controlling interests		**42,857**	40,312
Total equity		**7,010,234**	7,059,929
Liabilities			
Insurance contracts liabilities		**2,524,926**	2,455,748
Insurance payables		**191,931**	154,323
Due to a joint venture		**25,368**	24,532
Due to associates		**4,222**	4,222
Other liabilities		**265,424**	275,077
Interest-bearing bank borrowing		**150,000**	150,000
Tax payable		**41,255**	28,382
Deferred tax liabilities		**11,809**	11,809
Total liabilities		**3,214,935**	3,104,093
Total equity and liabilities		**10,225,169**	10,164,022

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, 2015 except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"), which are effective for accounting period beginning on or after 1st January, 2016 and the following new accounting policy adopted by the Group during the period as disclosed below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to the Interim Financial Statements (Unaudited)

2. Operating Segment Information

(a) Operating segments

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

	Insurance	**Corporate**	**Eliminations**	**Consolidated**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
For the six months ended 30th June, 2016				
Segment revenue:				
External customers	**718,766**	**-**	**-**	**718,766**
Other revenue, income and gains, net	**10,782**	**64,225**	**-**	**75,007**
Intersegment	**4,590**	**-**	**(4,590)**	**-**
Total	**734,138**	**64,225**	**(4,590)**	**793,773**
Segment results	**93,649**	**29,510**	**-**	**123,159**
Share of profits and losses of:				
Joint ventures	**827**	**9,205**	**-**	**10,032**
Associates	**435**	**10,337**	**-**	**10,772**
Profit before tax				**143,963**
Income tax expense	**(12,597)**	**(1,944)**	**-**	**(14,541)**
Profit for the period				**129,422**

	Insurance	Corporate	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
For the six months ended 30th June, 2015				
Segment revenue:				
External customers	608,847	-	-	608,847
Other revenue, income and gains, net	134,833	62,468	-	197,301
Intersegment	6,059	-	(6,059)	-
Total	749,739	62,468	(6,059)	806,148
Segment results	208,762	29,290	-	238,052
Share of profits and losses of:				
Joint ventures	25,121	12,498	-	37,619
Associates	17,692	(265)	-	17,427
Profit before tax				293,098
Income tax expense	(24,107)	(3,843)	-	(27,950)
Profit for the period				265,148

Notes to the Interim Financial Statements **(Unaudited)**

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK$'000	**Corporate HK$'000**	**Consolidated HK$'000**
30th June, 2016			
Segment assets	**5,514,199**	**4,123,446**	**9,637,645**
Interests in joint ventures	**153,682**	**110,049**	**263,731**
Interests in associates	**149,158**	**174,635**	**323,793**
Total assets	**5,817,039**	**4,408,130**	**10,225,169**
Segment liabilities	**2,911,974**	**302,961**	**3,214,935**

	Insurance HK$'000	Corporate HK$'000	Consolidated HK$'000
31st December, 2015			
Segment assets	5,290,658	4,301,505	9,592,163
Interests in joint ventures	157,829	99,890	257,719
Interests in associates	141,777	172,363	314,140
Total assets	5,590,264	4,573,758	10,164,022
Segment liabilities	2,803,555	300,538	3,104,093

(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 business underwritten during the period.

4. Finance Costs

	Six months ended 30th June,	
	2016	2015
	HK$'000	HK$'000
Interest on a bank loan	**1,376**	1,203

Notes to the Interim Financial Statements (Unaudited)

5. Profit Before Tax

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

	Six months ended 30th June,	
	2016	2015
	HK$'000	HK$'000
Depreciation	**(7,129)**	(7,189)
Employee benefits expense (including directors' remuneration)	**(59,710)**	(59,936)
Minimum lease payments under operating leases	**(719)**	(556)
Realised gain/(loss) on:		
- disposal of securities measured at fair value through profit or loss (held for trading), net	**(16,402)**	33,293
- disposal of available-for-sale securities	**57**	54
- redemption/call back of held-to-maturity securities	**-**	(14)
Total realised gain/(loss) on investments	**(16,345)**	33,333
Unrealised gain/(loss) on securities measured at fair value through profit or loss (held for trading), net	**(38,779)**	77,825
Interest income	**30,535**	35,328
Gain on disposal of items of property, plant and equipment	**1**	109
Write-back of impairment of insurance receivables	**-**	1
Foreign exchange loss, net#	**(2,994)**	(2,582)
Dividend income from:		
Listed investments	**40,088**	33,946
Unlisted investments	**57,300**	16,885
Total dividend income	**97,388**	50,831

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

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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,	
	2016	2015
	HK$'000	HK$'000
Current – Hong Kong		
Charge for the period	**8,798**	20,545
Current – Elsewhere		
Charge for the period	**4,075**	3,562
Deferred	**1,668**	3,843
Total tax charge for the period	**14,541**	27,950

7. Dividend

	Six months ended 30th June,	
	2016	2015
	HK$'000	HK$'000
Proposed interim dividend:		
HK2.5 cents (2015: HK3.6 cents) per ordinary share	**24,576**	36,691

The Board has resolved to pay an interim dividend of HK2.5 cents per share (2015: HK3.6 cents), which will be paid in cash, for the six months ended 30th June, 2016 payable on or about 28th September, 2016 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 20th September, 2016.

8. 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$129,366,000 (2015: HK$260,051,000) and the weighted average number of ordinary shares of 1,015,447,000 (2015: 1,019,200,000) in issue during the period, as adjusted to reflect the number of treasury shares of 1,348,000 held.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. Share Capital

	30th June, 2016 HK$'000	31st December, 2015 HK$'000
Authorised:		
1,500,000,000 ordinary shares of HK$1 each	1,500,000	1,500,000
Issued and fully paid:		
996,368,000 (2015: 1,019,200,000) ordinary shares of HK$1 each	996,368	1,019,200

During the period ended 30th June, 2016, the Group repurchased 24,180,000 ordinary shares of the Company of HK$1 each from the market at prices ranging from HK$3.00 to HK$4.80 per share at a total amount of HK$104,682,000 (including transaction cost). Out of which, 22,832,000 repurchased shares were cancelled. The premium of HK$75,600,000 paid on the repurchase of such cancelled shares was debited to the retained profits account and an amount of HK$22,832,000 was transferred from retained profits of the Company to the capital redemption reserve.

The remaining 1,348,000 shares with cost of HK$6,250,000 were classified as treasury shares at 30th June, 2016 and were subsequently cancelled in July 2016.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 11,970,000 ordinary shares of the Company from the market at prices ranging from HK$4.65 to HK$4.82 per share at a total amount of HK$57,564,000 (including transaction cost). As at the date of this announcement, the number of issued shares of the Company is 983,050,000 shares.

Management Discussion and Analysis

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

Profit attributable to equity holders of the Company:	HK$129.4 million	-50.3%
Earnings per share:	HK12.7 cents	-50.2%
Interim dividend per share:	HK2.5 cents	-30.6%

Asia Financial recorded net profit attributable to shareholders of HK$129.4 million in the first half of 2016, a 50.3% decline over the same period in 2015. This reflected realised and unrealised losses in the value of portfolio investments and weaker returns from some of our joint-ventures and associates. At the same time, we enjoyed a healthy increase in underwriting profits. Our expenses remained under control and in line with inflation.

Asia Financial's prospects for the second half of the year are partly subject to the many uncertainties facing global markets. We will continue with our conservative core investment approach and prudent policies in such areas as cost control in the pursuit of long-term growth in shareholder value.

Economic Background

Much of the world economy generally slower, Hong Kong saw declining economic growth in the first half of 2016. Mainland China continued to experience weakening overseas demand and gradual sectoral rebalancing, although stimulus helped to limit the impacts. Hong Kong saw slowing tourist numbers and retail sales, but the labour market remained tight. Overall, the Hong Kong domestic economy continued to provide a positive environment for Asia Financial's insurance operations.

Markets generally performed weakly in the first half of 2016, though part of this at the end of the reporting period was due to the markets' short-term reaction to the UK vote to leave the European Union. This impacted our net profit. The Hang Seng Index fell around 5% in the year to mid-2016 and H-Shares fell around 10%, while the main US indices gained around 3%. Bond yields generally declined.

Management Approach and Future Prospects

The global outlook at mid-2016 looks uncertain. The world in general continues to face over-capacity and low inflation. Weakness in developed economies threatens to reduce demand for producers in China and elsewhere in Asia. Along with China's gradual structural readjustment, this is likely to continue affecting global demand for commodities and Hong Kong services exports. US, Chinese and other leading economies' monetary policies, with major potential impacts on asset prices, remain unclear. In the background are "Brexit", potential banking and other problems in the euro zone, and very mixed outlooks for developing economies.

Medium-term prospects for insurance operations remain positive, with our strong distribution network and market positioning helping us to perform well despite a crowded market. We will actively continue to anticipate changes in the insurance market by reviewing and optimizing our mix of business segments and our distribution network. We are also monitoring possible future progress in the expansion of private health coverage in Hong Kong.

Management Discussion and Analysis (continued)

Management Approach and Future Prospects (continued)

The longer-term outlook gives us continued cause for optimism. China's leadership seems determined to continue structural adjustment through increased consumption, urbanization and financial and other reforms – although it is inevitably a gradual and challenging process. Other parts of East Asia are continuing their own long-term reforms and development. The region is in the midst of 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.

This is the long-term environment on which Asia Financial's management focuses. 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. Our existing range 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.

Business Review

Insurance

Wholly owned subsidiary, Asia Insurance Company, Limited ("Asia Insurance") achieved profit attributable to shareholders of HK$87.4 million in the first half of 2016, a 61.8% decrease compared with the same period in 2015.

Turnover increased by a healthy 18.3%. This was partly helped by market consolidated in some segments following a period of intense competition in pricing. More broadly, this improvement reflected more focused marketing and distribution efforts. These efforts helped support margins, contributing to a 9.5% growth in underwriting profit (all the above figures are before elimination of intergroup transactions). This was helped by an absence of exposure to major catastrophes in the period, and also by expansion in our distribution capacity.

The growth in turnover and underwriting profit reflects Asia Insurance's continued status as a leader in Hong Kong's general insurance market with a very sound reputation and a loyal client base.

Unrealised losses in investments resulted in a decline in investment returns. The fall reflected general market weakness and the year-on-year decline in the value of certain strategic holdings. Dividend income was steady, while the fall in interest income reflected lower returns on bonds and a shift away to conservative, lower-yield holdings. Other income reflected foreign exchange loss.

Asia Insurance kept costs in line with inflation and market trends in pay.

The outlook for Asia Insurance's core underwriting activities looks reasonable for the second half of 2016 and beyond. The main potential threat would be a major downturn in the Chinese and regional economy. We will continue to utilize our risk management expertise to focus on quality business and optimize the mix of business segments, especially in our core market of Hong Kong. This strength plays an important role in ensuring healthy underwriting profitability.

Management Discussion and Analysis (continued)

Business Review (continued)

Insurance (continued)

We have also entered new partnerships that will help us to further expand our distribution network. We continue to liaise with industry and other parties about the potential to expand personal health insurance coverage in the Hong Kong community.

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 markets and interest rates, we will maintain a prudent approach towards portfolio management.

Joint ventures and associates in the insurance segment delivered generally weaker results in the first half of 2016. BC Reinsurance Limited suffered a fall in investment returns despite stable underwriting performance. The People's Insurance Company of China (Hong Kong) Limited recorded decrease in profit. Hong Kong Life Insurance Limited also saw weaker returns from fixed income investments. Professional Liability Underwriting Services Limited continued to deliver steady results.

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. PICC Life reported RMB81.9 billion in premium income for the first half of 2016, a 22.2% increase over the same period in 2015. All other business performance and risk control indicators showed positive and healthy figures. PICC Life's insurance liability reserves and solvency ratio were maintained at high levels in line with the business volume. This stake is Asia Financial's single biggest external holding, accounting for 14.9% of our total assets.

Other Portfolio Investment

Trading investments showed realised and unrealised losses in the first half of 2016. This particularly reflected weaker Hong Kong and China markets and lower values of particular strategic holdings. Returns from non-traded investments saw a very healthy rise owing to strong growth in dividend income. Net interest income weakened in line with yields.

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 one of our most solid investments, though the stock market valuation declined in the first half of the year. Bumrungrad's success in attracting patients internationally through the delivery of high-quality medical services looks likely to continue. The company is also exploring new opportunities, and has obtained a licence to open a clinic in Myanmar.

Business Review (continued)

Health Care and Wellness (continued)

Asia Financial's 20% share (in a consortium with Bumrungrad Hospital) in Ulaanbaatar Songdo Hospital returned a small loss for the period. We see this investment as an opportunity to participate in future growth in Mongolia's health-care sector and forms an attractive long-term addition to our portfolio of investments in regional companies focusing on personal coverage and care services.

The Kinnet, our wholly owned Hong Kong wellness centre aimed at healthy aging, reported a somewhat smaller loss than in the same period last year. The number of cardholders has been growing, and feedback from them is very positive. We are exploring ways to expand revenue streams from the facilities with a view to growing long-term operating income and Asia Financial's investment base.

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

Pension and Asset Management

The Group's holding in Bank Consortium Holding Limited ("BCH"), one of our joint ventures, continued to generate satisfactory returns in the first half of 2016 owing to organic growth. 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.

Property Development

The Group's interests in real estate are focused on Shanghai and represent 3.1% 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. Foundation work has started on Phase 3 of the project, and construction should begin by end-2016, with sales hopefully starting one year later.

Meanwhile, work on a smaller plot has been completed, and occupation permits issued, enabling handovers to begin. Owing to the high quality of the development, sales have been strong and profits should be booked in the second half of this year.

Prospects for China's residential property market and future policy are subjects of considerable discussion. We are confident that where financing is concerned, existing capital and cash flow are fully sufficient. Demand remains strong among middle-class end-users in this attractive locality. We will consider new possible opportunities in this sector.

The Group holds 50% in a new investment, Super Win Limited. This comprises some rental residential property in Hong Kong, reported a small loss.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and cash equivalents as at 30th June, 2016 amounted to HK$2,255,756,000 (31st December, 2015: HK$2,162,868,000).

The Group had a bank borrowing of HK$150,000,000 as at 30th June, 2016 (31st December, 2015: HK$150,000,000), which was secured by certain Hong Kong listed shares, repayable on or before 27th January, 2017 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 30th June, 2016. 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 30th June, 2016, Asia Insurance charged assets with a carrying value of HK$120,231,000 (31st December, 2015: HK$120,504,000) 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 (31st December, 2015: HK$150,000,000) to a bank to secure the interest-bearing bank borrowing of HK$150,000,000 (31st December, 2015: HK$150,000,000).

Contingent Liabilities

As at 30th June, 2016, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2016 was 296 (31st December, 2015: 295). 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, 2016. 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.

Corporate Governance Code

The Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2016, except for certain deviations as specified and explained below with considered reasons for such deviations:

A.6.7 - Mr. YAMAGUCHI Yoshihiro, a non-executive director, was unable to attend the annual general meeting ("AGM") of the Company held on 19th May, 2016 as he would not offer himself for re-election as a director at the AGM and retired immediately after the AGM due to other commitment.

E.1.2 - Dr. CHAN Yau Hing Robin, the Chairman of the Board, was absent from the Company's AGM held on 19th May, 2016 as he was on medical leave. The AGM was chaired by the President of the Company, Mr. CHAN Bernard Charnwut, with the consent of the members present.

Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2016, the Group repurchased a total of 24,180,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK$104,390,000 (excluding expenses) and approximately HK$104,682,000 (including expenses). Such repurchased shares were cancelled during the reporting period and July 2016. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows:

Month of repurchase	**Number of Ordinary shares repurchased**	**Highest purchase price per share**	**Lowest purchase price per share**	**Aggregate purchase price (excluding expenses)**
		HK$	HK$	HK$'000
March 2016	502,000	3.25	3.00	1,527
April 2016	3,832,000	4.16	3.32	14,395
May 2016	7,962,000	4.50	3.91	33,577
June 2016	11,884,000	4.80	4.45	54,891
	24,180,000			104,390

Subsequent to the end of the reporting period and up to the date of this announcement, the Group repurchased a total of 11,970,000 ordinary shares of the Company on the Stock Exchange at an aggregate purchase price of approximately HK$57,416,000 (excluding expenses) and approximately HK$57,564,000 (including expenses). Such repurchased shares were cancelled on 14th July, 2016. Details of the ordinary shares repurchased after the end of the reporting period are as follows:

Month of repurchase	**Number of Ordinary shares repurchased**	**Highest purchase price per share**	**Lowest purchase price per share**	**Aggregate purchase price (excluding expenses)**
		HK$	HK$	HK$'000
July 2016	11,970,000	4.82	4.65	57,416

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares upon their cancellation during the reporting period and after the end of the reporting period. As at the date of this announcement, the number of issued shares of the Company is 983,050,000 shares.

The directors believe that the above share repurchases were exercised in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and / or earnings per share of the Company.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares during the six months ended 30th June, 2016 and up to the date of this announcement.

Review of Interim Financial Statements

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2016 and recommended it for the Board's approval.

Interim Dividend

The Board has resolved to declare an interim cash dividend of HK2.5 cents (2015: HK3.6 cents) per ordinary share for the six months ended 30th June, 2016 payable on or about Wednesday, 28th September, 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 20th September, 2016.

Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 15th September, 2016 to Tuesday, 20th September, 2016, 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 Wednesday, 14th September, 2016.

Publication of 2016 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 2016 Interim Report will be despatched to the shareholders and available on the same websites on or about Tuesday, 13th September, 2016.

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

Hong Kong, 18th August, 2016

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. SOPHONPANICH Choedchu, Ms. CHAN Yeow Toh, Mr. TANAKA Junichi, Mr. YAMAMOTO Takao; 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*