

For immediate release
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Asia Financial Announces Interim Results

Asia Financial Holdings Limited (“Asia Financial”) announced interim results today. Mr. Bernard Chan, President of Asia Financial, said, “We achieved net profit attributable to shareholders of **HK\$94.3 million** in the first half of 2011, a **276.6% increase** over the same period in 2010. This rise was largely due to increases in profit among joint ventures and associated companies, notably the booking of profits from the Shanghai Jiading residential property development. Stronger market conditions during the period resulted in a sharp fall in unrealized losses on traded portfolio investments. This result was supported by the continued healthy underwriting performance by insurance operations, and by our prudent investment philosophy with its focus on high quality investments.”

Wholly-owned **Asia Insurance Co Ltd’s** (“Asia Insurance”) profit attributable to shareholders rose by a healthy 35.0% in the first half of 2011 compared with the same period in 2010. Underwriting profit fell 6.3%, which is acceptable given exposure to some major events, notably the Japanese earthquake and tsunami, Australian flooding and the New Zealand earthquake. Turnover rose 9.0%, reflecting steady expansion of overall business, particularly medical, employees’ compensation and liability cover. The currently high level of major infrastructure and construction projects in Hong Kong helped to stimulate demand. The continuing soundness of Asia Insurance’s operating results reflects the company’s status as a leader in Hong Kong’s general insurance market with a solid reputation among clients.”

Mr. Chan also said, “Associates and joint venture companies in the insurance segment performed generally well. BC Reinsurance Ltd. and Hong Kong Life Insurance Limited both achieved healthy improvements in performance, and People’s Insurance Company of China (Hong Kong) Ltd. enjoyed a solid increase in profit and business turnover. Professional Liability Underwriting Services Ltd. performed satisfactorily.”

“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 RMB43.7 billion in premium income for the first half of 2011, up 6.4% on the same period of 2010. 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 fast-growing business volume.”

Mr. Chan continued to say, “As far as the other portfolio investments of Asia Financial are concerned, year-on-year unrealized losses on trading investments declined compared with the first half of 2010. These improved results largely reflected the rise in major markets during the period and our generally cautious approach, focusing on high-quality trading investments. 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.”

“Asia Financial’s share of profits from its 19.5% stake in Bumrungrad International Limited (“BIL”) registered a net loss during the first half of 2011. This follows some consolidation of BIL’s business activities in recent years, during which there has been a relatively limited range of suitable new investment opportunities. However, we continue to foresee very healthy prospects for the health care business in Asia and the Middle East, owing to long-term demographic and policy trends, and we will be patient in exploring ways to expand our interests in it. We have expressed an interest to the Hong Kong government in bidding for a hospital site at Wong Chuk Hang on the south of Hong Kong Island.”

Mr. Chan added, “Our holding in jointly-controlled company Bank Consortium Holding Limited (“BCH”) enjoyed good profit growth in the first half of 2011 owing to asset portfolio growth following the recovery of markets and rising fee income. Bank Consortium Trust Co. Ltd. (“BCT”), a wholly owned subsidiary of BCH,

remains one of the top five providers of Mandatory Provident Fund services in Hong Kong. The government has deferred to next year the granting to employees of the right to transfer their personal contributions to other service providers. This will heighten competition in the market, but we are confident that BCT's commitment to quality client service will give it an edge in retaining and indeed attracting funds."

"The Group's interests in real estate are focused on Shanghai and Suzhou and represent 5.0% of our total assets. The main project is a residential and commercial complex in Jiading of Shanghai, in which we have a 27.5% stake. Phase 1 of the project largely sold out by the end of 2010, and that part of the profit not booked that year has been booked during this reporting period. Construction of Phase 2 is expected to be completed in the first quarter of 2012, and pre-sales indicate that demand is satisfactory. The development of Phase 3 and another piece of land in the same district are also planned for the future. The total saleable area will be 160,000 square meters and construction will start in 2012.

Looking forward, Mr. Chan said, "With the United States facing serious unemployment and budget deficit levels, and Europe suffering slow growth and sovereign debt problems, the outlook is uncertain and we remain cautious given the possibility of market volatility. However, The economic situation in Hong Kong, China and Asia looks relatively positive, and there is a good chance that China will achieve a 'soft landing' following a period of loose fiscal policy and inflation, which would be positive for our operations and those of our joint venture and associate companies. Looking further ahead, we remain confident in the prospects for the insurance, healthcare and other individual and family services sectors in Asia represented by our longer-term direct investments, which form our strategic focus."

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