



亞洲金融集團(控股)有限公司* ASIA FINANCIAL HOLDINGS LTD.

Incorporated in Bermuda with limited liability
(Stock Code: 662)

ANNOUNCEMENT OF 2006 INTERIM RESULTS

The directors of Asia Financial Holdings Limited (the "Company") announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2006 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2006

	Notes	Six months ended 30th June		Change %
		2006 HK\$'000	2005 HK\$'000 (Restated)	
CONTINUING OPERATIONS				
TURNOVER	3	395,854	426,367	(7.2)
Other revenue	3	84,935	59,376	
Other net income/(expenses)	3	55,354	(41,625)	
Other operating expenses		(420,588)	(399,623)	
Share of profits and losses of: Jointly-controlled entities		6,804	1,666	
Associates		2,602	769	
PROFIT BEFORE TAX	4	124,961	46,930	
Tax	5	(9,205)	(3,841)	
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		115,756	43,089	168.6
DISCONTINUED OPERATION				
Profit for the period from a discontinued operation	6	2,677,299	37,406	7,057.4
PROFIT FOR THE PERIOD		2,793,055	80,495	
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE COMPANY		2,792,328	80,462	3,370.4
MINORITY INTERESTS		727	33	2,103.0
		2,793,055	80,495	3,369.8
INTERIM DIVIDEND	7	52,901	23,276	
SPECIAL DIVIDEND	7	1,269,626	–	
		1,322,527	23,276	
	Notes	Six months ended 30th June	2005	Change
		2006	2005	%
		HK cents	HK cents	
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY				
	8			
Basic, for profit for the period		263.9	7.6	3,372.4
Basic, for profit from continuing operations		10.9	4.1	165.9
Diluted, for profit for the period		N/A	N/A	
Diluted, for profit from continuing operations		N/A	N/A	
INTERIM DIVIDEND PER SHARE	7	5.0	2.2	127.3
SPECIAL DIVIDEND PER SHARE	7	120.0	–	
		125.0	2.2	

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

30th June 2006

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
ASSETS		
Cash and short term funds	4,536,778	2,447,352
Placements with banks and other financial institutions		
maturing between one and twelve months	76,599	423,679
Trade bills	–	34,969
Insurance receivables	128,961	129,172
Reinsurance assets	386,679	411,889
Securities measured at fair value through profit or loss	1,197,036	1,093,686
Derivative receivables	–	47,855
Loans and advances and other assets	215,421	9,309,201
Available-for-sale securities	549,941	557,559
Held-to-maturity securities	319,935	3,904,257
Loan to a jointly-controlled entity	31,000	30,000
Interests in jointly-controlled entities	72,942	68,688
Interests in associates	70,603	71,279
Due from associates	–	876
Intangible assets	–	599
Property, plant and equipment	140,026	349,072
Investment properties	10,730	25,220
Total assets	7,736,651	18,905,353
LIABILITIES		
Deposits and balances of banks and other financial institutions	–	966,379
Deposits from customers	–	11,174,942
Certificates of deposit issued	–	1,423,451
Other liabilities	79,676	347,179
Due to associates	265	–
Tax payable	16,377	10,101
Derivative payables	–	54,524
Insurance payables	152,853	150,546
Insurance contract liabilities	1,080,115	1,061,447
Deferred tax liabilities	11,255	28,334
Total liabilities	1,340,541	15,216,903
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	1,058,021	1,058,021
Reserves	3,986,263	2,519,330
Proposed dividend	1,322,527	82,527
	6,366,811	3,659,878
Minority interests	29,299	28,572
Total equity	6,396,110	3,688,450
Total equity and liabilities	7,736,651	18,905,353

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 2005 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 or after 1st January 2006. Such adoption did not result in material changes to the Group's accounting policies.

2. SEGMENT INFORMATION

(a) Business segments

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

	Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the six months ended 30th June 2006				
Segment revenue:				
External customers	395,854	–	–	395,854
Other revenue	56,933	28,006	(4)	84,935
Inter-segment	3,306	868	(4,174)	–
Total	456,093	28,874	(4,178)	480,789
Segment results	81,929	33,626	–	115,555
Share of profits and losses of: Jointly-controlled entities	4,937	1,867	–	6,804
Associates	2,602	–	–	2,602
Profit before tax	8,409	(796)	–	124,961
Tax	(8,409)	(796)	–	(9,205)
Profit for the period	–	–	–	115,756
Continuing operations	–	–	–	2,677,299
Discontinued operation	–	–	–	2,793,055
	Insurance HK\$'000 (Restated)	Corporate HK\$'000 (Restated)	Eliminations HK\$'000 (Restated)	Consolidated HK\$'000 (Restated)
For the six months ended 30th June 2005				
Segment revenue:				
External customers	426,367	–	–	426,367
Other revenue	51,838	7,538	–	59,376
Inter-segment	2,531	670	(3,201)	–
Total	480,736	8,208	(3,201)	485,743
Segment results	40,679	3,816	–	44,495
Share of profits and losses of: Jointly-controlled entities	1,666	–	–	1,666
Associates	769	–	–	769
Profit before tax	(3,841)	–	–	46,930
Tax	–	–	–	(3,841)
Profit for the period	–	–	–	43,089
Continuing operations	–	–	–	37,406
Discontinued operation	–	–	–	80,495

(b) Geographical segments

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

3. TURNOVER AND REVENUE

Turnover represents the aggregate of gross premiums net of discounts from direct and reinsurance business, underwritten from the Group's insurance business.

An analysis of the Group's turnover and revenue is as follows:

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000 (Restated)
Turnover:		
Gross premium written from insurance business	395,854	426,367
Reinsurance commission income	26,166	27,062
Interest income	34,678	17,508
Dividend income from:		
Listed investments	16,291	10,141
Unlisted investments	2,579	2,674
Others	5,221	1,991
Other revenue	84,935	59,376
	480,789	485,743

The other net income/(expenses) of the Group are analysed as follows:

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000 (Restated)
Decrease/(increase) in unearned premiums	2,980	(39,326)
Increase in life and contingency reserves	(2,825)	(2,774)
Gains on disposal of securities measured at fair value through profit or loss, net	34,797	10,250
Fair value gains/(losses) on securities measured at fair value through profit or loss, net	24,186	(6,377)
Gains on disposal of available-for-sale securities	10	1,834
Impairment loss of available-for-sale securities	(3,539)	(7,054)
Gains/(losses) on disposal of held-to maturity securities	(255)	1,910
Losses on disposal of property, plant and equipment	–	(88)
	55,354	(41,625)

4. PROFIT BEFORE TAX

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

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000 (Restated)
Reinsurance premiums ceded	165,327	170,968
Commission expenses for insurance business	77,491	80,598
Net claims after deducting recoveries from reinsurers	124,873	108,982
Auditors' remuneration	831	568
Depreciation charges	2,604	2,003
Write-back of provision against a loan to a jointly-controlled entity	(1,000)	–
Written off of property, plant and equipment	159	–
Staff costs (including directors' remuneration)	30,427	25,961
Minimum lease payments under operating leases in respect of land and buildings	594	521
Impairment allowances on loans and advances and other assets	91	–
Release of impairment allowances on loans and advances and other assets	–	(180)

5. TAX

Hong Kong profits tax for the Group has been provided at the rate of 17.5% (2005: 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.

	Six months ended 30th June 2006 HK\$'000	2005 HK\$'000 (Restated)
Current tax charge for the period:		
Hong Kong	8,494	4,133
Elsewhere	711	1,023
Overprovision of current tax in prior periods	–	(1,315)
	9,205	3,841

