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)

INTERIM REPORT

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

DIRECTORS

Robin Yau Hing Chan *(Executive Director & Chairman)*
Bernard Charnwut Chan *(Executive Director & President)*
Stephen Tan *(Executive Director)*
Wong Kok Ho *(Executive Director)*
Lau Ki Chit
Dr. The Hon. Leo Tung Hai Lee
Choedchu Sophonpanich
Ng Song Hin
Dr. The Hon. Philip Yu Hong Wong
Kenneth Chi Lam Siao
Mamoru Miyazaki
Chan Yeow Toh
Andrew Chiu Cheung Ma*
Anna Suk Han Chow*
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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, 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2009

	Notes	Six months ended 30th June, 2009 HK$'000	2008 HK$'000
REVENUE	3	**379,692**	450,873
Gross premiums		**379,692**	450,873
Reinsurers' share of gross premiums		**(116,537)**	(152,950)
Change in unearned premiums reserve		**19,237**	(7,758)
Change in life fund		**(649)**	(1,520)
Net insurance contracts premiums revenue		**281,743**	288,645
Gross claims paid		**(201,301)**	(161,405)
Reinsurers' share of gross claims paid		**51,570**	40,116
Gross change in outstanding claims		**21,229**	(37,451)
Reinsurers' share of gross change in outstanding claims		**(25,519)**	4,531
Net claims incurred		**(154,021)**	(154,209)
Commission income		**17,630**	21,712
Commission expenses		**(82,932)**	(97,035)
Net commission expenses		**(65,302)**	(75,323)
Management expenses for underwriting business		**(18,522)**	(18,897)
Underwriting profit		**43,898**	40,216
Dividend income		**18,451**	27,624
Realised gains/(losses) on investments		**28,998**	(60,831)
Unrealised gains/(losses) on investments		**55,928**	(179,275)
Interest income		**31,170**	39,035
Other revenue		**1,863**	2,312
		180,308	(130,919)
Operating expenses		**(37,635)**	(39,905)
		142,673	(170,824)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (continued)
For the six months ended 30th June, 2009

	Notes	Six months ended 30th June, 2009 HK$'000	2008 HK$'000
Share of profits and losses of jointly-controlled entities		**10,726**	(34,624)
Share of profits and losses of associates		**8,676**	(961)
PROFIT/(LOSS) BEFORE TAX	4	**162,075**	(206,409)
TAX	5	**(18,774)**	20,121
PROFIT/(LOSS) FOR THE PERIOD		**143,301**	(186,288)
Attributable to:			
Equity holders of the Company		**140,959**	(185,922)
Minority interests		**2,342**	(366)
		143,301	(186,288)
INTERIM DIVIDEND	6	**35,672**	10,527
INTERIM DIVIDEND PER SHARE	6	**HK3.5 cents**	HK1.0 cent
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic – For profit/(loss) for the period		**HK13.8 cents**	(HK17.7 cents)
Diluted – For profit/(loss) for the period		**N/A**	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE PERIOD	**143,301**	(186,288)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Changes in fair value of available-for-sale securities	**201,443**	(10,587)
Share of changes in available-for-sale investment reserve of jointly-controlled entities and associates	**4,581**	50
Share of changes in exchange reserve of a jointly-controlled entity	**2,103**	–
Exchange realignment	**(40)**	3,016
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**208,087**	(7,521)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**351,388**	(193,809)
ATTRIBUTABLE TO:		
Equity holders of the Company	**349,046**	(193,443)
Minority interests	**2,342**	(366)
	351,388	(193,809)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30th June, 2009

	Notes	**30th June, 2009 HK$'000**	31st December, 2008 HK$'000
ASSETS			
Property, plant and equipment		**185,111**	192,713
Investment properties		**3,150**	3,150
Interests in jointly-controlled entities		**283,880**	266,482
Loans to jointly-controlled entities		**57,600**	59,743
Interests in associates		**81,200**	74,537
Due from an associate		**107,498**	107,498
Deferred tax assets		**43,693**	60,402
Held-to-maturity securities	8	**797,705**	434,755
Available-for-sale securities	9	**1,007,524**	653,994
Loans and advances and other assets	10	**212,785**	203,349
Securities measured at fair value through profit or loss	11	**1,108,483**	1,114,961
Insurance receivables	12	**115,138**	127,920
Reinsurance assets		**329,211**	362,651
Pledged deposits	13	**71,232**	52,883
Cash and cash equivalents	13	**1,952,325**	2,359,647
Total assets		**6,356,535**	6,074,685
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital		**1,019,200**	1,028,649
Reserves		**3,798,324**	3,494,740
Proposed dividend		**35,672**	10,241
		4,853,196	4,533,630
Minority interests		**17,825**	15,483
Total equity		**4,871,021**	4,549,113
LIABILITIES			
Insurance contract liabilities		**1,187,593**	1,218,481
Insurance payables		**137,593**	152,995
Due to associates		**265**	265
Other liabilities		**117,280**	93,538
Tax payable		**42,721**	60,231
Deferred tax liabilities		**62**	62
Total liabilities		**1,485,514**	1,525,572
Total equity and liabilities		**6,356,535**	6,074,685

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

	2009 HK$'000	2008 HK$'000
Issued capital		
At beginning of period	**1,028,649**	1,052,739
Repurchase of shares	**(9,449)**	–
	1,019,200	1,052,739
Retained profits (including proposed dividend)		
At beginning of period	**2,386,733**	3,316,312
Repurchase of shares	**(9,839)**	–
Transfer to capital redemption reserve	**(9,449)**	–
Transfer to contingency reserve	**(1,526)**	(1,077)
Final 2007 dividend approved	**–**	(98,958)
Final 2008 dividend approved	**(10,192)***	–
Total comprehensive income/(loss) for the period	**140,959**	(185,922)
	2,496,686	3,030,355
Contingency reserve		
At beginning of period	**13,180**	11,049
Transfer from retained profits	**1,526**	1,077
	14,706	12,126
Available-for-sale investment reserve		
At beginning of period	**(46,527)**	266,326
Total comprehensive income/(loss) for the period	**206,024**	(10,537)
	159,497	255,789
Exchange reserve		
At beginning of period	**(46)**	539
Total comprehensive income for the period	**2,063**	3,016
	2,017	3,555

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30th June, 2009

	2009 HK$'000	2008 HK$'000
Capital redemption reserve		
At beginning of period	**29,372**	5,282
Transfer from retained profits	**9,449**	–
	38,821	5,282
Share premium account		
At beginning and end of period	**560,531**	560,531
Asset revaluation reserve		
At beginning and end of period	**46,071**	46,071
Statutory reserve		
At beginning and end of period	**2,427**	2,427
Capital reserve		
At beginning and end of period	**513,240**	513,240
Minority interests		
At beginning of period	**15,483**	17,214
Total comprehensive income/(loss) for the period	**2,342**	(366)
	17,825	16,848
Total equity		
At beginning of period	**4,549,113**	5,791,730
Total comprehensive income/(loss) for the period	**351,388**	(193,809)
Repurchase of shares	**(19,288)**	–
Final 2007 dividend approved	**–**	(98,958)
Final 2008 dividend approved	**(10,192)***	–
	4,871,021	5,498,963

* The final dividend declared on 20th March, 2009 for the year ended 31st December, 2008 of HK$10,241,000 was different from the actual final dividends paid for the year ended 31st December, 2008 of HK$10,192,000 because of the repurchase of shares during the period from 20th March, 2009 to 25th May, 2009 (the date of closure of the register of members).

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2009

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
Net cash inflow/(outflow) from operating activities	**(572,114)**	262
Net cash outflow from investing activities	**(388,458)**	(363,504)
Net cash outflow from financing activities	**(29,480)**	(98,958)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(990,052)**	(462,200)
Cash and cash equivalents at beginning of period	**2,063,399**	2,379,644
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,073,347**	1,917,444
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**297,383**	214,569
Time deposits with original maturity of less than three months when acquired	**809,855**	1,732,300
Less: Pledged deposits (included in cash and bank balances and time deposits with maturity of less than three months when acquired)	**(33,891)**	(29,425)
	1,073,347	1,917,444

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, 2008 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, 2009 and as disclosed below.

HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements

HKFRS 8 requires segment information to be reported using the same measure reported to the chief operating decision-maker for the purpose of making decisions about allocating resources to the segment and assessing its performance. The adoption of HKFRS 8 has no material impact on the disclosure of the Group's segment information.

HKAS 1 (Revised) aims to improve users' ability to analyse and compare information given in financial statements. The adoption of the revised standard results in certain presentational changes in the Group's primary financial statements, including: the presentation of all items of income and expenditure in two financial statements, the "Income statement" and "Statement of comprehensive income"; the adoption of revised title "Statement of financial position" for the "Balance sheet"; and the presentation of the "statement of changes in equity".

Adoption of these new 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.

NOTES (continued)

2. SEGMENT INFORMATION

(a) Operating segments

The following tables present revenue and results 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, 2009				
Segment revenue:				
External customers	379,692	–	–	379,692
Other revenue, income, gain/(loss), net	87,895	48,515	–	136,410
Intersegment	–	–	–	–
Total	467,587	48,515	–	516,102
Segment results	113,856	28,817	–	142,673
Share of profits and losses of:				
Jointly-controlled entities	5,068	5,658	–	10,726
Associates	8,824	(148)	–	8,676
Profit before tax				162,075
Tax	(15,354)	(3,420)	–	(18,774)
Profit for the period				143,301

NOTES (continued)

2. SEGMENT INFORMATION (continued)

(a) Operating segments (continued)

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)

(b) Geographical information

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.

4. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
Auditors' remuneration	**(1,190)**	(1,125)
Depreciation	**(7,622)**	(8,205)
Employee benefits expense (including directors' remuneration)	**(35,936)**	(34,452)
Minimum lease payments under operating leases in respect of land and buildings	**(800)**	(962)
Write-off of items of property, plant and equipment	**(246)**	–
Dividend income from:		
Listed investments	**16,358**	22,932
Unlisted investments	**2,093**	4,692
Interest income	**31,170**	39,035
Realised gain/(loss) on investments:		
– disposal of securities measured at fair value through profit or loss, net	**29,219**	(58,267)
– disposal of available-for-sale securities	**21**	(66)
– redemption/call back of held-to-maturity securities	**(242)**	(2,498)
	28,998	(60,831)
Unrealised gain/(loss) on securities measured at fair value through profit or loss, net*	**57,435**	(179,275)
Impairment loss of available-for-sale securities*	**(1,507)**	–

* Unrealised gain/(loss) on securities measured at fair value through profit or loss, net and impairment loss of available-for-sale securities are included in "Unrealised gain/(loss) on investments" on the face of the condensed consolidated income statement.

NOTES (continued)

5. TAX

Hong Kong profits tax for the Group has been provided at the rate of 16.5% (2008: 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 countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
Current tax charge for the period:		
Hong Kong	**335**	459
Elsewhere	**2,043**	1,449
Overprovision in prior periods	**(313)**	(390)
Deferred tax charge/(credit)	**16,709**	(21,639)
Tax charge/(credit) for the period	**18,774**	(20,121)

6. DIVIDEND

	Six months ended 30th June,	
	2009	2008
	HK$'000	HK$'000
Interim dividend:		
HK3.5 cents (2008: HK1.0 cent) per ordinary share based on 1,019,200,000 (2008: 1,052,739,428) shares in issue	**35,672**	10,527

The Board has resolved to pay an interim dividend of HK3.5 cents per share (2008: HK1.0 cent), which will be paid in cash, for the six months ended 30th June, 2009 payable on 8th October, 2009 to shareholders whose names appear on the Register of Members of the Company as at the close of business on 28th September, 2009.

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 profit for the period attributable to ordinary equity holders of the Company of HK$140,959,000 (2008: loss of HK$185,922,000) and the weighted average number of 1,022,989,533 ordinary shares (2008: 1,052,739,428 ordinary shares) in issue during the period.

8. HELD-TO-MATURITY SECURITIES

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Listed debt securities in Hong Kong, at amortised cost	**10,581**	5,421
Listed debt securities outside Hong Kong, at amortised cost	**698,534**	356,674
	709,115	362,095
Unlisted debt securities, at amortised cost	**88,590**	72,660
Total held-to-maturity securities	**797,705**	434,755
Fair value of listed and unlisted held-to-maturity securities	**806,458**	410,094

The held-to-maturity securities analysed by issuers as at the balance sheet date are as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Public sector entities	**75,275**	36,568
Banks and other financial institutions	**579,462**	299,157
Corporate entities	**142,968**	99,030
	797,705	434,755

The maturity profile of held-to-maturity securities as at the balance sheet date is as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
With a residual maturity of:		
Three months or less	**17,109**	11,503
One year or less but over three months	**60,800**	37,117
Five years or less but over one year	**599,119**	282,640
Over five years	**120,677**	103,495
	797,705	434,755

NOTES (continued)

9. AVAILABLE-FOR-SALE SECURITIES

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Listed equity outside Hong Kong, at market value	**610,616**	409,173
Unlisted equity, at cost	**397,536**	243,942
Impairment	**(39,006)**	(37,499)
	358,530	206,443
Unlisted debt, at cost	**45,278**	45,278
Impairment	**(6,900)**	(6,900)
	38,378	38,378
Total available-for-sale securities	**1,007,524**	653,994

The available-for-sale securities as at the balance sheet date, analysed by the sector of the issuers, are as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Banks and other financial institutions	**776,168**	433,689
Corporate entities	**231,356**	220,305
	1,007,524	653,994

10. LOANS AND ADVANCES AND OTHER ASSETS

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Loans and advances	**96,333**	100,189
Accrued interest and other assets	**116,452**	103,160
Gross loans and advances and other assets	**212,785**	203,349

10. LOANS AND ADVANCES AND OTHER ASSETS (continued)

The maturity profile of the loans and advances as at the balance sheet date is as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Repayable on demand	**50**	46
With a residual maturity of:		
Three months or less	**893**	950
One year or less but over three months	**2,677**	2,879
Five years or less but over one year	**83,951**	85,679
Over five years	**8,762**	10,635
	96,333	100,189

11. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Debt securities:		
– listed outside Hong Kong, at market value	**66,301**	22,736
– unlisted, at quoted market price	**52,653**	22,054
– equity-linked notes, at quoted market price	**15,734**	–
	134,688	44,790
Equity securities, at market value:		
– listed in Hong Kong	**287,308**	318,718
– listed outside Hong Kong	**160,978**	249,044
	448,286	567,762
Investment funds:		
– listed outside Hong Kong, at market value	**–**	–
– unlisted, at quoted market price	**525,509**	502,409
	525,509	502,409
Total	**1,108,483**	1,114,961

11. SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The securities measured at fair value through profit or loss as at the balance sheet date, analysed by the sector of the issuers, are as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Public sector entities	**12,672**	20,556
Banks and other financial institutions	**163,359**	72,199
Corporate entities	**932,452**	1,022,206
	1,108,483	1,114,961

12. INSURANCE RECEIVABLES

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Amounts due in respect of:		
Direct underwriting	**86,264**	99,791
Reinsurance accepted	**28,874**	28,129
	115,138	127,920

The Group grants credit terms of 3 months to 6 months. The past settlement history of these receivables indicates that certain debtors settle in arrears subsequent to the credit period, which may also involve settlement subsequent to the 12 months from the balance sheet date.

The Group's insurance receivables relate to a large number of diversified customers and therefore there is no significant concentration of credit risk. Insurance receivables are non-interest-bearing. The carrying amounts of the insurance receivables approximate to their fair values.

12. INSURANCE RECEIVABLES (continued)

An aged analysis of the insurance receivables based on the issuance date of policies, as at the balance sheet date, is as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Three months or less	**88,921**	79,243
Six months or less but over three months	**28,927**	51,553
One year or less but over six months	**–**	878
Over one year	**246**	246
	118,094	131,920
Less: Impairment allowances	**(2,956)**	(4,000)
	115,138	127,920

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Cash and bank balances	**297,383**	260,232
Time deposits with original maturity of over three months	**878,978**	296,248
Time deposits with original maturity of less than three months	**775,964**	1,803,167
	1,952,325	2,359,647
Pledged deposits with original maturity of:		
– over three months	**37,341**	25,642
– less than three months	**33,891**	27,241
	71,232	52,883
	2,023,557	2,412,530

14. COMMITMENTS

(a) At the balance sheet date, the Group had capital commitments as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Contracted, but not provided for acquisition of computer software	**3,487**	4,441

The Company did not have any significant capital commitments at the balance sheet date.

(b) The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Within one year	**–**	505

15. RELATED PARTY TRANSACTIONS

(a) Group

	30th June, 2009		31st December, 2008	
	Directors and key management personnel HK$'000	**Enterprises and individuals related to directors and key management personnel HK$'000**	Directors and key management personnel HK$'000	Enterprises and individuals related to directors and key management personnel HK$'000
Loans and advances granted:				
Aggregate balance at the balance sheet date	**960**	**2,518**	1,410	2,518
Interbank activities:				
Deposits placed	**–**	**515,521**	–	910,915

NOTES (continued)

15. RELATED PARTY TRANSACTIONS (continued)

(a) Group (continued)

	Six months ended 30th June, 2009		Six months ended 30th June, 2008	
	Directors and key management personnel HK$'000	**Enterprises and individuals related to directors and key management personnel HK$'000**	Directors and key management personnel HK$'000	Enterprises and individuals related to directors and key management personnel HK$'000
Interbank activities:				
Interest income	**–**	**4,830**	–	13,615
Premium income:				
Gross premiums written	**103**	**1,977**	130	549
Commission expenses, net	**–**	**1,460**	–	1,606

(b) The Group had the following transactions with jointly-controlled entities during the period:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Loans and advances granted:		
Aggregate balance at the balance sheet date	**57,600**	59,743

	Six months ended 30th June,	
	2009 HK$'000	2008 HK$'000
Interest income received	**364**	1,118
Reinsurance premiums ceded	**9**	9

(c) The Group had the following transactions with an associate during the period:

	30th June, 2009 HK$'000	31st December, 2008 HK$'000
Loans and advances granted:		
Aggregate balance at the balance sheet date	**107,498**	107,498

	Six months ended 30th June,	
	2009 HK$'000	2008 HK$'000
Reinsurance premiums ceded	**1,135**	2,229
Commission expense paid	**185**	360

SUPPLEMENTARY FINANCIAL INFORMATION

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for identifying, evaluating, monitoring and controlling the various types of risks pertaining to the Group's businesses, which are approved and endorsed by the board of directors and reviewed regularly by the Group's management, executive committee, investment committee, fund management committee and other designated committees or working groups. Material risks are identified and measured by designated committees and/or working groups before the launch of new products or business activities, and monitored, documented and controlled against applicable risk limits after the introduction of new products or services or implementation of new business activities. Internal auditors of the Group also perform regular audits to ensure compliance with the policies and procedures. The key risks include credit risk, liquidity risk, capital management risk, interest rate risk, foreign exchange risk, insurance risk, operational risk and equity price risk.

The overall internal control environment and the management policies for the major types of risks are as follows:

(1) *Internal control environment*

The internal control framework of the Group comprises comprehensive control policies and standards. The areas of responsibilities of each business and operational unit are clearly defined. Internal control procedures have been established based on the risk inherent in the individual business unit.

The internal audit department plays an important role in the Group's internal control framework. It monitors the effectiveness of the internal control procedures and ensures compliance with the policies and standards across the whole Group. A direct reporting line to the audit committee under the board of directors safeguards its independence. The audit committee meets periodically to review and discuss financial performance, internal control, compliance issues and matters raised by the external auditors to ensure that all audit recommendations are implemented.

(2) *Credit risk management*

Credit risk is the risk that a customer or counterparty in a transaction may default. It arises from the credit terms which extend to clients, intermediates, reinsurers and other activities undertaken by the Group. To manage credit risk, the Group has considered the underlying security and the long-established business relationship with the counterparty.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's insurance receivables are widely dispersed in different intermediates and direct customers from different sectors and industries.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, reinsurance assets, held-to-maturity securities, available-for-sale securities, loans and advances and other assets and amounts due from associates and jointly-controlled entities, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(3) *Liquidity risk management*

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. To manage liquidity risk, the Group has established liquidity management policies that are pertinent to the operations of business units.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. insurance receivables) and the projected cash flows from operations.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(4) *Capital management risk management*

Externally imposed capital requirements are mainly set and regulated by the Hong Kong Insurance Authority. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The Group manage its capital requirements by assessing any shortfalls between reported and required Relevant Amount, as defined in section 10 of the Hong Kong Insurance Companies Ordinance, on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or return capital to ordinary shareholders.

The Group fully complied with the externally imposed Relevant Amount requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes for managing capital from the previous year.

The required Relevant Amount is determined by the application of a formula that contains variables for premiums and claims, expenses and reserve items. It also takes into account distribution of assets and investment returns.

In addition, the Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes insurance contract liabilities, insurance payables, loans from associates and other liabilities, less cash and cash equivalents. Capital includes equity attributable to equity holders of the Company. As at 30th June, 2009, the Group has no net debt.

(5) *Interest rate risk management*

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. Interests on floating rate instruments are repriced at intervals of less than one year. Interests on fixed interest rate instruments are priced at inception of the financial instruments and are fixed until maturity.

(6) *Foreign exchange risk management*

Foreign exchange risk is the risk that the holding of foreign currencies will affect the Group's position as a result of a change in foreign currency exchange rates. The Group's foreign exchange risk primarily arises from its overseas operations, reinsurance and investment activities.

The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign exchange positions and will consider hedging those significant foreign currency exposures should the need arise.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(7) *Insurance risk management*

The business of the Group comprises both life and general insurance contracts, and general insurance contracts represent more than 99% of its total gross premiums written.

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio, as well as unexpected outcomes.

The variability of risks is also improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

The majority of reinsurance business ceded is placed on both the proportional and excess of loss basis with retention limits varying by product line and territory. Excess-of-loss reinsurance is designed to mitigate the Group's net exposure to catastrophe losses. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the balance sheet as reinsurance assets.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurers is unable to meet its obligations assumed under such reinsurance agreements.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract. The Group also considers the underlying security and long-established business relationship with the reinsurers.

The Group also has limited its exposure to a certain level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, such as hurricanes, earthquakes and flood damages. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a pre-determined maximum amount based on the Group's risk appetite as decided by management. For a single realistic catastrophic event, this maximum amount is less than 5% of the shareholders' equity on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 5% of the shareholders' equity.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(8) *Operational risk management*

Operational risk is the risk of financial loss resulting from procedural errors, system failures, frauds and other events.

The Group manages operational risk by maintaining adequate documentation of its operating procedures to facilitate training and quality performance. A proper internal control system is incorporated in the operation workflow to minimise the risk of losses caused by human errors. To reduce the interruptions to business activities caused by system failures or natural disasters, back-up systems and contingency business resumption plans are in place for critical business and back-office functions. Detailed recovery procedures are properly documented, with periodic drills conducted to ensure that the procedures are current and correct.

(9) *Equity price risk management*

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as securities measured at fair value through profit or loss and available-for-sale securities as at 30th June, 2009. The Group's listed investments are mainly listed on the Hong Kong, United States, Thailand stock exchanges and are valued at quoted market prices at the balance sheet date.

The Group monitors market risk by establishing limits for transactions, open positions and stop-loss. These limits are reviewed and approved by the Investment Committee periodically and are monitored on a daily basis.

(10) *Fair value measurement principles*

The fair values of financial instruments are based on their quoted market prices at the balance sheet date, or the date close to the balance sheet date, without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices unless the position is immaterial. In such case, mid rate will be applied for both long and short positions.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for a non-exchange-traded financial instrument, the fair value of the instrument is estimated using valuation techniques, including the use of recent arm's length market transactions, with reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates, and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to equity holders of the Company:	HK$140.9m
Earnings per share:	HK13.8 cents
Interim dividend per share:	HK3.5 cents

Asia Financial Holdings Limited ("Asia Financial") achieved net profit attributable to shareholders of HK$140.9 million in the first half of 2009, comparing a loss of HK$185.9 million for the same period in 2008. This improvement is largely due to realised and unrealised rises in the year-on-year market values of equity and fund investments, reflecting the rebound in global – and particularly Asian – markets, notably in the second quarter of 2009. This recovery in the value of our portfolio following a period of market turmoil exceeds the relevant benchmarks, reflecting our prudent approach and focus on quality investments. Business operations remain increasingly profitable.

We believe the good long-term prospects for the insurance and healthcare sectors in Asia are undiminished by the ongoing global economic shocks and adjustments that began when the credit crisis emerged some two years ago. Although the rise in global markets since the first quarter of 2009 suggests a return to confidence, there is still much uncertainty about the nature of the recovery, especially given the magnitude of the United States ("US"), Chinese and other governments' stimulus policies. For this reason, Asia Financial management remains only cautiously optimistic about the prospects for 2009 as a whole.

Economic Background

As the global financial crisis continued to unfold during the first six months of 2009, the world saw some of the most shocking economic data for decades. Asian economies' exports were typically down around 20% year-on-year in early 2009; in Hong Kong's case, they fell by an unprecedented 23%, contributing to a year-on-year 7.8% decline in GDP in the first quarter. In the US, first-quarter year-on-year GDP fell 6.4% and unemployment was at over 8%. However, extensive government monetary and fiscal stimulus programmes seemed to have a positive effect, with China able to report a 8% growth rate at the end of the period and Western and other Asian economies showing signs of bottoming out, though with no strong recovery in sight.

This background translated into extreme market volatility. Following sharp falls in late 2008, global stock markets tumbled to new lows around March 2009, when the S&P 500 reached 682 (October 2007 peak: 1,562), and the Hang Seng Index reached 11,344 (2007 peak: 31,958). By the end of the first half of 2009, the S&P 500 and Hang Seng Index had recovered to 919 and 18,378 respectively. The Shanghai composite index had gone from an October 2007 peak of 6,092 down to 1,706 in late 2008 and back up to 2,959 at the end of June 2009. For Asia Financial, such extreme ranges naturally affected our portfolio investments' market values and thus our year-on-year reported profits. We strongly believe that our defensive and highly prudent investment approach – including a determination not to over-react during times of very high volatility – has served us well during this extraordinary period.

Overview by Investment Segments

Insurance

Wholly-owned Asia Insurance Co., Ltd's ("Asia Insurance") underwriting profit increased 9.4% in first half of 2009, while turnover fell 15.7%. This satisfactory result follows efforts by management to focus on more profitable market segments at a time when some industry players are aggressively pushing to increase their market share. It also reflects a fall in claims compared with the same period in 2008, which saw snowstorms, earthquakes and floods. This operating result confirms Asia Insurance's ability as a leader in Hong Kong's general insurance market to protect its bottom line even at times when competition intensifies.

As with Asia Financial as a whole, Asia Insurance saw a marked improvement in realised and unrealised gains on investments of HK$62.2 million during the period. Adhering to the prudent approach taken by Asia Financial, Asia Insurance rebalanced its portfolio moderately during the period away from cash into equities and bonds. Interest income was inevitably affected by interest rate trends during the period.

Asia Insurance has no significant direct exposure to US sub-prime mortgage and similar types of investment instrument. With low inflation rate and opportunities for business growth very limited owing to the overall economic climate, expenses have remained under control. The fall in other income largely reflects unfavourable changes in exchange rates.

While business conditions remain a challenge, the outlook for Asia Insurance's core underwriting activities looks reasonable for the second half of the year. As for Asia Financial as a whole, the prospects for portfolio investments remain uncertain.

Associated and joint venture companies in the insurance segment generally showed a healthy rebound from the weak results in 2008. Hong Kong Life Insurance Ltd. suffered from its exposure to equity markets, while BC Reinsurance Ltd. enjoyed a good recovery in both underwriting and investment returns. The People's Insurance Company of China (Hong Kong) Ltd. also experienced positive investment returns, while Professional Liability Underwriting Services Ltd. remained profitable in an increasingly competitive climate.

In June 2009, Asia Financial agreed with other equity holders to inject additional capital into PICC Life Insurance Co. Ltd. ("PICC Life") in Mainland China; our contribution of RMB135.4 million is in proportion to our existing shareholding, and we retain a 5% equity interest in the company. The increased funds will enable PICC Life to continue its rapid business development and satisfy regulatory capital requirements.

Other Portfolio Investment

The remainder of our portfolio investments recorded a net profit of HK$41.1 million in the first half of 2009, improved from a loss of HK$107.4 million for the same period last year. These profits comprise both realised and unrealised gains in broadly equal proportions. This result reflects the sharp rebound in the markets following extreme volatility in 2008 and early 2009 and indeed significantly outperformed the relevant benchmarks. Our management of the portfolio was prudent during this unstable period, and we benefited from cautiously weighing the portfolio rather more in favour of equities and bonds and away from cash. Net interest income inevitably declined owing to interest rate trends during the period.

Asia Financial has no direct exposure to the parts of the credit market affected by the sub-prime loans problems arising in the US. 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.

Overview by Investment Segments (continued)

Other Portfolio Investment (continued)

Despite the rebound in global markets in the second quarter of 2009, the outlook remains uncertain. While there are many signs that the worst economic effects of the credit crisis are behind us, we must recognise that the recovery is at least partly due to government stimulatory policy around the world, which must be temporary. Furthermore, the structural corrections in global patterns of saving, consumption, trade and debt may yet be far from complete. We will therefore rely on our traditional careful investment principles and the high underlying quality of our holdings to defend shareholders' wealth against possible turbulence in the near term. At the same time, we will remain alert to strategic and long-term opportunities arising from structural changes in the international environment.

Health Care

Contributions from the Group's 19.5% stake in Bumrungrad International Limited were acceptable during the first half of 2009 given the fact that demand for hospital and health services was inevitably affected to some extent by the severe downturn in East Asia during the early part of the period. We continue to foresee very healthy prospects for the business in Asia and the Middle East, owing to long-term demographic and policy trends.

Pension and Asset Management

The Group's holding in jointly-controlled company Bank Consortium Holding Limited ("BCH") saw fee income continuing to come under pressure in the first half of 2009 in line with the value of equity markets. Bank Consortium Trust Co. Ltd., a wholly-owned subsidiary of BCH, remains 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 a minor portion of our overall investment. The main projects – developments in Mainland China which represent 3.9% of our total assets at the end of June 2009 – enable us to leverage partnerships and gain geographical diversification that may benefit us in our core areas of interest in due course. The developments are of high quality and their performances were acceptable over the period.

Management Approach and Future Prospects

Asia Financial's management maintains a conservative investment approach, as well as sensible policies in such areas as cost control, in the pursuit of long-term growth in shareholder value. We seek good quality investments and avoid unnecessary risk. The overall results for the first half of 2009, following a period of extreme market volatility that may not yet be over, confirm the value of this approach.

The company has in recent years increasingly focused its sights on acquiring holdings in specific business and geographic sectors with solid but very attractive development prospects. Accumulating and developing such holdings is the strategic priority. It takes precedence over concern about year-on-year fluctuations in the nominal value of the portfolio investments. In other words, we focus on long-term underlying value and prospects rather than the unrealised profits or losses arising from short-term swings driven by (not necessarily rational) market sentiment.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Management Approach and Future Prospects (continued)

This means that we can take a step back and look at the big picture, which is currently very interesting indeed. The financial crisis of the last couple of years has been global in scale, and the outcome will very likely involve structural shifts in the world's economic order. This may include – to take one example – the rise of emerging markets as important consuming economies rather than just producers of exports. The implications for an investment company like Asia Financial, with its growing focus on insurance and health care in China and East Asia, are obvious.

To conclude, we are confident that our prudent investment principles will continue to serve us well despite the uncertainties still facing global markets. And, looking beyond this period of change, we see major strategic opportunities for Asia Financial in our favoured sectors and in our part of the world. This can only be a long-term strategy, but, under the surface of the recent market turmoil, it is one that is already starting to produce real returns for our shareholders.

Contingent Liabilities

As at 30th June, 2009, the Group had no material contingent liabilities.

Employees and Remuneration Policy

The total number of employees of the Group as at 30th June, 2009 was 244 (31st December, 2008: 242). Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration of the employees include salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefits schemes are made available to all levels of personnel. There was no share option scheme in operation during the six months ended 30th June, 2009. The Group also offers various training and induction programmes to its employees.

DIVIDEND

The Board has resolved to declare an interim cash dividend of HK3.5 cents per ordinary share (2008: HK1.0 cent) for the six months ended 30th June, 2009 payable on or about Thursday, 8th October, 2009 to shareholders whose names appear on the Register of Members of the Company on Monday, 28th September, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 23rd September, 2009 to Monday, 28th September, 2009, 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 Tuesday, 22nd September, 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th June, 2009, the Company purchased certain of its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and these shares were subsequently cancelled by the Company. The summary details of those transactions are as follows:

Month	Number of shares repurchased	Price per share Highest	Price per share Lowest	Total price paid
		HK$	HK$	HK$'000
January 2009	588,000	2.10	2.10	1,238
February 2009	3,981,428	2.10	2.06	8,323
March 2009	458,000	1.94	1.72	823
April 2009	4,422,000	2.10	1.91	8,904
	9,449,428			19,288

The purchased shares were cancelled during the six months ended 30th June, 2009 and the issued share capital of the Company was reduced by the par value thereof. The premium paid on the purchase of the shares of HK$9,839,000 was charged to the retained profits of the Company. An amount equivalent to the par value of the shares cancelled was transferred from the retained profits of the Company to the capital redemption reserve of the Company.

The purchase of the Company's shares during the six months ended 30th June, 2009 was effected by the directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and 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 shares during the six months ended 30th June, 2009.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2009, the interests of the directors and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

	Number of ordinary shares held, capacity and nature of interest				
Name of director	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Robin Yau Hing Chan	–	–	560,681,712[(1)]	560,681,712	55.01
Bernard Charnwut Chan	754,000	–	–	754,000	0.07
Wong Kok Ho	810,000	430,000	–	1,240,000	0.12
Lau Ki Chit	21,080	–	–	21,080	0.00
Ng Song Hin	–	–	11,571,827[(2)]	11,571,827	1.14
Choedchu Sophonpanich	791,496	–	–	791,496	0.08
Anna Suk Han Chow	41,559	–	–	41,559	0.00

Notes:

(1) *Out of the 560,681,712 shares, (i) 557,121,712 shares were held through Claremont Capital Holdings Ltd and (ii) 3,560,000 shares were held through Robinson Enterprise Ltd. More than one-third of the issued share capital of Claremont Capital Holdings Ltd is held by Cosmos Investments Inc. These corporations or their directors are accustomed to act in accordance with the directions or instructions of Mr. Robin Yau Hing Chan.*

(2) *Mr. Ng Song Hin was deemed to be interested in 11,571,827 shares that were held through Cosmic International Inc. which was 40% held by Mr. Ng Song Hin.*

In addition to the above, Mr. Robin Yau Hing Chan and Mr. Wong Kok Ho have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30th June, 2009, none of the directors and chief executive had registered an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June, 2009, the following corporations had interests in 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Number of ordinary shares held	Percentage of the Company's issued share capital
Cosmos Investments Inc.	557,121,712[(a), (b)]	54.66
Claremont Capital Holdings Ltd	557,121,712[(a)]	54.66
Bangkok Bank Public Company Limited	95,488,236	9.37
Sompo Japan Insurance Inc.	52,563,020	5.16
Aioi Insurance Company, Limited	52,550,175	5.16

Notes:

(a) *These shares have been included in the interests disclosure of Mr. Robin Yau Hing Chan as set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above.*

(b) *Cosmos Investments Inc. was deemed to be interested in 557,121,712 shares that were held by Claremont Capital Holdings Ltd since Cosmos Investments Inc. holds more than one-third of the issued share capital of Claremont Capital Holdings Ltd.*

Save as disclosed above, as at 30th June, 2009, no other persons had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 (the "Listing Rules") throughout the six months ended 30th June, 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions (the "Code of Conduct") on terms no less exacting than the required standard in the Model Code as set out in Appendix 10 of the Listing Rules.

All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard set out in the Code of Conduct and the Model Code throughout the six months ended 30th June, 2009.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30th June, 2009.

By Order of the Board
ROBIN YAU HING CHAN
Chairman

Hong Kong, 31st August, 2009