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亞洲金融集團(控股)有限公司*
ASIA FINANCIAL HOLDINGS LIMITED
Incorporated in Bermuda with limited liability

(Stock Code: 662)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

RESULTS

The board of directors (the "Board") of Asia Financial Holdings Limited (the "Company" or "Asia Financial") announces the results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31st December, 2023 as follows:

Consolidated Statement of Profit or Loss

Year ended 31st December, 2023

	Notes	**2023** **HK$'000**	2022 HK$'000 (Restated)#
Insurance revenue	3	**2,456,378**	2,063,515
Insurance service expense		**(1,966,780)**	(1,481,286)
Net expenses from reinsurance contracts held		**(181,386)**	(340,915)
Insurance service result		**308,212**	241,314
Finance income/(expense) from insurance contracts issued		**(134,664)**	103,990
Finance income/(expense) from reinsurance contracts held		**43,298**	(48,497)
Insurance operating result		**216,846**	296,807
Dividend income		**173,653**	208,964
Realised gain/(loss) on investments		**24,441**	(101,477)
Unrealised gain/(loss) on investments		**59,940**	(67,468)
Interest income		**162,487**	81,852
Other income and losses, net		**(8,209)**	(30,763)
		629,158	387,915

Details of the restatement are set out in note 1.2 to the announcement.

……continued

Consolidated Statement of Profit or Loss (continued)

Year ended 31st December, 2023

	Notes	2023 HK$'000	2022 HK$'000 (Restated)#
Operating expenses		**(151,813)**	(132,456)
Finance costs	4	**(108)**	(130)
		477,237	255,329
Share of profits or losses of joint ventures		**(63,446)**	(104,036)
Share of profits or losses of associates		**17,449**	23,821
PROFIT BEFORE TAX	5	**431,240**	175,114
Income tax expense	6	**(84,487)**	(51,916)
PROFIT FOR THE YEAR		**346,753**	123,198
Attributable to:			
Equity holders of the Company		**346,753**	123,198
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted			
- For profit for the year		**HK37.2 cents**	HK13.1 cents

Details of the restatement are set out in note 1.2 to the announcement.

Consolidated Statement of Comprehensive Income

Year ended 31st December, 2023

	2023 **HK$'000**	2022 HK$'000 (Restated)#
PROFIT FOR THE YEAR	**346,753**	123,198
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	**(9,104)**	(91,932)
Exchange differences on translation of foreign operations	**461**	(340)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(8,643)**	(92,272)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(448,898)**	149,235
Income tax effect	**56,972**	42,335
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(391,926)**	191,570
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(400,569)**	99,298
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(53,816)**	222,496
ATTRIBUTABLE TO:		
Equity holders of the Company	**(53,816)**	222,496

Details of the restatement are set out in note 1.2 to the announcement.

Consolidated Statement of Financial Position

31st December, 2023

	Note	**31st December, 2023 HK$'000**	31st December, 2022 HK$'000 (Restated)#	1st January, 2022 HK$'000 (Restated)#
ASSETS				
Property, plant and equipment		**185,593**	187,249	188,702
Investment properties		**231,500**	243,100	264,100
Interests in joint ventures		**538,312**	610,737	737,385
Interests in associates		**846,422**	793,668	870,874
Due from associates		**256,710**	256,872	256,872
Held-to-collect debt securities at amortised cost		**1,280,125**	1,187,614	1,124,206
Equity investments designated at fair value through other comprehensive income		**4,975,492**	5,424,390	5,275,155
Pledged deposits		**341,440**	295,808	295,808
Loans and advances and other assets		**198,305**	209,449	209,902
Financial assets at fair value through profit or loss		**2,039,674**	1,796,491	1,677,659
Reinsurance contract assets		**1,256,419**	1,000,450	1,133,798
Cash and bank balances		**2,885,402**	2,728,885	2,873,685
Total assets		**15,035,394**	14,734,713	14,908,146
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Issued capital	9	**929,296**	936,588	939,966
Reserves		**9,773,097**	9,925,951	9,753,477
Proposed final dividend		**46,453**	32,759	98,623
Total equity		**10,748,846**	10,895,298	10,792,066
Liabilities				
Insurance contract liabilities		**3,491,504**	3,220,220	3,353,750
Due to a joint venture		**38**	-	-
Due to associates		**4,222**	4,222	4,222
Other liabilities		**492,737**	311,425	430,060
Tax payable		**54,733**	33,753	33,280
Deferred tax liabilities		**243,314**	269,795	294,768
Total liabilities		**4,286,548**	3,839,415	4,116,080
Total equity and liabilities		**15,035,394**	14,734,713	14,908,146

Details of the restatement are set out in note 1.2 to the announcement.

Notes

1.1 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs are described below:

HKFRS 17 *Insurance Contracts*

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. HKFRS 17 replaces HKFRS 4 *Insurance Contracts.* The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

Changes in accounting policies resulting from the adoption of HKFRS 17 have been applied full retrospective approach to the extent practicable. Under the full retrospective approach, at 1st January, 2022, the Group:

- identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if HKFRS 17 had always applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if HKFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if HKFRS 17 had always been applied. These included insurance receivables and payables, etc. Under HKFRS 17, these are included in the measurement of the insurance contract.

1.1 Changes in Accounting Policies and Disclosures (Continued)

HKFRS 17 *Insurance Contracts* (Continued)

The Group has applied the transition provisions in HKFRS 17 and has not disclosed the impact of the adoption of HKFRS 17 on each financial statement line item and earnings per share. The following table set out the material impact of initial application of HKFRS 17 on the Group's equity at 1st January, 2022.

	As at 1st January 2022 (As previously reported) HK$'000	Impact upon initial application of HKFRS 17 HK$'000	As at 1st January 2022 (restated) HK$'000
Insurance receivables	215,444	(215,444)	-
Reinsurance contract assets	1,593,696	(459,898)	1,133,798
Insurance payables	199,287	(199,287)	-
Insurance contract liabilities	4,208,542	(854,792)	3,353,750
Total equity	10,423,754	368,312	10,792,066

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31st December, 2023 and 2022.

1.1 Changes in Accounting Policies and Disclosures (Continued)

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rule*s

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Ru*les introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

1.2 Restatement

(i) HKFRS 17 *Insurance Contracts* and its amendments; and HKFRS 9 *Financial Instruments* have been adopted for the current period and the effect of which is summarised as below:

Consolidated statement of financial position as at 31st December, 2022:

	As previously stated HK$'000	Adjustment HK$'000	Restated HK$'000
Interests in joint ventures	587,347	23,390	610,737
Loans and advances and other assets	256,237	(46,788)	209,449
Insurance receivables	231,788	(231,788)	-
Reinsurance contract assets	1,651,379	(650,929)	1,000,450
Fair value reserve	2,649,142	112,133	2,761,275
Retained earnings	5,474,914	290,399	5,765,313
Insurance contract liabilities	4,499,512	(1,279,292)	3,220,220
Insurance payables	129,768	(129,768)	-
Other liabilities	285,933	25,492	311,425
Deferred tax liabilities	194,874	74,921	269,795

Consolidated statement of financial position as at 1st January, 2022:

	As previously stated HK$'000	Adjustment HK$'000	Restated HK$'000
Interests in joint ventures	637,436	99,949	737,385
Loans and advances and other assets	165,468	44,434	209,902
Insurance receivables	215,444	(215,444)	-
Reinsurance contract assets	1,593,696	(459,898)	1,133,798
Fair value reserve	2,569,451	1,200	2,570,651
Retained earnings	5,350,949	367,112	5,718,061
Insurance contract liabilities	4,208,542	(854,792)	3,353,750
Insurance payables	199,287	(199,287)	-
Other liabilities	328,282	101,778	430,060
Deferred tax liabilities	241,738	53,030	294,768

Notes (continued)

1.2 Restatement (continued)

(i) HKFRS 17 *Insurance Contracts* and its amendments; and HKFRS 9 *Financial Instruments* have been adopted for the current period and the effect of which is summarised as below: (continued)

Consolidated statement of profit or loss:

	For the year ended 31st December, 2022 Increase/(decrease) in profits HK$'000
Underwriting profit	(182,453)
Insurance service result	241,314
Finance income from insurance contracts issued	103,990
Finance expense from reinsurance contracts held	(48,497)
Other income and gains, net	1,168
Operating expenses	17,148
Share of profits and losses of joint ventures	(187,492)
Income tax	(21,891)

The restatements did not have any net impact on the Group's operating, investing and financing cash flows.

(ii) The effect of the restatement on the Group's basic and diluted earnings per share for the year ended 31st December, 2022 is as follows:

	For the year ended 31st December, 2022 HK Cents
Basic and diluted earnings per share	21.3
Adjustment from adoption of HKFRS 17 and HKFRS 9	(8.2)
Restated	13.1

Notes (continued)

2. Operating Segment Information

(a) Operating segments

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

	Insurance 2023 HK$'000	Corporate 2023 HK$'000	Eliminations 2023 HK$'000	Consolidated 2023 HK$'000
Segment revenue:				
External customers	**2,456,378**	**-**	**-**	**2,456,378**
Other revenue, income and gains, net	**150,588**	**170,358**	**-**	**320,946**
Intersegment	**5,635**	**-**	**(5,635)**	**-**
Total	**2,612,601**	**170,358**	**(5,635)**	**2,777,324**
Segment results	**372,642**	**104,595**	**-**	**477,237**
Share of profits or losses of:				
Joint ventures	**(90,465)**	**27,019**	**-**	**(63,446)**
Associates	**22,124**	**(4,675)**	**-**	**17,449**
Profit before tax				**431,240**
Income tax expense	**(68,959)**	**(15,528)**	**-**	**(84,487)**
Profit for the year				**346,753**

	Insurance 2022 HK$'000 (Restated)	Corporate 2022 HK$'000	Eliminations 2022 HK$'000	Consolidated 2022 HK$'000 (Restated)
Segment revenue:				
External customers	2,063,515	-	-	2,063,515
Other revenue, income and gains, net	96,801	49,800	-	146,601
Intersegment	8,847	-	(8,847)	-
Total	2,169,163	49,800	(8,847)	2,210,116
Segment results	259,487	(4,158)	-	255,329
Share of profits or losses of:				
Joint ventures	(133,920)	29,884	-	(104,036)
Associates	21,331	2,490	-	23,821
Profit before tax				175,114
Income tax expense	(37,898)	(14,018)	-	(51,916)
Profit for the year				123,198

Notes (continued)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK$'000	Corporate HK$'000	Consolidated HK$'000
31st December, 2023			
Segment assets	**7,473,608**	**6,177,052**	**13,650,660**
Interests in joint ventures	**408,313**	**129,999**	**538,312**
Interests in associates	**371,542**	**474,880**	**846,422**
Total assets	**8,253,463**	**6,781,931**	**15,035,394**
Segment liabilities	**3,854,290**	**432,258**	**4,286,548**
31st December, 2022(Restated)			
Segment assets	6,734,395	6,595,913	13,330,308
Interests in joint ventures	487,617	123,120	610,737
Interests in associates	299,090	494,578	793,668
Total assets	7,521,102	7,213,611	14,734,713
Segment liabilities	3,344,644	494,771	3,839,415

(b) Geographical information

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

3. Insurance Revenue

Insurance revenue represents the amount of expected premium receipts allocated to each period of insurance contract services on the basis of the passage of time.

4. Finance Costs

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities	**108**	130

5. Profit before Tax

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

	2023	2022
	HK$'000	HK$'000
Auditor's remuneration	**(5,809)**	(4,051)
Depreciation	**(16,452)**	(15,684)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**(195,931)**	(170,306)
Pension scheme contributions	**(7,681)**	(7,039)
Less: Forfeited contributions	**118**	176
Net pension scheme contributions	**(7,563)**	(6,863)
Total employee benefit expense	**(203,494)**	(177,169)
Expenses relating short-term leases and leases of low-value assets	**(1,449)**	(98)
Realised gain/(loss) on:		
- disposal of financial assets at fair value through profit or loss, net	**(27,382)**	(101,772)
- redemption/call-back of held-to-collect debt securities at amortised cost	**-**	214
- change in ownership interest in an associate	**51,823**	-
- disposal of interest in a joint venture	**-**	81
Total realised gain/(loss) on investments	**24,441**	(101,477)
Unrealised gain/(loss) on financial assets at fair value through profit or loss, net	**59,940**	(67,468)
Changes in expected credit losses for:		
Held-to-collect debt securities at amortised cost	**(1,856)**	(25)
Interest income	**162,487**	81,852
Gain/(loss) on disposal/write-off of items of property, plant and equipment*	**(314)**	87
Gross rental income*	**6,807**	6,742
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**(450)**	(508)
Change in fair value of investment properties*	**(11,600)**	(21,000)
Subsidies from Government*	**-**	4,074
Foreign exchange loss, net*	**(8,380)**	(26,625)

Notes (continued)

5. Profit before Tax (continued)

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

	2023	2022
	HK$'000	HK$'000
Dividend income from:		
Listed investments	**77,171**	59,839
Unlisted investments	**96,482**	149,125
Total dividend income	**173,653**	208,964

* These amounts were included in "Other income and losses, net" in the consolidated statement of profit or loss.

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2023	2022
	HK$'000	HK$'000 (Restated)
Current - Hong Kong		
Charge for the year	**28,441**	6,381
Over provision in prior years	**(119)**	(969)
Current – Elsewhere		
Charge for the year	**26,310**	29,245
Over provision in prior years	**(636)**	(103)
Deferred	**30,491**	17,362
Total tax charge for the year	**84,487**	51,916

Notes (continued)

7. Dividends

	2023	2022
	HK$'000	HK$'000
Interim **–** HK4.0 cents (2022: HK1.5 cents) per ordinary share	**37,220**	14,070
Proposed final **–** HK5.0 cents (2022: HK3.5 cents) per ordinary share	**46,453**	32,759
	83,673	46,829

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. Accordingly, the proposed final dividend has been included in the proposed final dividend reserve account within the equity attributable to equity holders of the Company in the statement of financial position.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$346,753,000 (2022 restated profit: HK$123,198,000) and the weighted average number of ordinary shares of 932,243,000 (2022: 938,209,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31st December, 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31st December, 2023 and 2022.

Notes (continued)

9. Share Capital

	2023 HK$'000	2022 HK$'000
Authorised:		
1,500,000,000 (2022: 1,500,000,000) ordinary shares of HK$1 each	**1,500,000**	1,500,000
Issued and fully paid:		
929,296,000 (2022: 936,588,000) ordinary shares of HK$1 each	**929,296**	936,588

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital HK$'000**
At 1st January, 2022	939,966,000	939,966
Shares repurchased and cancelled	(3,378,000)	(3,378)
At 31st December, 2022 and 1st January, 2023	**936,588,000**	**936,588**
Shares repurchased and cancelled (Note)	**(7,292,000)**	**(7,292)**
At 31st December, 2023	**929,296,000**	**929,296**

Note:

At 31st December, 2022, 118,000 shares with cost of HK$408,000 were classified as treasury shares, and were subsequently cancelled in January 2023. During the year ended 31st December, 2023, a subsidiary of the Company repurchased 7,408,000 ordinary shares of the Company of HK$1 each on the Stock Exchange at prices ranging from HK$3.12 to HK$3.55 per share at a total consideration of HK$24,960,000 (including expenses and dividend). Out of which, 7,174,000 repurchased shares were cancelled.

The premium of HK$17,280,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK$7,292,000 was transferred from retained profits of the Company to the capital redemption reserve, as set out in the consolidated statement of changes in equity.

The remaining 234,000 shares with cost of HK$796,000 were classified as treasury shares at 31st December, 2023 and were subsequently cancelled in February 2024.

As at the date of this announcement, the number of issued shares of the Company is 929,062,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Asia Financial Holdings Limited ("Asia Financial", "The Group", or "The Company") posted a net profit attributable to its shareholders amounting to HK$346.8 million for 2023. This figure marks a vigorous 181.5% growth over 2022. Resilient performance was driven by critical elements, notably outstanding performance and earnings from our trading investments with year-on-year growth, satisfactory results from our insurance operations, partially helped by adopting the new HKFRS 17 accounting standard on insurance contracts. There were consistent returns from most of our joint ventures and associates.

After the pandemic, signs of initial economic revival slowed across Hong Kong, Macau, China and the broader regional and global markets during the latter part of 2023. Despite ongoing volatility and challenging economic circumstances, our insurance service results have been significant. This strength is a testament to enduring customer loyalty, consistent new product development, our strategic approach to business development, and a concerted emphasis on business streams connected to essential daily living.

In the face of slowed economic growth and increased volatility in 2023, Asia Financial outperformed benchmark indices by strategically reducing exposure in Hong Kong & China equity markets, increasing exposure in US and Japan equity markets, and took advantage of higher interest rates by increasing investment grade bonds and cash positions.

Asia Financial views the outlook for 2024 with tempered optimism although global financial markets and the broader economy will continue to face hurdles. Ongoing conflicts are expected to persist, compounded by tight monetary policies and intensifying geopolitical tensions, particularly between the US and China. Worldwide economic growth is anticipated to decelerate at a moderate pace but remain positive, while inflation rates are expected to ease and interest rates are projected to reach their zenith. In response to the prevailing conditions, we will cautiously adjust our investment portfolio strategically by increasing exposure in US, Japan and Europe equity markets, be more selective on bonds with higher yields, and explore funds from US and Japan with a focus on emerging and growing sectors such as artificial intelligence, consumer staples and healthcare.

Asia Financial remains committed to a prudent long-term approach, vigilantly monitoring market trends and ensuring we can capitalise on suitable opportunities. Our strategy revolves around our overarching goals to drive sustainable growth and enhance shareholder value by developing existing channels in insurance operations alongside aligned new business avenues.

Economic Background

In 2023, the global economy experienced a slowdown. Recent data from the International Monetary Fund (IMF) indicated the global economic growth rate was 3.0%, a decline from the previous year's 3.5%. This contraction in economic growth is primarily attributed to inconsistent economic performance across international markets. It was marked by downward trends in industrial output, consumer expenditures, investments, and cross-border trade, all of which contributed to the overall contraction of economic expansion.

Economic Background (continued)

According to the IMF data, the US economy grew by 2.5% in 2023 as it adapted to the post-pandemic landscape, contended with the impact of elevated interest rates, and navigated uncertainties stemming from geopolitical incidents. Despite relatively slow economic growth, the Dow Jones Industrial Average posted an annual gain of 13.7% last year, supported by increased investor capital inflows, expectations of easing monetary policy, and attractive investment trends such as generative artificial intelligence.

In contrast, the IMF's growth forecast for Hong Kong's economy stood at 3.2%, and China's at 5.2% for 2023. Despite the positive GDP growth observed in Hong Kong and China, the local stock markets failed to mirror this growth, and the prevailing economic sentiment exhibited characteristics more akin to a recessionary environment. The Hang Seng Index fell by 13.8%, and the MSCI China Index decreased by 13.2%. These significant downturns were attributed to a decline in external demand, a faltering domestic real estate sector, dampened consumer confidence, and escalating geopolitical tensions.

Management Approach and Future Prospects

It is anticipated that worldwide economies, especially those in developed regions, will maintain their resilience as interest rates reach their highest points and inflation rates continue to decline. While maintaining our traditional core market exposure over the long term, we will also increase opportunistic positions in selected developed and developing markets. This strategy aims to mitigate volatility by diversifying geopolitical risk and seizing opportunities across various sectors, including those with high growth potential.

Maintaining a diverse and flexible investment portfolio enables us to navigate any economic challenges and continue prioritising shareholder value.

Our projections for the insurance business remain positive, and we are on track to achieve yet another successive year of historic record growth, even in the face of challenging economic headwinds and a competitive marketplace. Enhanced operational efficiencies, a substantial product range, and the initiation of new business ventures underpin our success. This is further bolstered by expanding and refining our distribution networks, alongside a rise in direct sales. We are dedicated to consistently reviewing and perfecting our range of business channels. Moving forward, we will continue expanding our distribution reach and effectively diversify our product offerings to meet the evolving demands of the market and our clientele.

Asia Financial's distinguished brand, synonymous with an outstanding reputation, provides us with a solid competitive edge in the marketplace. Our management is dedicated to ensuring the enduring stability of our enterprises and strategically aligning with economic and societal shifts for consistent growth, capitalising on the significant demographic changes throughout the region. Our commitment lies in expanding services that enhance everyday living, including insurance, retirement planning, healthcare, and property development, focusing on Hong Kong, Macau, and Mainland China. Our investment strategy is tailored to our strengths, leveraging our extensive client and partnership networks. We maintain a strategy of prudence and patience in our approach.

Key Financial and Business Performance Indicators

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

Profit attributable to equity holders of the Company:	HK$346.8 million	+181.5%
Earnings per share:	HK37.2 cents	+184.0%
Final dividend per share:	HK5.0 cents	+42.9%
Total dividend per share:	HK9.0 cents	+80.0%
Equity attributable to equity holders of the Company:	HK$10,748.8 million	-1.3%
Total assets:	HK$15,035.4 million	+2.0%
Return on equity:	3.2% (1.1% for 2022)	

Earnings and Dividends

For the year ended 31st December, 2023, the Group recorded net profit attributable to shareholders of HK$346.8 million, representing a 181.5% increase compared with the previous year. Growth was propelled by several key factors, including outstanding performance and earnings from our trading investments and stable performance in our insurance operations, partially helped by adopting the new accounting standard HKFRS 17 on insurance contracts. There were consistent returns from most of our joint ventures and associates.

The Group's earnings per share for 2023 were HK37.2 cents. The Board had declared an interim dividend of HK4.0 cents in August 2023 and proposed a final dividend of HK5.0 cents, making a total dividend for the year of HK9.0 cents per share.

Capital Structure

The Group finances its working capital requirement through funds generated from operations.

Liquidity, Financial Resources and Gearing Ratio

The Group's cash and bank balances as at 31st December, 2023 amounted to HK$2,885,402,000 (31st December, 2022: HK$2,728,885,000).

The Group had no bank borrowing as at 31st December, 2023 and 31st December, 2022.

No gearing ratio was calculated as the Group had no net current debt as at 31st December, 2023. The gearing ratio was based on net current debt divided by total capital plus net current debt. Net current debt includes the current portion of insurance contract liabilities, amounts due to a joint venture and associates and other liabilities, less cash and bank balances and financial assets 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 31st December, 2023, Asia Insurance Company, Limited ("Asia Insurance") charged assets with a carrying value of HK$110,614,000 (31st December, 2022: HK$126,954,000) in favour of a cedant to secure the performance of Asia Insurance's obligations to the cedant under certain pecuniary loss reinsurance contracts.

Contingent Liabilities

As at 31st December, 2023, the Group had no material contingent liabilities.

Business Review

Insurance

The Group's wholly-owned subsidiary, Asia Insurance Company Limited ("Asia Insurance"), achieved a net profit of HK$242.2 million in 2023, a 103.4% increase compared with the same period in 2022.

Asia Insurance has recorded yet another successive year of historic record growth with a 18.8% increase in insurance revenue over the previous year. This achievement reflects our strategy, and our ability to mitigate the devastation caused by the COVID-19 pandemic and ongoing global economic and geopolitical turmoil.

Our exceptional reputation is a testament to the depth of our client relationships, built on a professional and innovative approach. We maintain high standards of client service and have achieved both tactical and strategic diversification. Our focus on key growth areas, coupled with the successful execution of well-targeted new business development strategies, underscores our commitment to excellence. There were typhoons and black rainstorms, but the impact on Asia Insurance was insignificant.

We have successfully diversified our general insurance offerings, including health, life, and property insurance, through various distribution channels and markets, highlighting our commitment to growth. Our international reinsurance operations and online platforms have performed well and met management's expectations admirably. The overall performance of our insurance services has been deemed satisfactory.

Asia Insurance's operating costs for the current period align with budgeted expenditures and expectations. We have facilitated strategic business expansion, enhanced corporate sales and marketing, added new agents, brokers and partners, and established resilient online digital channels. Furthermore, we have successfully consolidated our partnerships in the insurance and banking sectors and continue actively pursuing the development of additional business distribution channels.

Our significant investments in technology, system enhancements, cybersecurity, and innovative online trading platforms reflect our continuous commitment to reviewing and upgrading our business processes. These advancements have significantly enhanced the customer experience in Hong Kong and Macau.

Business Review (continued)

Insurance (continued)

These technological advances are central to our digital transformation, boosting operational efficiency and enhancing our capacity for new business development and client acquisition.

Our insurance service result saw an impressive 25.6% increase from the previous year, and the forecast for Asia Insurance's core insurance operations in 2024 is promising. Our diligent efforts have solidified our status as one of Hong Kong's top insurance performers, with S&P's rating of A. (All of the above figures are before elimination of group transactions.)

Asia Insurance is proactively preparing for future shifts in client needs and market dynamics by undertaking substantial innovations across our product range. We have proactively integrated potential risk factors into our strategic planning, mindful of the uncertainties in the global and regional economies that could induce downturns in specific market sectors. Our commitment to balanced growth hinges on our adept risk management and a steadfast dedication to a diverse business portfolio. Given the current climate of intense competition and regional economic volatility, risks such as increased cost sensitivity among clients and the possibility of business reductions due to economic pressures are evident. In response, we will persist with our rigorous underwriting practices to refine our business composition, ensuring our risk management remains robust and adaptive.

We provide ongoing employee training and development, combining overseas training and secondments with our joint venture partners and shareholders. Our holistic approach to training and development is designed to increase staff retention rates and lay solid foundations for succession planning.

These strategic initiatives ensure we are well-equipped to meet evolving client demands and effectively navigate changing market conditions.

As a leader in Hong Kong's general insurance sector, Asia Insurance anticipates sustained growth, further cementing our distinguished reputation for excellence in service and professionalism. We are poised to capitalise on potential opportunities emerging from the progression of the Central Government's "Greater Bay Area" plan, which aims to foster deeper integration among the Pearl River Delta regions. We anticipate this initiative will create favourable conditions for our business expansion and enable us to tap into new markets and collaborations within the Greater Bay Area.

Our investments this year have generated both realised and unrealised returns. Contributions from our joint ventures and associates supported the insurance segment's performance. BC Reinsurance Limited and Professional Liability Underwriting Services Limited have demonstrated stable profitability. In adopting the new accounting standards, Hong Kong Life Insurance Limited had recorded a loss for the year.

In the last quarter, we created two joint venture companies with Fanhua Inc., one of the China's leading independent financial services providers: a life insurance brokerage company and an insurance technology company. Asia Insurance holds 40% stake in each.

Business Review (continued)

Insurance (continued)

Asia Financial owns a 5% stake in PICC Life Insurance Company Limited ("PICC Life"), which has a national license and a strong presence in the Mainland market. PICC Life's vast network of offices is crucial in maintaining its solid financial position.

Other Portfolio Investment

Trading investments resulted in a positive return in 2023, mainly backed by returns from equities, bonds, deposits, and alternative investments. Our portfolio has been actively adjusted to reflect market changes and volatility while allowing flexibility to take advantage of timely opportunities and trends. Dividend income from long-term strategic investments was notably stable.

Global economies, particularly in developed markets, are expected to slow but remain buoyant as interest rates peak and inflation levels subside. We will strategically invest in equities focusing on the US, Japan and Europe markets, select investment grade bonds with attractive yields, and choose US and Japan funds focusing on sectors such as artificial intelligence, consumer staples and healthcare. Our flexible but cautious strategy provides insulation against market volatility and geopolitical challenges and enables us to capitalise on tactical opportunities within new regional markets with innovative business themes. We will maintain a diversified investment portfolio covering a range of asset classes, including blue-chip stocks, investment-grade bonds, and established alternative investments, which prioritise our investment strategy to preserve and grow shareholder wealth over the long term.

Health Care and Wellness

Our 4.7% stake in Bumrungrad Hospital Public Company Limited ("Bumrungrad"), based in Bangkok, is our most substantial investment in listed equities. The hospital's enduring success is a testament to its exceptional healthcare services, cutting-edge facilities, services catering to international patients, a multilingual workforce, and a dedicated emphasis on customer satisfaction.

In 2023, Bumrungrad's share price increased by a respectable 4.7% when measured in Thai Baht and 5.6% in Hong Kong Dollar terms, due to the Thai Baht's appreciation. Forecasts remain optimistic for next year, bolstered by the introduction of the Thai Visa Exemption Scheme. It permits tourists from over 60 countries to visit for up to 30 days when they arrive via an international airport or a neighbouring land border checkpoint without needing a visa application.

Business Review (continued)

Pension and Asset Management

In 2023, our joint venture, Bank Consortium Holding Limited ("BCH"), yielded stable profits. A key contributor to this success is Bank Consortium Trust Company Limited ("BCT"), a wholly owned subsidiary of BCH, which continues to be one of the top providers of Mandatory Provident Fund services in Hong Kong.

The Group's holding in BBL Asset Management Company Limited of Thailand represents 1.8% of our total assets. It operates as an investment management company and offer asset management, equities, fixed income, investment strategies, financial planning, and advisory service. It saw a stable return in 2023 and has continued to declare dividend for the past several years.

Property Development

We remain focused on real estate in Shanghai, which makes up 4.2% of our total assets.

We have recently completed Stage Four of our flagship mixed-use development in the Jiading District of Shanghai. This phase continues our tradition of excellence and innovation in urban development. We hold a 27.5% stake in this project and have seen consistent success, with all previous phases sold out and contributing significantly to the group's profitability. After receiving approval from the Shanghai Municipal Bureau of Planning and Natural Resources in December, at a sale price of RMB 49,000 per square metre, we began promoting Stage Four, and the initial interest has exceeded expectations.

We are making commendable strides in the foundational stage of our 60,000 square meter mixed-use project in the Qingpu District. This project, which includes our 21,000 square meter land parcel near Shanghai Hongqiao International Airport, is progressing smoothly. With the master plan already officially approved, we are scheduled to commence construction in 2024, keeping the project on track for completion in 2025.

We remain confident as demand for home ownership in Shanghai is stable.

Securities Investments Representing More than 5% of Total Assets

As at 31st December, 2023, there were two securities investments each represented above 5% of the Group's total assets:

Holding	No. of shares *(in thousand)*	Investment cost *(HK$'million)*	Fair value as at 31st December, 2023 *(HK$'million)*	% of total Group assets	Realised and unrealised gain/(loss) *(HK$'million)*	Dividends received *(HK$'million)*
PICC Life	1,288,055	1,522	2,170	14.4%	(580)	59
Bumrungrad Hospital	37,419	520	1,893	12.6%	101	31

Both investments are primarily long-term strategic holdings.

Compliance with Laws and Regulations

The Group takes active steps to ensure compliance with all relevant laws and regulations in all jurisdictions in which it operates and recognises the risks of non-compliance. It dedicates sufficient resources and personnel to ensure such compliance and to maintain adequate liaison and communication with regulatory authorities. We believe that the risks attached to non-compliance are low.

Principal Risks and Uncertainties

The Group faces several primary key risks: credit, equity price, insurance, interest rate, liquidity, foreign exchange, market, and operational risks. Comprehensive information on these key risks and the strategies to mitigate them is detailed in the note of "Financial Risk Management Objectives and Policies" to the consolidated financial statements of the Group in the 2023 annual report.

Stakeholders

Asia Financial understands and respects the importance of its relationships with employees, customers, suppliers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the company's performance and value.

Employees

The Company acknowledges the critical importance of a competent and driven workforce in achieving its objectives. Consequently, our human resources policy is centred on fostering, acknowledging, and incentivising strong performance through suitable training programmes, appraisal, and compensation strategies. The Company is confident of its ability to attract adept and qualified personnel and considers the risks associated with dependence on essential staff are manageable.

Customers

The Company's main clients are insurance policyholders. Delivery of excellent customer service and choice of products are critical reasons for our consistent underwriting profitability. Our risk management practices include diversifying our client base and avoiding over-dependency on core clients.

Shareholders

The company is dedicated to generating value for our shareholders, an integral goal of every aspect of our operations and investment endeavours.

Employees and Remuneration Policy

As at 31st December, 2023, the total number of employees of the Group was 352 (31st December, 2022: 329). Employee compensation was determined by individual performance, level of experience, and prevailing industry practices. The employee remuneration package encompasses salary and discretionary bonus, contingent upon the Group's results and each employee's performance. There was no share option scheme in operation during the year. The Group provides comprehensive medical and retirement benefits to all staff members. Additionally, a range of training and induction programs are available to the Group's employees.

The Group's remuneration policy is formulated and recommended by the Company's Remuneration Committee 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 adjustments to remuneration packages payable to directors, senior management, and employees of the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") of the Company will be held on Tuesday, 4th June, 2024. Notice of the AGM will be published and despatched to the shareholders on or about Monday, 22nd April, 2024.

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders the payment of a final dividend of HK5.0 cents (2022: HK3.5 cents) per share which, together with the interim dividend of HK4.0 cents (2022: HK1.5 cents) per share, will make a total dividend of HK9.0 cents (2022: HK5.0 cents) per share for the year ended 31st December, 2023. The proposed final dividend will be paid in cash to those shareholders whose names are on the Register of Members of the Company on Friday, 14th June, 2024 and the dividend warrants will be despatched to shareholders on or about Monday, 24th June, 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of ascertaining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfers	4:30 p.m. on 29th May, 2024
Book close dates (both days inclusive)	30th May, 2024 to 4th June, 2024
Record date	4th June, 2024
AGM	4th June, 2024

(b) For the purpose of ascertaining shareholders' entitlement to the proposed final dividend:

Ex-dividend date for final dividend	7th June, 2024
Latest time to lodge transfers	4:30 p.m. on 11th June, 2024
Book close dates (both days inclusive)	12th June, 2024 to 14th June, 2024
Record date for final dividend	14th June, 2024

All transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share 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 the above specified time.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31st December, 2023, a subsidiary of the Company repurchased a total of 7,408,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of approximately HK$25,063,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the year and after the end of the year. Details of the ordinary shares repurchased on the Stock Exchange during the year are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate purchase price (excluding expenses)
		Highest HK$	Lowest HK$	HK$'000
January 2023	486,000	3.49	3.47	1,691
March 2023	54,000	3.39	3.24	178
April 2023	250,000	3.46	3.35	858
May 2023	4,584,000	3.43	3.30	15,586
June 2023	492,000	3.50	3.40	1,698
July 2023	98,000	3.41	3.35	331
August 2023	50,000	3.12	3.12	156
September 2023	192,000	3.24	3.15	610
October 2023	596,000	3.30	3.15	1,956
November 2023	352,000	3.30	3.15	1,141
December 2023	254,000	3.55	3.20	858
	7,408,000			25,063

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 which were cancelled during the year and after the end of the year. As at the date of this announcement, the number of issued ordinary shares of the Company is 929,062,000 shares.

The purchase of the Company's shares during the year and after the end of the year was effected by the directors, pursuant to the mandate from shareholders received at the annual general meetings held in 2022 and 2023 respectively. 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 asset 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 shares during the year ended 31st December, 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31st December, 2023, except a deviation from CG Code C.2.1 which stipulates, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual and that the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company has appointed a President instead of a Chief Executive. The division of responsibilities between the Chairman and President of the Company has been clearly established and set out in writing. The roles of Chairman and President has been separated until the passing away of Dr. CHAN Yau Hing Robin, the late Chairman of the Company. Mr. CHAN Bernard Charnwut ("Mr. Bernard Chan") has been appointed as Chairman from 20th April, 2022 and since then concurrently acts as Chairman and President of the Company.

The Board considers that such deviation will not impair the balance of power and authority as it is ensured by the operations and governance of the Board which comprises experienced and high calibre individuals. The Company has policies and guidelines which set out the delegation of authority and Internal Audit will check whether such policies and guidelines have been complied with. Moreover, important decisions will require the approval of the Board which comprises non-executive director and independent non-executive director, in addition to executive director, who can help to provide a check and balance on the exercise of power of the Chairman cum President.

In allowing the two positions to be occupied by the same person, the Board has considered that both positions require in-depth knowledge and considerable experience of the Group's business. Based on the experience and qualification of Mr. Bernard Chan, the Board believes that the vesting of two roles to Mr. Bernard Chan will continue to provide the Group with stable and consistent leadership and continue to allow for effective and efficient planning and implementation of long term business strategies and is beneficial to the Company and in the interests of its shareholders. The Board will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

REVIEW OF RESULTS

The Audit Committee of the Company has met the auditor of the Company, Ernst & Young, and reviewed and agreed with the auditor the Group's results for the year ended 31st December, 2023.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.afh.hk and the HKEXnews website at www.hkexnews.hk. The 2023 annual report will be despatched to the shareholders and available at the same websites on or about Monday, 22nd April, 2024.

By Order of the Board
Asia Financial Holdings Limited
CHAN Bernard Charnwut
Chairman & President

Hong Kong, 27th March, 2024

As at the date of this announcement, the executive directors of the Company are Mr. CHAN Bernard Charnwut (Chairman & President), Mr. TAN Stephen, Mr. WONG Kok Ho; the non-executive directors are Mr. KAWAUCHI Yuji, Mr. TATEGAMI Susumu; and the independent non-executive directors are Mr. AU YANG Chi Chun Evan, Ms. NGAN Edith Manling and Mr. LI Lu Jen Laurence.

* *For identification purpose only*