

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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, 2024

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, 2024 as follows:

Consolidated Statement of Profit or Loss

Year ended 31st December, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Insurance revenue	3	3,291,506	2,456,378
Insurance service expense		(2,461,250)	(1,966,780)
Net expenses from reinsurance contracts held		<u>(394,588)</u>	<u>(181,386)</u>
Insurance service result		435,668	308,212
Finance expense from insurance contracts issued		(97,076)	(134,664)
Finance income from reinsurance contracts held		<u>31,229</u>	<u>43,298</u>
Insurance operating result		369,821	216,846
Dividend income		154,449	173,653
Realised gain on investments		55,203	24,441
Unrealised gain on investments		149,532	59,940
Interest income		175,513	162,487
Other income and losses, net		<u>(46,447)</u>	<u>(8,209)</u>
		858,071	629,158

.....continued

Consolidated Statement of Profit or Loss (continued)

Year ended 31st December, 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Operating expenses		(192,467)	(151,813)
Finance costs	4	<u>(143)</u>	<u>(108)</u>
		665,461	477,237
Share of profits or losses of joint ventures		33,009	(63,446)
Share of profits or losses of associates		<u>55,864</u>	<u>17,449</u>
PROFIT BEFORE TAX	5	754,334	431,240
Income tax expense	6	<u>(107,265)</u>	<u>(84,487)</u>
PROFIT FOR THE YEAR		<u>647,069</u>	<u>346,753</u>
Attributable to:			
Equity holders of the Company		<u>647,069</u>	<u>346,753</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted			
- For profit for the year		<u>HK69.7 cents</u>	<u>HK37.2 cents</u>

Consolidated Statement of Comprehensive Income

Year ended 31st December, 2024

	2024 HK\$'000	2023 HK\$'000
PROFIT FOR THE YEAR	<u>647,069</u>	<u>346,753</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	(42,161)	(9,104)
Exchange differences on translation of foreign operations	<u>(1,755)</u>	<u>461</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(43,916)</u>	<u>(8,643)</u>
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	506,578	(448,898)
Income tax effect	<u>(67,106)</u>	<u>56,972</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>439,472</u>	<u>(391,926)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>395,556</u>	<u>(400,569)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,042,625</u>	<u>(53,816)</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	<u>1,042,625</u>	<u>(53,816)</u>

Consolidated Statement of Financial Position

31st December, 2024

	Note	31st December, 2024 HK\$'000	31st December, 2023 HK\$'000
ASSETS			
Property, plant and equipment		182,894	185,593
Investment properties		186,200	231,500
Interests in joint ventures		542,406	538,312
Interests in associates		857,181	846,422
Due from associates		259,390	256,710
Held-to-collect debt securities at amortised cost		1,586,577	1,280,125
Equity investments designated at fair value through other comprehensive income		5,482,070	4,975,492
Pledged deposits		344,352	341,440
Other assets		398,840	198,305
Financial assets at fair value through profit or loss		2,746,119	2,039,674
Reinsurance contract assets		1,225,147	1,256,419
Cash and bank balances		2,522,379	2,885,402
Total assets		<u>16,333,555</u>	<u>15,035,394</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital	9	924,750	929,296
Reserves		10,670,030	9,773,097
Proposed final dividend		83,219	46,453
Total equity		<u>11,677,999</u>	<u>10,748,846</u>
Liabilities			
Insurance contract liabilities		3,891,024	3,491,504
Due to a joint venture		38	38
Due to associates		4,222	4,222
Other liabilities		309,920	492,737
Tax payable		242,852	54,733
Deferred tax liabilities		207,500	243,314
Total liabilities		<u>4,655,556</u>	<u>4,286,548</u>
Total equity and liabilities		<u>16,333,555</u>	<u>15,035,394</u>

Notes

1. Changes in Accounting Policies and Disclosures

The Group has adopted the following 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.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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 2024 HK\$'000	Corporate 2024 HK\$'000	Eliminations 2024 HK\$'000	Consolidated 2024 HK\$'000
Segment revenue:				
External customers	3,291,506	-	-	3,291,506
Other revenue, income and gains, net	223,192	199,211	-	422,403
Intersegment	5,367	-	(5,367)	-
Total	<u>3,520,065</u>	<u>199,211</u>	<u>(5,367)</u>	<u>3,713,909</u>
Segment results	<u>554,701</u>	<u>110,760</u>	<u>-</u>	<u>665,461</u>
Share of profits or losses of:				
Joint ventures	(129)	33,138	-	33,009
Associates	34,310	21,554	-	55,864
Profit before tax				<u>754,334</u>
Income tax expense	(94,443)	(12,822)	-	<u>(107,265)</u>
Profit for the year				<u>647,069</u>
	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	<u>2,612,601</u>	<u>170,358</u>	<u>(5,635)</u>	<u>2,777,324</u>
Segment results	<u>372,642</u>	<u>104,595</u>	<u>-</u>	<u>477,237</u>
Share of profits or losses of:				
Joint ventures	(90,465)	27,019	-	(63,446)
Associates	22,124	(4,675)	-	17,449
Profit before tax				<u>431,240</u>
Income tax expense	(68,959)	(15,528)	-	<u>(84,487)</u>
Profit for the year				<u>346,753</u>

Notes (continued)

2. Operating Segment Information (continued)

(a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
31st December, 2024			
Segment assets	8,108,133	6,825,835	14,933,968
Interests in joint ventures	404,249	138,157	542,406
Interests in associates	385,485	471,696	857,181
Total assets	<u>8,897,867</u>	<u>7,435,688</u>	<u>16,333,555</u>
Segment liabilities	<u>4,152,376</u>	<u>503,180</u>	<u>4,655,556</u>
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	<u>8,253,463</u>	<u>6,781,931</u>	<u>15,035,394</u>
Segment liabilities	<u>3,854,290</u>	<u>432,258</u>	<u>4,286,548</u>

(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

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	<u>143</u>	<u>108</u>

Notes (continued)**5. Profit before Tax**

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

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	(7,700)	(5,809)
Depreciation	(16,143)	(16,452)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	(232,907)	(195,931)
Pension scheme contributions	(8,545)	(7,681)
Less: Forfeited contributions	590	118
Net pension scheme contributions	(7,955)	(7,563)
Total employee benefit expense	(240,862)	(203,494)
Expenses relating short-term leases and leases of low-value assets	(1,126)	(1,449)
Realised gain/(loss) on:		
- disposal of financial assets at fair value through profit or loss, net	50,536	(27,382)
- redemption/call-back of held-to-collect debt securities at amortised cost	351	-
- change in ownership interest in an associate	4,316	51,823
Total realised gain on investments	55,203	24,441
Unrealised gain on financial assets at fair value through profit or loss, net	149,532	59,940
Changes in expected credit losses for:		
Held-to-collect debt securities at amortised cost	(20,044)	(1,856)
Interest income	175,513	162,487
Loss on disposal/write-off of items of property, plant and equipment*	(24)	(314)
Gross rental income*	7,407	6,807
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	(437)	(450)
Change in fair value of investment properties*	(45,300)	(11,600)
Foreign exchange loss, net*	(14,352)	(8,380)

Notes (continued)

5. Profit before Tax (continued)

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

	2024	2023
	HK\$'000	HK\$'000
Dividend income from:		
Listed investments	98,348	77,171
Unlisted investments	56,101	96,482
	<u>154,449</u>	<u>173,653</u>

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

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	2024	2023
	HK\$'000	HK\$'000
Current - Hong Kong		
Charge for the year	186,142	28,441
Under/(over) provision in prior years	335	(119)
Current - Elsewhere		
Charge for the year	24,322	26,310
Over provision in prior years	(614)	(636)
Deferred	<u>(102,920)</u>	<u>30,491</u>
Total tax charge for the year	<u>107,265</u>	<u>84,487</u>

Notes (continued)

7. Dividends

	2024 HK\$'000	2023 HK\$'000
Interim - HK5.5 cents (2023: HK4.0 cents) per ordinary share	51,038	37,220
Proposed final – HK9.0 cents (2023: HK5.0 cents) per ordinary share	<u>83,219</u>	<u>46,453</u>
	<u>134,257</u>	<u>83,673</u>

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\$647,069,000 (2023: HK\$346,753,000) and the weighted average number of ordinary shares of 927,735,000 (2023: 932,243,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31st December, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31st December, 2024 and 2023.

Notes (continued)

9. Share Capital

	2024 HK\$'000	2023 HK\$'000
Authorised: 1,500,000,000 (2023: 1,500,000,000) ordinary shares of HK\$1 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid: 924,750,000 (2023: 929,296,000) ordinary shares of HK\$1 each	<u>924,750</u>	<u>929,296</u>

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, 2023	936,588,000	936,588
Shares repurchased and cancelled	<u>(7,292,000)</u>	<u>(7,292)</u>
At 31st December, 2023 and 1st January, 2024	929,296,000	929,296
Shares repurchased and cancelled (Note)	<u>(4,546,000)</u>	<u>(4,546)</u>
At 31st December, 2024	<u>924,750,000</u>	<u>924,750</u>

Note:

At 31st December, 2023, 234,000 shares with cost of HK\$796,000 were classified as treasury shares, and were subsequently cancelled in February 2024. During the year ended 31st December, 2024, a subsidiary of the Company repurchased 4,412,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.30 to HK\$3.95 per share at a total consideration of HK\$16,293,000 (including expenses and dividend). Out of which, 4,312,000 repurchased shares were cancelled.

The premium of HK\$12,153,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK\$4,546,000 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 100,000 shares with cost of HK\$390,000 were classified as treasury shares at 31st December, 2024 and were subsequently cancelled in February 2025.

As at the date of this announcement, the number of issued shares of the Company is 924,650,000 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

Asia Financial Holdings Limited ("Asia Financial", "The Group," or "The Company") posted a net profit attributable to its shareholders of HK\$647.1 million in 2024, a substantial 86.6% increase over the previous financial year.

The robust performance was fuelled by several key factors, including a commendable 34.0% year-on-year rise in our insurance revenue, coinciding with the 65th anniversary of our insurance business. This was aided partly by diversifying our overseas reinsurance activities.

Additionally, our trading investments delivered significant results with a 142.6% year-on-year growth, while most of our joint ventures and associates continued to provide steady returns.

The year was characterised by increasingly challenging geopolitical tensions, which impacted the local economy and business community in various ways. The property and retail sectors remained subdued.

Notwithstanding the soft market conditions, our insurance service results have been notable. Our strong performance is a testament to our outstanding reputation in the market and the robust relationships we have built with clients and key partners. This has been achieved through our unwavering commitment to professionalism and innovation in all aspects of our business practices and development strategies.

Despite moderate domestic and international economic growth and increased volatility in 2024, Asia Financial's investment strategy remained focused on blue-chip stocks and prudently retaining the adaptability to strategically adjust allocations to take advantage of market dynamics and maximise shareholder returns.

In response to the Federal Reserve's interest rate cuts, increased bond exposure enabled a shift from shorter-term deposits to longer-term fixed income to lock in higher yields. Our hedge fund exposure achieved double-digit results, while our private market investments showed modest performance.

Asia Financial views the outlook for 2025 with caution and tempered optimism. As the global economy gradually seeks a balance between growth and inflation, increasing geopolitical tensions between the United States and China will continue to shape the landscape. The threats of implementing a tariff war and dismantling supply chains by the incoming United States administration will fuel market uncertainty. However, tax cuts, financial deregulation and a tighter immigration policy are high on the agenda. The continuing conflict in Ukraine and the escalating tensions in the Middle East are significant concerns, and they are gravely impacting global stability. Natural disasters increased over the previous year, the majority of which were climate-related.

With decades of expertise and experience, Asia Financial will maintain its proactive and disciplined strategy to navigate changes in market dynamics. This approach will allow us to identify strategic opportunities and execute transactions efficiently. It will also enhance our risk management capabilities and enable us to capitalise effectively on emerging opportunities. Our commitment is to maximise sustainable returns for our stakeholders through strategic investments, leveraging our expertise and extensive networks to achieve mutual success.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Economic Background

The global economy stabilised in 2024. According to the latest data from the International Monetary Fund ("IMF"), annual global growth remained steady at 3.2%. The IMF anticipates global inflation declining from 6.7% in 2023 to 5.8% in 2024 and down to 4.2% in 2025.

The IMF forecasts Gross Domestic Product ("GDP") to post 2024 growth of 4.8% for China and 3.2% for Hong Kong compared to 2.8% in the US and 1.6% in Europe.

Trading momentum for 2024 remained strong in the US, Japan, and domestically. The Dow Jones Industrial Average recorded a gain of 12.9% backed by robust foreign flows and accommodative interest rates, while Japan's Nikkei 225 Stock Average reached 19.2% supported by improving domestic demand and positive shareholder reform. The equity markets in China and Hong Kong experienced a rebound, with the MSCI China Index increasing by 15.7% and the Hang Seng Index achieving a 17.7% increase. This upturn in the Chinese and Hong Kong markets resulted from enhanced stimulus measures from the Chinese government and domestic capital inflows.

The Chinese economy began the year strong, stimulated by consumer spending, exports, and infrastructure investment. However, growth slowed mid-year due to weak business confidence, a sluggish property market, and lacklustre domestic demand. According to the latest IMF data, the economy is projected to grow by 4.8% in 2024. The central government has introduced additional stimulus measures to stimulate growth and is pursuing systemic market reforms and modernisation to support sustainable economic development.

The Hong Kong economy expanded moderately in 2024 against a challenging economic backdrop. The central government introduced various measures to benefit Hong Kong and stimulate the economy, the most visible of which was inbound tourism. Hong Kong's strategic position within the Greater Bay Area and its connections to the One Belt, One Road countries are expected to provide ongoing commercial opportunities and stimulate economic development. The commercial and residential real estate sectors remained challenging, resulting in a slowdown in private consumption and affecting retail sales.

Management Approach and Future Prospects

The global economy has shown remarkable resilience, providing a good foundation for growth in 2025. Consumers in developed markets remain robust, supported by fiscal tailwinds and easing monetary policy, while new technologies like artificial intelligence are unlocking fresh investment opportunities. However, China's weak housing market and sluggish consumer confidence are drags on its growth.

Global inflation, which declined in 2024, may resurface in 2025 due to rising tariffs and higher export prices from China. While policy rates in developed markets are expected to fall further, if inflationary pressures re-emerge, central banks may pause rate cuts earlier than anticipated, potentially extending the timeline for returning to neutral rates.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Management Approach and Future Prospects (continued)

We will continue to build on our strengths, leveraging our extensive networks of clients and partners while maintaining a prudent and patient investment approach. A commitment to stability, resilience, and growth guides our strategic direction. By aligning with the evolving dynamics of our markets and communities, we are well-positioned to deliver long-term value to our stakeholders.

Despite ongoing economic and geopolitical challenges and competitive pressures, we are on track to achieve another year of growth in the insurance sector. This success is driven by our relentless pursuit of operational excellence, the breadth of our product offerings, and the launch of innovative new ventures. We continue to expand and optimise our distribution channels, leveraging both traditional networks and direct sales to meet the evolving needs of our clients. Our ability to adapt and refine these channels ensures we remain at the forefront of market demands, positioning us for sustained growth in the years to come.

Our diversified and dynamic investment portfolio remains a cornerstone of our success. It equips us to adapt to changing economic conditions, seize new opportunities, and focus on long-term growth. This balanced approach is underpinned by a disciplined strategy that enables us to navigate uncertainty while safeguarding and enhancing shareholder returns.

Asia Financial's reputation as a trusted and respected brand remains a key competitive advantage. This strong foundation enables us to align our business with broader economic and societal shifts, particularly in response to the significant demographic changes occurring across the region. Our focus remains on delivering services that enhance the quality of life for our clients, whether through insurance, retirement planning, healthcare, or property development. We place particular emphasis on Hong Kong, Macau, Mainland China, and our growing reinsurance business internationally.

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\$647.1 million	+86.6%
Earnings per share:	HK69.7 cents	+87.4%
Final dividend per share:	HK9.0 cents	+80.0%
Total dividend per share:	HK14.5 cents	+61.1%
Equity attributable to equity holders of the Company:	HK\$11,678.0 million	+8.6%
Total Assets:	HK\$16,333.6 million	+8.6%
Return on equity:	5.8% (3.2% for 2023)	

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Earnings and Dividends

For the year ended 31st December, 2024, the Group recorded net profit attributable to shareholders of HK\$647.1 million, representing a 86.6% increase compared with the previous year. Our growth was driven by several pivotal elements, notably the strong results of our insurance operations, which benefited from expanding our reinsurance business into new markets. Additionally, we achieved solid earnings from our trading investments, alongside steady returns from most of our joint ventures and associates.

The Group's earnings per share for 2024 were HK69.7 cents. In August 2024, the board declared an interim dividend of HK5.5 cents and proposed a final dividend of HK9.0 cents for a total dividend of HK14.5 cents per share for the year.

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, 2024 amounted to HK\$2,522,379,000 (31st December, 2023: HK\$2,885,402,000).

The Group had no bank borrowing as at 31st December, 2024 and 31st December, 2023.

No gearing ratio was calculated as the Group had no net current debt as of 31st December, 2024. 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 the company's equity holders.

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 of 31st December, 2024, Asia Insurance Company, Limited charged assets with a carrying value of HK\$111,541,000 (31st December, 2023: HK\$110,614,000) 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, 2024, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review

Insurance

The group's wholly-owned subsidiary, Asia Insurance Company Limited ("Asia Insurance"), reported a net profit of HK\$501.0 million for 2024, a 106.9% increase over the previous financial year.

Asia Insurance has delivered another successive year of historical growth despite increasing geopolitical challenges, economic uncertainties, and a soft domestic environment which notably affected our core market, small and medium-sized enterprises. Notwithstanding the challenging environment, insurance revenue increased by 34.0% over the 2023 financial year.

Our solid performance reflects our exceptional reputation, the depth and strength of our client relationships, and core business partnerships, which we have tirelessly developed over the past 65 years and cultivated through our consistently professional and innovative approach to business operations and development.

We maintain the highest client service and corporate governance standards and have achieved 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.

We continue diversifying our insurance offerings, including health, life, and property insurance, through various tenders, distribution channels, and markets, highlighting our commitment to growth. Our international reinsurance operations and online platforms have performed well and met management's expectations. Our diligent risk management strategies and unwavering commitment to a diversified business model have proven effective. Despite typhoons and black rainstorms, Asia Insurance was largely unaffected by significant weather events. Overall, our insurance services have been deemed satisfactory.

Asia Insurance's operating expenses align with our planned budget and projections for this financial year. We have driven strategic growth by improving corporate sales and marketing activities, onboarding new agents, brokers, and partners, winning various tenders and establishing robust online digital platforms. Additionally, we have effectively strengthened our partnerships in the insurance and banking industries while actively seeking to develop further business distribution channels.

Our ongoing commitment to investing in technology, system improvements, and cybersecurity highlights our dedication to consistently evaluating and refining our business processes. This approach increases operational efficiency and enhances our ability to pursue new business opportunities, attract clients, and seamlessly enhance the overall client experience. We successfully transitioned to a new core system in Macau leveraging digital transformation and process optimisation.

Our insurance service result experienced a notable increase of 40.7% compared to the previous year, and the outlook for Asia Insurance's core operations in 2025 appears favourable. Much of our growth has also come from diversifying our overseas reinsurance activities.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Insurance (continued)

Our 2024 results have reinforced our position as one of Hong Kong's leading insurance providers, and we are backed by an "A" S&P rating.

All of the above figures are before elimination of group transactions.

Asia Insurance continues to proactively prepare for future shifts in client needs and market dynamics by pursuing innovations across our product range. We will continue to integrate 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 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. We will continue our rigorous underwriting practices to enhance our business structure and ensure our risk management remains robust and adaptable.

We are committed to our employees' continuous training and development, integrating overseas training opportunities and secondments with our joint venture partners and shareholders. This comprehensive approach enhances staff retention and establishes a strong foundation for effective succession planning. Additionally, we have strategically brought high-calibre professionals who contribute specialised expertise and diverse viewpoints, further enriching our organisation's capabilities. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Insurance (continued)

Our investments produced both realised and unrealised returns in 2024. Contributions from our strategic joint ventures and associated entities significantly enhanced the insurance segment's performance. BC Reinsurance Limited and Professional Liability Underwriting Services Limited showcased steady profitability during this period. Conversely, Hong Kong Life Insurance Limited and Avo Insurance Company Limited experienced a lower loss for the year.

Asia Financial holds a 5% equity interest in PICC Life Insurance Company Limited ("PICC Life"), part of the esteemed PICC Group, a Fortune Global 500 company and ranked 7th on the Global Insurance 100 list for 2024. PICC Life benefits from a vast network of branch offices nationwide, crucial for its market penetration and solid financial stability.

Other Portfolio Investment

Our trading investments were mainly allocated in developed and select emerging markets. Trading performance was generated across blue-chip asset classes, including value-oriented equities, investment-grade fixed-income bonds, and diversified alternative investments. All the key indices performed positively.

Our primary focus throughout the year was on developed markets, particularly the United States, Japan, and Europe. In the second half of the year, we strategically adjusted our portfolio and tactically reallocated funds to Hong Kong and China, which proved beneficial, as these markets performed strongly by year-end.

Our long-term strategic holdings also generated robust dividend income, bolstering overall investment returns. We actively managed our fixed-income portfolio in response to the Federal Reserve's interest rate cuts, increasing our bond exposure by shifting from short-term deposits to longer-term securities to lock in higher yields. Although our activity in alternative investments was relatively limited, our hedge fund investments performed impressively, achieving double-digit returns.

This balanced strategy of combining active trading with strategic holdings has been a crucial differentiator. It provides insulation against market volatility and geopolitical challenges while ensuring resilient investment performance. We continue refining our portfolio to enhance risk-adjusted returns and generate sustainable shareholder value.

Looking ahead to 2025, we anticipate a more challenging and volatile investment landscape due to shifts in leadership in the United States, Europe, and parts of Asia. Geopolitical tensions remain a concern, but we remain optimistic about our overall investment strategy. We will monitor market conditions closely and adjust our strategies as necessary, ensuring we remain well-positioned for future growth.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Health Care and Wellness

Our 4.7% strategic investment in Bumrungrad Hospital Public Company Limited ("Bumrungrad Hospital") is our most significant investment in listed equities.

Bumrungrad Hospital, headquartered in Bangkok, has been a global healthcare leader for nearly four decades, serving over 1.1 million patients from more than 190 countries annually. As one of Southeast Asia's largest private hospitals, it is the first non-US facility to earn Global Healthcare Accreditation with Excellence, ensuring top quality and safety for international patients. With over 1,300 doctors and 4,800 support staff, Bumrungrad Hospital offers integrated care through multidisciplinary teams. It recently expanded its Precision Medicine department to provide personalised cancer treatments and cutting-edge therapies from the US and Europe.

Bumrungrad Hospital's share price decreased by 10.1% in Thai Baht terms and 10.6% in Hong Kong Dollar terms, reflecting the depreciation of the Thai Baht against other major currencies.

Due to the growing global demand for high-quality, culturally tailored medical tourism services, the hospital is poised to build upon its strong international reputation and deliver sustained growth. Approximately two-thirds of Bumrungrad Hospital's revenue is generated from non-Thai patients.

In 2024, tourism accounted for approximately 10% of Thailand's GDP and generated revenue of over 1.8 trillion Thai Baht or about HK\$414 billion from more than 35 million foreign visitors. The outlook for 2025 remains positive, suggesting continued growth in this sector.

Pension and Asset Management

Our joint venture, Bank Consortium Holding Limited, has again provided consistently stable and healthy profits. Its wholly-owned subsidiary, Bank Consortium Trust Company Limited, has established itself as one of the leading providers of Mandatory Provident Fund services in Hong Kong. Its exceptional performance, commitment to service excellence, and innovative offerings have consistently attracted and retained a strong client base.

The Group also holds a 10% stake in BBL Asset Management Company Limited ("BBLAM") since 1992, a well-diversified investment management firm based in Thailand. As a versatile provider of investment services, BBLAM offers a wide array of capabilities, including asset management, equities, fixed income, specialised investment strategies, financial planning, and advisory services. Its expertise and diverse product offerings allow it to adeptly navigate the ever-changing market landscape, ensuring consistent and stable returns from this strategic investment. It has continued to declare good dividend for the past several years.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Property Development

Our commitment to the real estate sector in Shanghai remains a consistent element of our asset portfolio, accounting for 3.9% of our total assets.

In the first quarter of 2024, we began promoting stage four of our flagship mixed-use development in Jiading District, where we maintain a 27.5% stake. Although we encountered moderate sales midyear, government stimulus measures and banks easing mortgage conditions helped stabilise the property market and stimulate buyer interest, resulting in solid sales in the final quarter. We remain optimistic about this trend continuing into 2025, and we sold 55% of the units in the final phase.

All previous phases have sold out, substantially contributing to our profitability. This success highlights our dedication to innovative urban development and our pursuit of excellence.

Our 60,000-square-meter mixed-use project in the Qingpu District is progressing steadily, with strong market interest. We expect this positive trend to continue into 2025. In the first phase of sales, which includes 270 units across three towers, we have sold over 50% of the units.

We are also in the design phase for the 21,000-square-meter land parcel we acquired in the Qinqpu District in December 2024.

Shanghai's real estate market is showing early signs of recovery, and we remain cautiously optimistic about the rise in demand for homeownership.

Securities Investments Representing More than 5% of Total Assets

As of 31st December, 2024, 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, 2024 (HK\$'million)	% of total Group assets	Realised and unrealised gain/(loss) in year 2024 (HK\$'million)	Dividends received in year 2024 (HK\$'million)
PICC Life	1,288,055	1,522	2,930	17.9%	760	18
Bumrungrad Hospital	37,636	533	1,703	10.4%	(203)	42

Both investments are primarily long-term strategic holdings.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

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 key primary 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 2024 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 that a skilled and motivated workforce is essential for achieving its objectives. Consequently, our human resources policy emphasises cultivating, recognising, and rewarding high performance through effective training programmes, evaluations, and compensation strategies. We are confident in our ability to attract talented and qualified individuals, and we believe the risks associated with reliance on key personnel are manageable.

Customers

The Company's main clients are insurance policyholders. Excellent customer service and a wide selection of products are critical to our consistent underwriting profitability. Our risk management practices include diversifying our client base and avoiding over-dependence 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Employees and Remuneration Policy

As of 31st December, 2024, the total number of employees of the Group was 374 (31st December, 2023: 352). 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 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 Wednesday, 28th May, 2025. Notice of the AGM will be published and despatched to the shareholders on or about Thursday, 17th April, 2025.

FINAL DIVIDEND

The Board has resolved to recommend to the shareholders the payment of a final dividend of HK9.0 cents (2023: HK5.0 cents) per share which, together with the interim dividend of HK5.5 cents (2023: HK4.0 cents) per share, will make a total dividend of HK14.5 cents (2023: HK9.0 cents) per share for the year ended 31st December, 2024. 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, 6th June, 2025 and the dividend warrants will be despatched to shareholders on or about Monday, 16th June, 2025.

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 22nd May, 2025
Book close dates (both days inclusive)	23rd May, 2025 to 28th May, 2025
Record date	28th May, 2025
AGM	28th May, 2025

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

Ex-dividend date for final dividend	2nd June, 2025
Latest time to lodge transfers	4:30 p.m. on 3rd June, 2025
Book close dates (both days inclusive)	4th June, 2025 to 6th June, 2025
Record date for final dividend	6th June, 2025

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, 2024, a subsidiary of the Company repurchased a total of 4,412,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of approximately HK\$16,265,000 (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) HK\$'000
		Highest HK\$	Lowest HK\$	
March 2024	116,000	3.38	3.30	387
April 2024	672,000	3.40	3.30	2,278
May 2024	176,000	3.65	3.40	617
June 2024	58,000	3.70	3.50	211
July 2024	84,000	3.70	3.60	307
August 2024	108,000	3.75	3.50	404
September 2024	918,000	3.83	3.48	3,326
October 2024	552,000	3.95	3.75	2,151
November 2024	1,628,000	3.95	3.73	6,195
December 2024	100,000	3.95	3.81	389
	<u>4,412,000</u>			<u>16,265</u>

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 924,650,000 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 2023 and 2024 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, 2024 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, 2024, 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 had 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, 2024.

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 2024 annual report will be published on the same websites and available to the shareholders on or about Thursday, 17th April, 2025.

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

Hong Kong, 26th March, 2025

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*