

*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)

## 2024 INTERIM RESULTS

The board of directors (the “Board”) of Asia Financial Holdings Limited (the “Company” or “Asia Financial”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30th June, 2024 as follows:

### Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2024

	Note	Six months ended 30th June,	
		2024 HK\$'000	2023 HK\$'000
Insurance revenue	3	1,642,356	1,244,434
Insurance service expense		(1,221,842)	(824,767)
Net expenses from reinsurance contracts held		<u>(254,281)</u>	<u>(179,643)</u>
Insurance service result		166,233	240,024
Finance expense from insurance contracts issued		(36,223)	(64,950)
Finance income from reinsurance contracts held		<u>12,133</u>	<u>19,237</u>
Insurance operating result		142,143	194,311
Dividend income		74,901	66,533
Realised gain on investments		22,335	4,855
Unrealised gain on investments		108,084	34,840
Interest income		88,059	72,921
Other income and losses, net		<u>(16,276)</u>	<u>(2,427)</u>
		419,246	371,033

.....continued

## Condensed Consolidated Statement of Profit or Loss (Unaudited)

For the six months ended 30th June, 2024

		Six months ended 30th June,	
	Notes	2024	2023
		HK\$'000	HK\$'000
Operating expenses		<b>(79,978)</b>	(67,321)
Finance costs	4	<u>(75)</u>	<u>(12)</u>
		<b>339,193</b>	303,700
Share of profits and losses of joint ventures		<b>9,511</b>	13,122
Share of profits and losses of associates		<u>57,000</u>	<u>21,884</u>
<b>PROFIT BEFORE TAX</b>	5	<b>405,704</b>	338,706
Income tax expense	6	<u>(44,317)</u>	<u>(38,982)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>361,387</b></u>	<u>299,724</u>
Attributable to:			
Equity holders of the Company		<u><b>361,387</b></u>	<u>299,724</u>
<b>INTERIM DIVIDEND</b>	7	<u><b>51,038</b></u>	<u>37,220</u>
<b>INTERIM DIVIDEND PER SHARE</b>	7	<u><b>HK5.5 cents</b></u>	<u>HK4.0 cents</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted			
- For profit for the period		<u><b>HK38.9 cents</b></u>	<u>HK32.1 cents</u>

## Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June, 2024

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>PROFIT FOR THE PERIOD</b>	<u><b>361,387</b></u>	<u>299,724</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	<b>(39,243)</b>	35,596
Exchange differences on translation of foreign operations	<u><b>(96)</b></u>	<u>1,288</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u><b>(39,339)</b></u>	<u>36,884</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	<b>(558,850)</b>	(240,104)
Income tax effect	<u><b>48,511</b></u>	<u>39,498</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u><b>(510,339)</b></u>	<u>(200,606)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u><b>(549,678)</b></u>	<u>(163,722)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>(188,291)</b></u>	<u>136,002</u>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<u><b>(188,291)</b></u>	<u>136,002</u>

## Condensed Consolidated Statement of Financial Position (Unaudited)

30th June, 2024

	Note	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
<b>ASSETS</b>			
Property, plant and equipment		183,255	185,593
Investment properties		215,180	231,500
Interests in joint ventures		547,965	538,312
Interests in associates		866,155	846,422
Due from associates		259,390	256,710
Held-to-collect debt securities at amortised cost		1,492,045	1,280,125
Equity investments designated at fair value through other comprehensive income		4,416,642	4,975,492
Pledged deposits		341,440	341,440
Other assets		321,303	198,305
Financial assets at fair value through profit or loss		2,558,270	2,039,674
Reinsurance contract assets		1,158,915	1,256,419
Cash and bank balances		<u>2,430,883</u>	<u>2,885,402</u>
Total assets		<u>14,791,443</u>	<u>15,035,394</u>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the Company			
Issued capital	9	928,114	929,296
Reserves		9,531,640	9,773,097
Proposed dividend		<u>51,038</u>	<u>46,453</u>
Total equity		<u>10,510,792</u>	<u>10,748,846</u>
Liabilities			
Insurance contract liabilities		3,373,199	3,491,504
Due to a joint venture		38	38
Due to associates		4,222	4,222
Other liabilities		614,704	492,737
Tax payable		65,301	54,733
Deferred tax liabilities		<u>223,187</u>	<u>243,314</u>
Total liabilities		<u>4,280,651</u>	<u>4,286,548</u>
Total equity and liabilities		<u>14,791,443</u>	<u>15,035,394</u>

# Notes to the Interim Financial Statements (Unaudited)

## 1. Accounting Policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted are consistent with those adopted in the Company’s financial statements for the year ended 31st December, 2023 except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) for the first time for the current period’s financial information and as disclosed below.

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.

## Notes to the Interim Financial Statements (Unaudited)

### 1. Accounting Policies (continued)

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. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

## Notes to the Interim Financial Statements (Unaudited)

### 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 HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30th June, 2024</b>				
<b>Segment revenue:</b>				
External customers	1,642,356	-	-	1,642,356
Other revenue, income and gains, net	143,020	109,993	-	253,013
Intersegment	<u>4,550</u>	<u>-</u>	<u>(4,550)</u>	<u>-</u>
<b>Total</b>	<b><u>1,789,926</u></b>	<b><u>109,993</u></b>	<b><u>(4,550)</u></b>	<b><u>1,895,369</u></b>
<b>Segment results</b>	<b><u>264,861</u></b>	<b><u>74,332</u></b>	<b><u>-</u></b>	<b><u>339,193</u></b>
<b>Share of profits and losses of:</b>				
Joint ventures	(7,884)	17,395	-	9,511
Associates	25,728	31,272	-	<u>57,000</u>
<b>Profit before tax</b>				<b>405,704</b>
<b>Income tax expense</b>	<b>(38,662)</b>	<b>(5,655)</b>	<b>-</b>	<b><u>(44,317)</u></b>
<b>Profit for the period</b>				<b><u>361,387</u></b>

	Insurance HK\$'000	Corporate HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30th June, 2023</b>				
<b>Segment revenue:</b>				
External customers	1,244,434	-	-	1,244,434
Other revenue, income and gains, net	65,368	65,641	-	131,009
Intersegment	<u>4,816</u>	<u>-</u>	<u>(4,816)</u>	<u>-</u>
<b>Total</b>	<b><u>1,314,618</u></b>	<b><u>65,641</u></b>	<b><u>(4,816)</u></b>	<b><u>1,375,443</u></b>
<b>Segment results</b>	<b><u>265,832</u></b>	<b><u>37,868</u></b>	<b><u>-</u></b>	<b><u>303,700</u></b>
<b>Share of profits and losses of:</b>				
Joint ventures	(1,069)	14,191	-	13,122
Associates	20,858	1,026	-	<u>21,884</u>
<b>Profit before tax</b>				<b>338,706</b>
<b>Income tax expense</b>	<b>(34,847)</b>	<b>(4,135)</b>	<b>-</b>	<b><u>(38,982)</u></b>
<b>Profit for the period</b>				<b><u>299,724</u></b>

## Notes to the Interim Financial Statements (Unaudited)

### 2. Operating Segment Information (continued)

#### (a) Operating segments (continued)

	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
<b>30th June, 2024</b>			
Segment assets	7,574,786	5,802,537	13,377,323
Interests in joint ventures	400,571	147,394	547,965
Interests in associates	<u>378,448</u>	<u>487,707</u>	<u>866,155</u>
<b>Total assets</b>	<b><u>8,353,805</u></b>	<b><u>6,437,638</u></b>	<b><u>14,791,443</u></b>
<b>Segment liabilities</b>	<b><u>3,883,668</u></b>	<b><u>396,983</u></b>	<b><u>4,280,651</u></b>
	Insurance HK\$'000	Corporate HK\$'000	Consolidated HK\$'000
<b>31st December, 2023</b>			
Segment assets	7,473,608	6,177,052	13,650,660
Interests in joint ventures	408,313	129,999	538,312
Interests in associates	<u>371,542</u>	<u>474,880</u>	<u>846,422</u>
<b>Total assets</b>	<b><u>8,253,463</u></b>	<b><u>6,781,931</u></b>	<b><u>15,035,394</u></b>
<b>Segment liabilities</b>	<b><u>3,854,290</u></b>	<b><u>432,258</u></b>	<b><u>4,286,548</u></b>

#### (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

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest on lease liabilities	<u>75</u>	<u>12</u>



## Notes to the Interim Financial Statements (Unaudited)

### 5. Profit Before Tax

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

	<b>Six months ended 30th June,</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Auditor's remuneration	<b>(2,548)</b>	(2,026)
Depreciation	<b>(7,853)</b>	(7,664)
Employee benefits expense (including directors' remuneration)	<b>(102,703)</b>	(88,740)
Realised gain on:		
- disposal of financial assets at fair value through profit or loss, net	<b>17,981</b>	4,855
- redemption/call-back of held-to-collect debt securities at amortised cost	<b>38</b>	-
- change in ownership interest in an associate	<b>4,316</b>	-
Total realised gain on investments	<b><u>22,335</u></b>	<u>4,855</u>
Unrealised gain on financial assets at fair value through profit or loss, net	<b>108,084</b>	34,840
Change in expected credit losses for:		
- held-to-collect debt securities at amortised cost	<b>512</b>	(392)
Interest income	<b>88,059</b>	72,921
Loss on write-off of items of property, plant and equipment*	<b>(13)</b>	-
Gross rental income*	<b>3,940</b>	3,365
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b>(305)</b>	(200)
Changes in fair value of an investment property*	<b>(16,320)</b>	-
Foreign exchange loss, net*	<b>(7,282)</b>	(7,698)
Dividend income from:		
Listed investments	<b>58,323</b>	44,612
Unlisted investments	<b>16,578</b>	21,921
Total dividend income	<b><u>74,901</u></b>	<u>66,533</u>

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

## Notes to the Interim Financial Statements (Unaudited)

### 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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Six months ended 30th June,	
	2024	2023
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	1,929	1,612
Under provision in prior period	110	-
Current – Elsewhere		
Charge for the period	13,874	12,704
Over provision in prior period	-	(107)
Deferred	<u>28,404</u>	<u>24,773</u>
Total tax charge for the period	<u>44,317</u>	<u>38,982</u>

### 7. Dividend

	Six months ended 30th June,	
	2024	2023
	HK\$'000	HK\$'000
Proposed interim dividend:		
HK5.5 cents (2023: HK4.0 cents)		
per ordinary share	<u>51,038</u>	<u>37,220</u>

The Board has resolved to pay an interim dividend of HK5.5 cents per share (2023: HK4.0 cents), which will be paid in cash, for the six months ended 30th June, 2024 payable on or about 4th October, 2024 to shareholders whose names appear on the Register of Members of the Company on 24th September, 2024.

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

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$361,387,000 (2023 : HK\$299,724,000) and the weighted average number of ordinary shares of 928,677,000 (2023: 934,523,000) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30th June, 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

## Notes to the Interim Financial Statements (Unaudited)

### 9. Share Capital

	<b>30th June, 2024</b>	31st December, 2023
	<b>HK\$'000</b>	HK\$'000
Authorised:		
1,500,000,000 ordinary shares of HK\$1 each	<u><b>1,500,000</b></u>	<u>1,500,000</u>
Issued and fully paid:		
928,114,000 (2023: 929,296,000) ordinary shares of HK\$1 each	<u><b>928,114</b></u>	<u>929,296</u>

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

	<b>Number of shares in issue</b>	<b>Share capital HK\$'000</b>
At 1st January, 2024	<b>929,296,000</b>	<b>929,296</b>
Shares repurchased and cancelled (note)	<u><b>(1,182,000)</b></u>	<u><b>(1,182)</b></u>
At 30th June, 2024	<u><b>928,114,000</b></u>	<u><b>928,114</b></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 period ended 30th June, 2024, a subsidiary of the Company repurchased 1,022,000 ordinary shares of the Company of HK\$1 each on the Stock Exchange at prices ranging from HK\$3.30 to HK\$3.70 per share at a total consideration of HK\$3,499,000 (including expenses and dividend). Out of which, 948,000 repurchased shares were cancelled.

The premium of HK\$2,844,000 paid on the repurchase of such shares was debited to the retained profits account and an amount of HK\$1,182,000 was transferred from retained profits of the company to the capital redemption reserve.

The remaining 74,000 shares with cost of HK\$269,000 were classified as treasury shares at 30th June, 2024 and were subsequently cancelled in July 2024.

Subsequent to the end of the reporting period, the Group repurchased and cancelled 84,000 ordinary shares of the Company from the market at prices ranging from HK\$3.60 to HK\$3.70 per share at a total amount of HK\$308,000 (including expenses). As at the date of this announcement, the number of issued shares of the Company is 927,956,000 shares.

## Management Discussion and Analysis

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

Profit attributable to equity holders of the Company:	HK\$361.4 million	+20.6%
Earnings per share:	HK38.9 cents	+21.2%
Interim dividend per share:	HK5.5 cents	+37.5%

Asia Financial Holdings Limited ("Asia Financial," "The Group," or "The Company") posted a net profit attributable to its shareholders of HK\$361.4 million for the first half of 2024, a solid 20.6% growth over the first half of 2023.

Several factors underpinned our resilient performance throughout the year. We achieved positive results and earnings growth from our trading investments year over year. Additionally, our insurance operations delivered satisfactory outcomes. Consistent returns were also generated across our joint venture and associate holdings.

During the first half of 2024, Asia Financial demonstrated its adept portfolio management capabilities, outperforming key benchmark indices through strategic adjustments. Due to escalating geopolitical tensions between the United States and China, we maintained reduced exposure to Hong Kong and China equities and actively increased exposure to developed market equities in the United States, Japan, and Europe. Additionally, we capitalised on the high interest rate environment by bolstering our allocations to investment-grade bonds and cash holdings.

As we look ahead to the second half of 2024, Asia Financial approaches the outlook positively but recognises that the global financial markets and broader economic environment will continue to navigate complex challenges. Ongoing conflicts in Ukraine and the Middle East are anticipated to persist, compounded by the lingering effects of tightened monetary policies, and upcoming elections in many countries.

Despite these challenges, Asia Financial remains steadfast in its commitment to identifying and seizing opportunities that are aligned with our strategic priorities. We will leverage our operational agility and diversified business model to chart a prudent course through the evolving landscape.

By striking the right balance between vigilance and proactive adaptation, we are confident in delivering consistent, responsible performance for our stakeholders while positioning the organisation for long-term sustainable growth.

## **Management Discussion and Analysis (continued)**

### **Economic Background**

Although geopolitical challenges remained comparatively high, the global economy stabilised, avoiding a recession in the first half of 2024. According to the latest figures from the IMF, annual global economic growth for 2024 will be unchanged at 3.2% compared to last year. GDP growth forecasts in 2024 for China are 4.6% and Hong Kong 2.9%, compared to the USA's 2.7% and Europe's 1.4%.

Positive trading momentum continued in the US, Japan, and Europe, with the Dow Jones Industrial Average posting a first-half gain of 3.8%, the Japanese TOPIX index increasing 18.7%, and the MSCI Europe Index increasing by 6.9%. Equity markets in China and Hong Kong rebounded, with the Hang Seng China Enterprises (H-share) Index rising 9.8% and the Hang Seng Index adding 3.9% due to increased stimulus measures from the Chinese government and buoyant domestic capital fund flows.

After a solid start to the year, China's economic rebound continued in the first six months of 2024, driven by faster growth in exports and industrial production. However, this was tempered by a faltering domestic real estate sector and dampened consumer confidence, which weighed on the overall pace of recovery.

Hong Kong's economy recorded mild growth in the first six months of the year helped by strong exports of goods and services in the first quarter. The commercial and residential property market has been subdued due to high interest rates with sluggish private consumption impacting retail sales.

Key stakeholders in Hong Kong are working hard to attract global enterprises, capital, and talent to drive the city's financial, innovation, technology and trade development while embracing green and digital transformation to propel high-quality economic growth.

The city's unique access to the Guangdong-Hong Kong-Macau Greater Bay Area and One Belt, One Road countries will further boost economic development.

### **Management Approach and Future Prospects**

Despite the global economic headwinds, worldwide economies, particularly those in developed countries, are expected to be resilient during the second half of the year. As inflationary data declines and major regions such as Europe are cutting interest rates while the US is expected to lower interest rates later this year, a sense of stabilisation and cautious optimism emerges.

## **Management Discussion and Analysis (continued)**

### **Management Approach and Future Prospects (continued)**

While maintaining our traditional core market exposure in our diversified investment portfolio over the long term, we will also increase opportunistic positions in selected developed and developing markets in the Asia region, such as India. This strategy aims to mitigate volatility by diversifying geopolitical risk and seizing opportunities across various sectors, including those with high growth potential like generative artificial intelligence, cybersecurity, and robotics. Maintaining a diverse and flexible investment portfolio enables us to navigate economic challenges and prioritise shareholder value.

Our projections for the insurance business remain cautiously optimistic. Despite the challenging economic environment and intense market competition, we are on track to deliver another year of solid growth. While we remain cautiously optimistic about the future, we will continue to exercise patience and diligence in our strategy and execution. By consistently reviewing and perfecting our business model, we are well-positioned to navigate the current challenges and capitalise on emerging opportunities in the insurance sector.

Asia Financial's distinguished brand and outstanding reputation give us a strong competitive edge. 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 and healthcare, focusing on Hong Kong, Macau, and Mainland China and the rest of the world for reinsurance business. Our investment strategy is tailored to our strengths, leveraging our extensive client and partnership networks. We maintain a strategy of prudence.

### **Business Review**

#### Insurance

The Group's wholly-owned subsidiary, Asia Insurance Company Limited ("Asia Insurance"), achieved a net profit of HK\$249.2 million in the first half of 2024, a 2.7% decrease compared with the same period in 2023.

Despite the prevailing softness in the local market, particularly within Small to Medium Enterprises categories, Asia Insurance has delivered a solid 31.9% increase in insurance revenue over the first half of 2024.

This solid performance underscores the company's resilience and ability to navigate market challenges. By continuing to identify new business opportunities, develop innovative new product areas, leverage our industry expertise, and adopt agile business strategies, we increase our capacity to generate growth even in a relatively soft environment. This reflects our deep understanding of evolving market dynamics and our commitment to delivering innovative solutions that navigate the nuances of the current complex economic climate.

## **Management Discussion and Analysis (continued)**

### **Business Review (continued)**

#### Insurance (continued)

At the heart of our exceptional reputation lies the depth and strength of our client relationships and core business partnerships fostered through our consistently professional and innovative approach. Upholding the highest service standards has been a cornerstone of our success.

Asia Insurance's operating expenses for the current period align with the budgeted allocations and anticipated projections. We have enabled strategic business growth, strengthened our corporate sales and marketing capabilities, onboarded new agents, brokers, and partners, and established robust online digital infrastructures.

Furthermore, we have successfully consolidated our collaborative relationships within the insurance and banking sectors and are actively pursuing the development of additional business distribution avenues.

Our sustained investments in technology, system enhancements, and cybersecurity reflect our continuous commitment to reviewing and upgrading our business processes, boosting operational efficiency and enhancing our capacity for new business development and client acquisition. During the first six months of the year, we successfully migrated to a new digital platform in Macau.

We continue diversifying our reinsurance business into new international markets, and insurance revenue increased by 31.9% in the first half of 2024 over the same period last year. However, a reduction in our insurance service result by 30.3% mainly due to the increase in insurance liability reserves.

All the above figures are before elimination of group transactions.

Our commitment to balanced and sustainable growth is underpinned by our adept risk management practices and steadfast dedication to maintaining a diversified business model. For example, despite significant weather occurrences, the impact on Asia Insurance was minimal.

Given the current climate of intense competition and regional economic volatility, we remain vigilant to risks such as heightened cost sensitivity among clients and the possibility of business contractions due to economic pressures. In response to these evolving market dynamics, we will persist with our rigorous underwriting practices to refine our business composition. This will ensure our risk management framework remains robust and adaptive, enabling us to navigate uncertainties and capitalise on emerging opportunities. The overall performance of our insurance services consistently meets the highest industry standards and is considered satisfactory.

## **Management Discussion and Analysis (continued)**

### **Business Review (continued)**

#### Insurance (continued)

We remain steadfast in investing in our employees' continuous training and development. To further bolster our capabilities, we have proactively recruited some high-calibre personnel who bring specialised expertise and diverse perspectives to our organisation.

Our investments yielded realised and unrealised returns in the first half of 2024. The company's strategic joint ventures and associated entities have provided meaningful contributions that bolstered the insurance segment's overall results. BC Reinsurance Limited and Professional Liability Underwriting Services Limited, have demonstrated commendable and stable profitability throughout the period. Hong Kong Life Insurance Limited and Avo Insurance Company Limited returned a moderate loss.

Asia Insurance's two joint ventures with Fanhua Inc., one of China's preeminent independent financial services providers, have met management's performance expectations. These collaborative ventures include a life insurance brokerage firm and an insurance technology company, in which Asia Insurance maintains a 40% equity stake.

Asia Financial holds a 5% equity interest in PICC Life Insurance Company Limited ("PICC Life"), a financially robust entity with a nationwide license and a prominent footprint in the Chinese Mainland market. PICC Life's expansive network of branch offices plays a pivotal role in sustaining its strong financial standing.

#### Other Portfolio Investment

Our trading investments generated positive returns in the first half of 2024, driven by strong performance across different asset classes including value-oriented equities, investment grade fixed income bonds, and diversified alternative investments. We have actively adjusted the portfolio from a home-biased allocation to focus on a broader geographic diversification in developed markets and selective developing markets. This has helped our trading investments navigate market changes and volatility while maintaining the flexibility to capitalise on timely opportunities.

Our long-term strategic holdings provided solid dividend income which complemented investment returns. This balanced, active trading and strategic holdings approach has been a key differentiator, enabling us to deliver resilient investment performance. We remain committed to optimising and fine-tuning the portfolio to optimise risk-adjusted returns and sustainable shareholder value.



## **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. The hospital's long-standing success is a testament to its unwavering commitment to exceptional healthcare services, cutting-edge facilities, and a relentless focus on catering to the needs of international patients.

Headquartered in Bangkok, Bumrungrad Hospital's multilingual workforce and dedicated emphasis on customer satisfaction have been crucial factors in solidifying its position as a leading healthcare provider in the region. In the first half of 2024, Bumrungrad Hospital's share price increased by 11.3% in Thai Baht terms and 3.7% in Hong Kong Dollar terms, driven by the Thai Baht's depreciation against other major currencies.

The outlook for the remainder of the year remains optimistic. Due to the growing global demand for high-quality, culturally tailored medical tourism services, the hospital is poised to build upon its strong momentum and deliver sustained growth.

#### Pension and Asset Management

In the first half of 2024, our joint venture, Bank Consortium Holding Limited ("BCH"), demonstrated remarkable financial stability and generated consistent profits. Its wholly-owned subsidiary, Bank Consortium Trust Company Limited ("BCT"), has firmly cemented its position as one of the top providers of Mandatory Provident Fund services in the Hong Kong market. Through its outstanding performance, unwavering commitment to service excellence, and innovative product offerings, BCT has consistently attracted and retained a strong client base, contributing significantly to the overall profitability of the BCH joint venture.

The Group maintains a 10% stake in BBL Asset Management Company Limited, a Thailand-based investment management firm. It operates as a multi-faceted investment services provider, offering a comprehensive range of capabilities, including asset management, equities, fixed income, specialised investment strategies, financial planning, and advisory services. The company's expertise and diversified product suite have enabled it to navigate the dynamic market environment effectively. This strategic holding continues to deliver stable returns consistently.

## Management Discussion and Analysis (continued)

### Business Review (continued)

#### Property Development

Our real estate ventures in Shanghai have been a steady component of our asset portfolio, comprising 4.4% of our total assets.

Our commitment to excellence and innovation in urban planning is unwavering, as demonstrated by the successful completion of Stage Four in our flagship mixed-use development in the Jiading District. Our group maintains a 27.5% stake in this project, consistently delivering strong sales performance. All prior phases sold out and significantly contributed to our profitability.

Following the approval of the Shanghai Municipal Bureau of Planning and Natural Resources in December 2023, we commenced promoting Stage Four at a selling price of RMB 49,000 per square meter. While market conditions have demonstrated moderation in recent months, as potential purchasers adopt a more measured approach in the hope of further favourable government policy adjustments, initial market sales have exceeded market trends, and more than 50% of units have been sold to date. We remain cautiously optimistic about the long-term outlook for the Shanghai real estate sector.

Furthermore, we continue to progress smoothly with our 60,000-square-meter mixed-use project in the Qingpu District. This project includes a 21,000-square-meter land parcel near the Shanghai Hongqiao International Airport. Construction commenced in early 2023, and the first sales phase will commence by the fourth quarter of 2024.

Overall, we remain confident in the stable demand for home ownership within the Shanghai market.

#### Securities Investments Representing More than 5% of Total Assets

As of the 30th June, 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 30th June, 2024 (HK\$'million)	% of total Group assets	Realised and unrealised gain/(loss) (HK\$'million)	Dividends received (HK\$'million)
Bumrungrad Hospital	37,419	520	1,962	13.3%	69	25
PICC Life	1,288,055	1,522	1,733	11.7%	(437)	-

Both investments are primarily long-term strategic holdings.

## **Management Discussion and Analysis (continued)**

### **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 of 30th June, 2024 amounted to HK\$2,430,883,000 (31st December, 2023: HK\$2,885,402,000).

The Group had no bank borrowing as of 30th June, 2024 and 31st December, 2023.

No gearing ratio was calculated as the Group had no net current debt as of 30th June, 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 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 of 30th June, 2024, Asia Insurance Company, Limited ("Asia Insurance") charged assets with a carrying value of HK\$111,036,000 (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 of 30th June, 2024, the Group had no material contingent liabilities.

## Management Discussion and Analysis (continued)

### Employees and Remuneration Policy

The total number of employees of the Group as of 30th June, 2024 was 363 (31st December, 2023: 352). Employees were remunerated based on their performance, experience and prevailing industry practice. Remuneration of the employees includes salary and discretionary bonus, which are based on the Group's results and individual performance. Medical and retirement benefit schemes are made available to all levels of personnel. There was no share option scheme during the six months ended 30th June, 2024. The Group also offers various training and induction programmes to its 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 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.

### Purchase, Sale or Redemption of the Company's Shares

During the six months ended 30th June, 2024, a subsidiary of the Company repurchased a total of 1,022,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate purchase price of approximately HK\$3,493,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled during the reporting period and after the end of the reporting period. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period 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\$	
Mar 2024	116,000	3.38	3.30	387
Apr 2024	672,000	3.40	3.30	2,278
May 2024	176,000	3.65	3.40	617
Jun 2024	58,000	3.70	3.50	211
	<u>1,022,000</u>			<u>3,493</u>

## Purchase, Sale or Redemption of the Company's Shares (continued)

Subsequent to the end of the reporting period and up to the date of this announcement, a total of 84,000 ordinary shares of the Company were repurchased on the Stock Exchange at an aggregate purchase price of approximately HK\$307,000 (excluding expenses) which was paid wholly out of retained profits. Such repurchased shares were cancelled on 18th July 2024 and 30th July, 2024. Details of the ordinary shares repurchased on the Stock Exchange after the end of the reporting period 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\$	
Jul 2024	84,000	3.70	3.60	307
	<u>84,000</u>			<u>307</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 reporting period and after the end of the reporting period. As at the date of this announcement, the number of issued ordinary shares of the Company is 927,956,000 shares.

The purchase of the Company's shares during the reporting period and after the end of the reporting period 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 ordinary shares during the six months ended 30th June, 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 six months ended 30th June, 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 Interim Financial Statements**

The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30th June, 2024 and recommended it for the Board's approval.

## Interim Dividend

The Board has resolved to declare an interim cash dividend of HK5.5 cents (2023: HK4.0 cents) per ordinary share for the six months ended 30th June, 2024 payable on or about Friday, 4th October, 2024 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 24th September, 2024.

## Closure of Register of Members

The Register of Members of the Company will be closed from Friday, 20th September, 2024 to Tuesday, 24th September, 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged 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, for registration not later than 4:30 p.m. on Thursday, 19th September, 2024.

## Publication of 2024 Interim Results and Interim Report

This results announcement is published on the Company's website at [www.afh.hk](http://www.afh.hk) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2024 Interim Report will be published on the same websites and available to the shareholders on or about Thursday, 5th September, 2024.

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

Hong Kong, 20th August, 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