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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Asia Financial Holdings Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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亞洲金融集團(控股)有限公司*
Asia Financial Holdings Ltd.

Incorporated in Bermuda with limited liability

(Stock Code: 662)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the 2017 AGM of Asia Financial Holdings Limited to be held at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 24th May 2017 at 12:00 noon is set out on pages 18 to 22 of this circular.

If you are unable to attend and vote at the 2017 AGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the completed proxy form to the principal place of business of the Company at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong or the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event by 12:00 noon on 22nd May 2017 (Hong Kong time), being at least 48 hours before the time appointed for holding the 2017 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2017 AGM or any adjourned meeting thereof should you so wish.

* *for identification purposes only*

20th April 2017

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2017 AGM”	the annual general meeting of the Company to be held on Wednesday, 24th May 2017 at 12:00 noon at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong, to consider and, if appropriate, to approve the Resolutions or any adjournment thereof
“AGM Notice”	the notice of the 2017 AGM set out on pages 18 to 22 of this circular
“Asia Insurance”	Asia Insurance Company, Limited, a wholly owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Bye-laws”	the Bye-laws of the Company as may be amended from time to time
“close associate(s)”	has the meaning ascribed under the Listing Rules
“Company”	Asia Financial Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder(s)”	has the meaning as ascribed under the Listing Rules
“core connected person(s)”	has the meaning as ascribed under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	10th April 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Resolution(s)”	the ordinary resolution(s) to be proposed for consideration by Shareholders at the 2017 AGM as set out in the AGM Notice
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



亞洲金融集團(控股)有限公司*
Asia Financial Holdings Ltd.

Incorporated in Bermuda with limited liability

(Stock Code: 662)

Executive Directors:

CHAN Yau Hing Robin, *G.B.S., LL.D., J.P. (Chairman)*

CHAN Bernard Charnwut, *G.B.S., J.P. (President)*

TAN Stephen

WONG Kok Ho

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

SOPHONPANICH Choedchu

CHAN Yeow Toh

TANAKA Junichi

YAMAMOTO Takao

Head Office and

Principal Place of Business:

16th Floor

Worldwide House

19 Des Voeux Road Central

Hong Kong

Independent Non-executive Directors:

CHOW Suk Han Anna

MA Andrew Chiu Cheung

SIAO Chi Lam Kenneth

WONG Yu Hong Philip, *G.B.S.*

LAI KO Wing Yee Rebecca, *J.P.*

20th April 2017

To the Shareholders

Dear Shareholders,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals relating to the re-election of Directors, the granting of general mandates to issue Shares and repurchase Shares, and to seek your approval of the proposed resolutions relating to these matters at the 2017 AGM.

* *for identification purposes only*

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

The Board currently consists of 13 Directors, namely Dr. CHAN Yau Hing Robin, Mr. CHAN Bernard Charnwut, Mr. TAN Stephen, Mr. WONG Kok Ho, Mr. SOPHONPANICH Choedchu, Ms. CHAN Yeow Toh, Mr. TANAKA Junichi, Mr. YAMAMOTO Takao, Ms. CHOW Suk Han Anna, Mr. MA Andrew Chiu Cheung, Mr. SIAO Chi Lam Kenneth, Dr. WONG Yu Hong Philip and Mrs. LAI KO Wing Yee Rebecca.

In accordance with Bye-law 87(2) of the Bye-laws of the Company, Mr. CHAN Bernard Charnwut, Mr. TAN Stephen, Ms. CHAN Yeow Toh, Ms. CHOW Suk Han Anna (“Ms. Chow”), Mr. MA Andrew Chiu Cheung (“Mr. Ma”) and Mrs. LAI KO Wing Yee Rebecca (“Mrs. Lai”) will retire from office by rotation and, being eligible, offer themselves for re-election at the 2017 AGM.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee assessed and reviewed each independent non-executive Director’s annual confirmation of independence and affirmed all independent non-executive Directors, including Ms. Chow, Mr. Ma and Mrs. Lai to be re-elected at the 2017 AGM, remained independent.

Ms. Chow and Mr. Ma both have served as independent non-executive Directors for more than nine years. During their years of services with the Company, they have demonstrated their ability to provide independent views and judgements in the Company’s affairs. They have met the independence guidelines as set out in Rule 3.13 of the Listing Rules and remain independent notwithstanding the length of their services. The Board believes that they are able to continue to fulfil their roles as independent non-executive Directors and thus recommends each of Ms. Chow and Mr. Ma for re-election as an independent non-executive Director subject to a separate resolution to be approved by the Shareholders at the 2017 AGM.

In accordance with Bye-law 89, if a Shareholder wishes to nominate a person to stand for election as a director at the 2017 AGM, notice of his/her intention to propose such person for election as a director and the notice executed by the nominated candidate of his/her willingness to be elected together with that candidate’s information as required to be disclosed under Rule 13.51(2) of the Listing Rules which must be validly served to the Secretary of the Company at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong during the period from 21st April 2017 to 28th April 2017 (both dates inclusive).

Brief biographical details of the above mentioned Directors proposed to be re-elected at the 2017 AGM are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a director at the 2017 AGM was received, the Company would publish an announcement or issue and despatch a supplementary circular to inform Shareholders of the details of the candidate proposed.

LETTER FROM THE BOARD

3. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 19th May 2016, approvals were given by the Shareholders for the granting of, inter alia, a general mandate to the Directors to issue Shares up to a maximum of 20% of the number of issued shares of the Company at the date of passing the relevant resolution and a general mandate to the Directors to repurchase Shares up to a maximum of 10% of the number of issued shares of the Company at the date of passing the relevant resolution. These general mandates will lapse at the conclusion of the 2017 AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 978,478,000 Shares. On the basis that no further Shares will be issued prior to the 2017 AGM, the Directors would be authorised under the Share Issue Mandate (as defined below) to issue Shares up to a limit of 195,695,600 Shares.

Resolutions will therefore be proposed at the 2017 AGM to renew these general mandates. The relevant resolutions, in summary, are:

- to grant to the Directors a general and unconditional mandate to allot, issue and deal with additional Shares not exceeding 20% of the number of Shares in issue as at the date of the resolution for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the “Share Issue Mandate”);
- to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to repurchase an amount of Shares not exceeding 10% of the number of Shares in issue as at the date of the resolution for the period until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the “Share Repurchase Mandate”); and
- conditional upon the passing of the Resolutions to grant the Share Issue Mandate and the Share Repurchase Mandate, to extend the Share Issue Mandate by the addition thereto of an amount representing the aggregate number of Shares repurchased by the Company under the authority given pursuant to the Share Repurchase Mandate, provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue at the date of the resolution.

The Directors believe that the relevant mandates afford the Directors the flexibility and discretion when the Directors consider it desirable to issue and allot or repurchase Shares.

An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the proposed Share Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant Resolution at the 2017 AGM.

LETTER FROM THE BOARD

4. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 18 to 22 of this circular. Resolutions in respect of the re-election of Directors, the granting to the Directors the Share Issue Mandate and the Share Repurchase Mandate will be proposed at the 2017 AGM.

A proxy form for use at the 2017 AGM is enclosed with this circular. If you are unable to attend or vote at the 2017 AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the completed proxy form to the principal place of business of the Company at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong or the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event by 12:00 noon on 22nd May 2017 (Hong Kong time), being at least 48 hours before the time appointed for holding the 2017 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2017 AGM or any adjourned meeting thereof should you so wish.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting (including the 2017 AGM) must be taken by poll. The Chairman of the 2017 AGM will demand, pursuant to Bye-law 66 of the Bye-laws of the Company, that all Resolutions set out in the AGM Notice be decided by poll.

After the conclusion of the 2017 AGM, the poll results will be published on the HKExnews website (www.hkexnews.hk) and the Company's website (www.afh.hk).

6. RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the proposed Resolutions for the re-election of Directors and for granting to the Directors the Share Issue Mandate and the Share Repurchase Mandate are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of such Resolutions to be proposed at the 2017 AGM.

Yours faithfully,
For and on behalf of the Board
CHAN Yau Hing Robin
Chairman

The biographical details of the Directors proposed to be re-elected at the 2017 AGM according to the Bye-laws of the Company are set out below:

Mr. CHAN Bernard Charnwut, *G.B.S., J.P.*, aged 52, is an executive director and the President of the Company and Asia Insurance. Mr. Chan is a member of the remuneration committee, the nomination committee and the compliance committee of the Company and also the Chairman of AFH Charitable Foundation Limited. Mr. Chan has been working for the Group for 27 years. He graduated from Pomona College in California, U.S.A. In addition to directorships in other subsidiaries of the Company, Mr. Chan is an independent non-executive director of Yau Lee Holdings Limited, Chen Hsong Holdings Limited and China Resources Beer (Holdings) Company Limited, all of which are listed on the Stock Exchange. He resigned as a non-executive director of LVGEM (China) Real Estate Investment Company Limited and City e-Solutions Limited on 5th June 2014 and 9th September 2016 respectively, both of which are listed on the Stock Exchange. Save as disclosed above, Mr. Chan did not hold any directorship in any other public listed companies in the last three years.

Mr. Chan is currently a director of PICC Life Insurance Company Limited, a director of Claremont Capital Holdings Ltd which is the controlling shareholder of the Company and an advisor to Bangkok Bank (China) Company Limited. Mr. Chan has been elected a Deputy to The National People's Congress of the People's Republic of China since January 2008. He has also been appointed as a non-official member of the Executive Council of the HKSAR since July 2012. Mr. Chan is the Chairman of the Committee on Reduction of Salt and Sugar in Food, the Steering Committee on Restored Landfill Revitalisation Funding Scheme and Hong Kong-Thailand Business Council. He is also a trustee of Pomona College, California U.S.A. and serves as the Chairperson of The Hong Kong Council of Social Service.

Mr. Chan is the son of Dr. CHAN Yau Hing Robin, the brother of Mr. TAN Stephen and the nephew of Mr. SOPHONPANICH Choedchu. As at the Latest Practicable Date, Mr. Chan has interests in 1,382,334 Shares of the Company within the meaning of Part XV of the SFO.

Mr. Chan has entered an employment contract with the Company with no specific term of service but his directorship with the Company is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. For the year ended 31st December 2016, Mr. Chan received total annual director's fee of HK\$160,000 for being a director of the Company and Asia Insurance, a member of the compliance committee, the remuneration committee and the nomination committee and also other emoluments of HK\$5,754,864, including salaries, allowances and discretionary bonus, which were determined according to the Group's remuneration policy with reference to his position, qualifications, experience, level of responsibilities and the Group's performance and profitability. His director's fee and other emoluments were reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' and committees' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

On 2nd April 2002, the Takeovers and Mergers Panel of the Securities and Futures Commission had announced a public censure on Asia Financial (Assets Management) Limited ("AFAM") for its breach of Rule 26.1 of the Takeovers Code when Mr. Chan was a director of AFAM. AFAM ceased its business on 15th April 2002 and was dissolved by members' voluntary winding up on 12th December 2007.

Mr. TAN Stephen, aged 63, has been an executive director of the Company since 30th May 2006 and has been working for the Group for 30 years. He is a member of the compliance committee of the Company. In addition to directorships in other subsidiaries of the Company, Mr. Tan sits on the boards of AFH Charitable Foundation Limited, Bank Consortium Trust Company Limited and Hong Kong Life Insurance Limited. He is also an independent non-executive director of Pioneer Global Group Limited and China Motor Bus Company, Limited, both of which are listed on the Stock Exchange. Save as disclosed above, Mr. Tan did not hold any directorship in any other public listed companies in the last three years.

Mr. Tan serves as a Standing Committee Member of The Chinese General Chamber of Commerce, the Vice President of Hong Kong Chiu Chow Chamber of Commerce, the Incumbent Honorary President of Chiu Yang Residents Association of Hong Kong Limited and the Manager of Chiu Yang Primary School of Hong Kong. Mr. Tan is a voting member of Tung Wah Group of Hospitals Advisory Board, a founding member of both Hong Kong-Thailand Business Council and Hong Kong-Korea Business Council, a trustee of Outward Bound Trust of Hong Kong, a charter member of The Rotary Club of The Peak and a founding member of Opera Hong Kong Limited. Mr. Tan is also a member of the Mega Events Fund Assessment Committee, a member of the Board of Governors of Hong Kong Sinfonietta Limited and the honorary adviser of the Hong Kong Baseball Association. Mr. Tan was educated in the U.S.A. and holds a bachelor's degree in Business Administration from Rutgers University, and a master's degree in Business Administration from St. John's University.

Mr. Tan is the son of Dr. CHAN Yau Hing Robin, the brother of Mr. CHAN Bernard Charnwut and the nephew of Mr. SOPHONPANICH Choedchu. As at the Latest Practicable Date, Mr. Tan did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

There is an employment contract between Mr. Tan and the Company with a contract period of 3 years commencing 1st January 2017. Mr. Tan has no fixed term of director's service with the Company but is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. For the year ended 31st December 2016, Mr. Tan received total annual director's fee of HK\$80,000 for being a director of the Company and a member of the compliance committee and also other emoluments of HK\$3,858,126, including salaries, allowances and discretionary bonus, which were determined according to the Group's remuneration policy with reference to his position, qualifications, experience, level of responsibilities and the Group's performance and profitability. His director's fee and other emoluments were reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' and committees' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

Ms. CHAN Yeow Toh, aged 61, has been a non-executive director of the Company and Asia Insurance since 28th June 2007. Ms. Chan is currently a director of IMC Development & Management Limited and a director of a number of other companies in Hong Kong and overseas. She is a fellow member of The Institute of Chartered Secretaries & Administrators, the United Kingdom, and The Malaysian Association of Company Secretaries. Ms. Chan was the Company Secretary of IMC Holdings Limited from 1990 until 2002 when it was delisted from the Stock Exchange. She was also the Chairman of Suntec City Management Pte. Ltd. from July 2005 to December 2009.

Ms. Chan did not hold any directorship in any other public listed companies in the last three years. She does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Chan did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Ms. Chan received a letter of appointment from the Company for a term of 2 years commencing 20th May 2015 and is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. Ms. Chan, if elected at the 2017 AGM, would have a new two-year service term with the Company until the conclusion of the Company's annual general meeting in 2019. For the year ended 31st December 2016, Ms. Chan received total annual director's fee of HK\$100,000 for being a director of the Company and Asia Insurance. Her director's fee was reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

Ms. CHOW Suk Han Anna, aged 69, has been an independent non-executive director of the Company since 27th September 2004. Ms. Chow is the chairperson of both the nomination committee and the compliance committee, and a member of both the audit committee and the remuneration committee of the Company. She is also an independent non-executive director of Asia Insurance. Ms. Chow was admitted as a solicitor of the Supreme Court of England and of Hong Kong respectively in 1973 and she has been in legal practice in Hong Kong since 1973. Ms. Chow was a partner of Messrs. Peter C. Wong, Chow and Chow from 1st April 1989 to 30th September 2012 and has since 1st October 2012 become a consultant of the firm. The firm has since 1st February 2016, changed its name to Guantao and Chow. She was appointed as a Notary Public by the Faculty Office of Archbishop of Canterbury in 1984 and as a China-Appointed Attesting Officer by the Ministry of Justice, The People's Republic of China in 1991 and has been practicing as a Notary Public and an attesting officer since the said years respectively. Ms. Chow was appointed as a chairperson and a member of a number of public services committees of the Government of the HKSAR. She was a chairperson of the Appeal Tribunal under Building Ordinance (Cap.123) and the Railway Objections Hearing Panel under the Transport Bureau respectively. She was a member of the Vetting Committee for the Professional Services Development Assistance Scheme under the Commerce and Economic Development Bureau, ICAC Complaints Committee, the Administrative Appeals Board, Inland Revenue Review Board, the Criminal Injuries Compensation Board and the Law Enforcement Injuries Compensation Board respectively. She served on the Inland Revenue Review Board as a deputy chairman from 1998 to 2007. She had also been a member of the Solicitors Disciplinary Tribunal Panel of the Law Society. Ms. Chow is also a director of a number of charitable organizations, namely Chi Lin Nunnery, Poh Yea Ching Shea Limited and Chi Hong Ching Yuen Limited. She was a trustee of The D.H. Chen Foundation from 1st December, 1998 and became the honorary secretary of The D.H. Chen Foundation on 1st January 2010. She resigned as both a trustee and the honorary secretary of the foundation on 1st June 2012. Ms. Chow is the honorary legal advisor to The Federation of Medical Societies of Hong Kong, and a director and the honorary secretary to the Association of China-Appointed Attesting Officers Limited.

Ms. Chow did not hold any directorship in any other public listed companies in the last three years. She does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Chow has interests in 41,559 Shares of the Company within the meaning of Part XV of the SFO.

Ms. Chow received a letter of appointment from the Company for a term of 2 years commencing 20th May 2015 and is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. Ms. Chow, if elected at the 2017 AGM, would have a new two-year service term with the Company until the conclusion of the Company's annual general meeting in 2019. For the year ended 31st December 2016, Ms. Chow received total annual director's fee of HK\$200,000 for being a director of the Company and Asia Insurance, the chairman of both the nomination committee and the compliance committee, and a member of both the audit committee and the remuneration committee. Her director's and committees' fees were reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' and committees' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

Mr. MA Andrew Chiu Cheung, aged 75, has been an independent non-executive director of the Company since 3rd September 2004. Mr. Ma is the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the compliance committee of the Company. He is also an independent non-executive director of Asia Insurance. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited) and a director of Mayee Management Limited. Mr. Ma has more than 30 years' experience in the fields of accounting, auditing and finance. He received his bachelor's degree in economics from the London School of Economics and Political Science (University of London) in England. Mr. Ma is a fellow member of The Institute of Chartered Accountants in England & Wales, The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

Mr. Ma is currently an independent non-executive director of several other listed companies in Hong Kong, including Asiaray Media Group Limited, China Resources Power Holdings Company Limited, Chong Hing Bank Limited and C.P. Pokphand Co. Ltd. Mr. Ma resigned as an independent non-executive director of Tanrich Financial Holdings Limited on 27th January 2015 and Beijing Properties (Holdings) Limited on 3rd December 2014, both companies are listed on the Stock Exchange. Save as disclosed above, Mr. Ma did not hold any directorship in any other public listed companies in the last three years.

Mr. Ma does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Ma did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Ma received a letter of appointment from the Company for a term of 2 years commencing 20th May 2015 and is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. Mr. Ma, if elected at the 2017 AGM, would have a new two-year service term with the Company until the conclusion of the Company's annual general meeting in 2019. For the year ended 31st December 2016, Mr. Ma received total annual director's fee of HK\$190,000 for being a director of the Company and Asia Insurance, the chairman of the audit committee, and a member of the remuneration committee, the compliance committee and the nomination committee. His director's and committees' fees were reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' and committees' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

Mrs. LAI KO Wing Yee Rebecca, *J.P.*, aged 58, has been an independent non-executive director of the Company since 3rd December 2012. Mrs. Lai is the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the compliance committee of the Company. She is also an independent non-executive director of Asia Insurance. Mrs. Lai is the Director of Education Initiatives of China Graduate School of Theology. She obtained her Bachelor of Arts (Hons) degree from University of Hong Kong, Master of Business Administration from the Chinese University of Hong Kong and Master of Christian Studies (Counselling) from China Graduate School of Theology. Mrs. Lai has over 25 years' experience in the civil service. Her last position with the Government of the HKSAR in 2006 was the Permanent Secretary for the Civil Service. Mrs. Lai currently is a Court member of City University of Hong Kong.

Mrs. Lai did not hold any directorship in any other public listed companies in the last three years. She does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mrs. Lai did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mrs. Lai received a letter of appointment from the Company for a term of 2 years commencing 20th May 2015 and is subject to retirement by rotation and eligible for re-election at annual general meeting in accordance with the Bye-laws of the Company. Mrs. Lai, if elected at the 2017 AGM, would have a new two-year service term with the Company until the conclusion of the Company's annual general meeting in 2019. For the year ended 31st December 2016, Mrs. Lai received total annual director's fee of HK\$190,000 for being a director of the Company and Asia Insurance, the chairman of the remuneration committee, and a member of the audit committee, the compliance committee and the nomination committee. Her director's and committees' fees were reviewed by the remuneration committee which recommended the same to the Board for approval. The directors' and committees' fees were proposed by the Board and approved by the Shareholders at the Company's annual general meeting.

Save as disclosed above, there is no information required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in respect of the above Directors proposed for re-election and there are no other matters that need to be brought to the attention of the Shareholders in relation to their re-election.

This appendix serves as an explanatory statement as required by the Listing Rules to provide requisite information for you to consider whether to vote for or against the resolution to be proposed at the 2017 AGM in relation to the Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 978,478,000 Shares. Subject to the passing of the relevant Resolution and on the basis that no further Shares are issued or repurchased prior to the 2017 AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 97,847,800 Shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

The Directors believe that the Share Repurchase Mandate affords the Company the flexibility and ability in pursuing the best interests for the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, be beneficial to the Shareholders by enhancing the net assets and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. FUNDING OF REPURCHASES

The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its Shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares, or funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. Repurchases pursuant to the Share Repurchase Mandate will be funded entirely from the funds legally available for the purpose in accordance with the Memorandum of Association and Bye-laws of the Company and the applicable laws of Bermuda, Hong Kong and the Listing Rules. The amount of premium payable on a repurchase may only be paid out of either funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company. Under Bermuda law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced.

The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or gearing position which in the opinion of the Directors are from time to time appropriate for the Company. However, there may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31st December 2016) in the event that the proposed share repurchases are to be carried out in full at any time during the proposed repurchase period.

4. SHARES REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, a total of 2,098,000 Shares were repurchased by a subsidiary of the Company on the Stock Exchange, details of which are as follows:

Date of repurchase	Number of Shares repurchased	Highest purchase price per Share <i>HK\$</i>	Lowest purchase price per Share <i>HK\$</i>
11th October 2016	100,000	4.50	4.47
13th October 2016	172,000	4.50	4.47
14th October 2016	124,000	4.50	4.45
19th October 2016	288,000	4.44	4.44
24th October 2016	66,000	4.48	4.43
25th October 2016	54,000	4.49	4.44
27th October 2016	144,000	4.50	4.46
31st October 2016	872,000	4.50	4.45
1st November 2016	278,000	4.50	4.46
	<u>2,098,000</u>		

The Shares repurchased in October and November 2016 were subsequently cancelled on 27th October 2016, 7th November 2016 and 11th November 2016. The issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased Shares upon their cancellation.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2016	4.210	3.320
May 2016	4.520	3.900
June 2016	4.870	4.450
July 2016	4.850	3.980
August 2016	4.600	4.050
September 2016	4.600	4.270
October 2016	4.550	4.430
November 2016	4.540	4.110
December 2016	4.300	3.640
January 2017	4.050	3.720
February 2017	3.910	3.650
March 2017	4.540	3.700
April 2017 (up to the Latest Practicable Date)	4.350	4.230

6. UNDERTAKING

The Directors of the Company have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed Share Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda and Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such is approved by the Shareholders.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Share Repurchase Mandate is approved by the Shareholders.

7. TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a repurchase of Shares, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Dr. CHAN Yau Hing Robin, Chairman of the Company together with his associates, held approximately 60.05% of the issued share capital of the Company. Based on such interests and assuming that no further Shares are issued or repurchased prior to the 2017 AGM and in the event that the Directors exercise in full the power to repurchase Shares, the proportionate interests of Dr. Chan and his associates in the Company would be increased to approximately 66.72% of the issued share capital of the Company. Such an increase would not give rise to an obligation to make a mandatory offer pursuant to Rule 26 of the Takeovers Code.

The Directors are not aware of any consequences which would arise under the Takeovers Code as consequence of any purchase pursuant to the Shares Repurchase Mandate.

NOTICE OF ANNUAL GENERAL MEETING



亞洲金融集團(控股)有限公司 *
Asia Financial Holdings Ltd.

Incorporated in Bermuda with limited liability

(Stock Code: 662)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asia Financial Holdings Limited (the “Company”) will be held at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong on Wednesday, 24th May 2017 at 12:00 noon for the following purposes:

1. To receive and consider the audited Financial Statements, the Report of the Directors and the Independent Auditor’s Report for the year ended 31st December 2016.
2. To declare a final dividend for the year ended 31st December 2016.
3. To re-elect Directors.
 - (a) Mr. CHAN Bernard Charnwut
 - (b) Mr. TAN Stephen
 - (c) Ms. CHAN Yeow Toh
 - (d) Ms. CHOW Suk Han Anna
 - (e) Mr. MA Andrew Chiu Cheung
 - (f) Mrs. LAI KO Wing Yee Rebecca
4. To fix the Directors’ fees and the fees payable to the members of certain board committees for the year ending 31st December 2017.
5. To re-appoint Ernst & Young as the Auditors and authorise the Directors to fix their remuneration.

* *for identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

To consider as special business and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

6. “**THAT** the Directors be and are hereby granted an unconditional general mandate to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements, warrants and options in respect thereof, subject to the following conditions:

- (a) such mandate should not extend beyond the Relevant Period (defined in subparagraph (c) below) save that the Directors may during the Relevant Period make or grant offers, agreements, warrants and options which might require the exercise of such power after the end of the Relevant Period;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors, otherwise than pursuant to (i) a Rights Issue (as defined in subparagraph (c) below), (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, shall not exceed 20% of the aggregate number of shares of the Company in issue at the date of passing of this resolution; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. “**THAT** the Directors be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:

- (a) such mandate should not extend beyond the Relevant Period (defined in subparagraph (c) below);
- (b) the aggregate number of shares purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company pursuant to this resolution shall not exceed 10% of the aggregate number of shares of the Company in issue at the date of passing of this resolution; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** conditional upon the passing of the Resolutions 6 and 7 set out in the notice of this meeting, the general mandate granted to the Directors to allot, issue and otherwise deal with additional shares pursuant to Resolution 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate number of shares repurchased by the Company under the authority granted pursuant to Resolution 7 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate number of the issued shares of the Company at the date of passing of this resolution.”

By Order of the Board
Asia Financial Holdings Limited
LAU Chi Tak
Company Secretary

Hong Kong, 20th April 2017

Notes:

- (1) Any member entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and, on a poll, vote in his/her stead. A proxy need not be a member of the Company.
- (2) To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company’s principal place of business at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong or the Company’s Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, as soon as possible and in any event by 12:00 noon on 22nd May 2017 (Hong Kong time), being at least 48 hours before the time appointed for holding the above meeting or adjourned meeting (as the case may be).
- (3) For the purposes of ascertaining shareholders’ right to attend and vote at the above meeting, and entitlement to the final dividend, the register of members of the Company will be closed for the following periods:
- (i) For ascertaining shareholders’ right to attend and vote at the above meeting:
- | | |
|--|----------------------------|
| Latest time to lodge transfers | 4:30 p.m. on 17th May 2017 |
| Book close dates (both days inclusive) | 18th to 24th May 2017 |
| Record date | 24th May 2017 |
- (ii) For ascertaining shareholders’ entitlement to the final dividend:
- | | |
|--|----------------------------|
| Ex-dividend date for final dividend | 29th May 2017 |
| Latest time to lodge transfers | 4:30 p.m. on 31st May 2017 |
| Book close dates (both days inclusive) | 1st to 5th June 2017 |
| Record date for final dividend | 5th June 2017 |

NOTICE OF ANNUAL GENERAL MEETING

During the above closure periods, no transfer of shares will be effected. To be eligible to attend and vote at the above meeting, and to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than the abovementioned latest time.

- (4) With regard to agenda item 4 in this notice, the board of directors (the "Board") of the Company recommends to the shareholders the fees payable to the Directors who serve on the Board and certain board committees (including the Audit Committee, the Compliance Committee, the Nomination Committee and the Remuneration Committee) of the Company, at the levels as shown in the table below. Such fees payable to the Directors will be calculated, if applicable, in proportion to the period of service in the case of any Director who has not served the entire period during the relevant financial year.

	Fee for Director	
	<i>(per annum)</i>	
	Chairman	Member
	<i>HK\$</i>	<i>HK\$</i>
The Board	80,000	60,000
Each board committee	30,000	20,000

- (5) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions set out in this notice will be decided by poll at the above meeting.
- (6) If Typhoon Signal No. 8 or above, or a Black Rainstorm Warning Signal is in effect any time after 9:00 a.m. on the date of the above meeting, the meeting will be postponed. The Company will post an announcement on the Company's website (www.afh.hk) and the HKExnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.