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

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF ASIA INSURANCE'S
SHAREHOLDING IN HONG KONG LIFE INSURANCE LIMITED**

31 May 2017

* *For identification purpose only*

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DEFINITIONS

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

“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 adopted from time to time
“Chong Hing Distribution Agreement”	the distribution agreement proposed to be entered into between Hong Kong Life and Chong Hing Bank Limited upon Closing
“Closing”	completion of the sale of the Shares (including the Disposal) pursuant to the Share Sale Agreement
“Closing Date”	the date on which Closing takes place
“Company”	Asia Financial Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 662)
“Conditions”	the conditions to Closing under the Share Sale Agreement
“Consideration”	the consideration for the disposal of the Shares
“Deposit”	the deposit for the disposal of the Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Shares by Asia Insurance on and subject to the terms and conditions set out in the Share Sale Agreement
“Disposal Shares”	70,000,000 Shares, representing 16 ² / ₃ % of the issued share capital of Hong Kong Life on the date of the Share Sale Agreement, held by Asia Insurance and proposed to be sold to the Purchaser on and subject to the terms and conditions set out in the Share Sale Agreement

DEFINITIONS

“Distribution Agreements”	the Chong Hing Distribution Agreement, the OCBC Wing Hang Distribution Agreement, the Shanghai Commercial Bank Distribution Agreement and the Wing Lung Distribution Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Life”	Hong Kong Life Insurance Limited, a company incorporated in Hong Kong with registration number 0708790, whose core business is the sale and underwriting of life insurance products in Hong Kong
“Insurance Authority”	the Office of the Commissioner of Insurance of Hong Kong or, if the regulatory powers of the Office of the Commissioner of Insurance of Hong Kong are transferred to the Independent Insurance Authority of Hong Kong pursuant to the Insurance Companies (Amendment) Ordinance 2015, the Independent Insurance Authority of Hong Kong
“Insurance Authority Condition”	the Condition that any person that will become a “controller” (as defined under the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong)) of Hong Kong Life as a result of the Transaction having obtained written approval or a written notice of no objection from the Insurance Authority to become a “controller” of Hong Kong Life, if such approval is required by the Insurance Authority
“Latest Practicable Date”	25 May 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange for the time being in force

DEFINITIONS

“Long Stop Date”	<p>(i) the date falling 12 months after the date of the Share Sale Agreement unless, following the expiry of this initial 12 month period, the only outstanding Condition that remains to be satisfied is the Insurance Authority Condition, in which case:</p> <p>(a) the Sellers acting jointly shall have the right to extend the Long Stop Date to the date falling no later than 24 months after the date of the Share Sale Agreement; and</p> <p>(b) if the delay in satisfying the Insurance Authority Condition has in part been caused by changes in the organisation and structure of the Insurance Authority resulting in the Insurance Authority taking longer than would typically be the case to process the approval application, the Purchaser shall have the right to extend the Long Stop Date to a date falling no later than 18 months after the date of the Share Sale Agreement; or</p> <p>(ii) such other date as may be agreed in writing by the Sellers and the Purchaser from time to time</p>
“OCBC Wing Hang Distribution Agreement”	the distribution agreement proposed to be entered into between Hong Kong Life and OCBC Wing Hang Bank Limited upon Closing
“Purchaser”	First Origin International Limited, a company incorporated in Hong Kong with limited liability
“Relevant Proportion”	with respect to each Seller, its percentage holding in the issued share capital of Hong Kong Life on the date of the Share Sale Agreement; and with respect to Asia Insurance, a figure equal to 16 ² / ₃ %
“Schemes”	Wealth Express Invest Plan, Wealth Express Single Premium Invest Plan and Wealth Plus Invest Plan, being investment-linked assurance schemes offered by Hong Kong Life

DEFINITIONS

“Seller Banks”	Chong Hing Bank Limited, OCBC Wing Hang Bank Limited, Shanghai Commercial Bank Limited and Wing Lung Bank Limited
“Sellers”	Asia Insurance, Chong Hing Insurance Limited, OCBC Wing Hang Bank Limited, Shanghai Commercial Bank Limited and Wing Lung Agency Limited
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Commercial Bank Distribution Agreement”	the distribution agreement proposed to be entered into between Hong Kong Life and Shanghai Commercial Bank Limited upon Closing
“Share Sale Agreement”	the share sale agreement dated 20 March 2017 entered into by the Sellers and the Purchaser in relation to the Transaction
“Shareholder(s)”	holder(s) of the ordinary shares in the issued share capital of the Company
“Shares”	the issued shares in the share capital of Hong Kong Life
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the disposal of the Shares by the Sellers (including the Disposal) on and subject to the terms and conditions set out in the Share Sale Agreement
“Wing Lung Distribution Agreement”	the distribution agreement proposed to be entered into between Hong Kong Life and Wing Lung Bank Limited upon Closing
“Written Shareholder’s Approval”	the written shareholder’s approval dated 20 March 2017 in respect of the Share Sale Agreement and the Disposal given by Claremont Capital Holdings Ltd
“%”	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

Non-Executive Directors:

SOPHONPANICH Choedchu
CHAN Yeow Toh
TANAKA Junichi
YAMAMOTO Takao

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.*

Registered Office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and

Principal Place of Business:

16th Floor
Worldwide House
19 Des Voeux Road Central
Hong Kong

31 May 2017

To Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF ASIA INSURANCE'S
SHAREHOLDING IN HONG KONG LIFE INSURANCE LIMITED**

1 INTRODUCTION

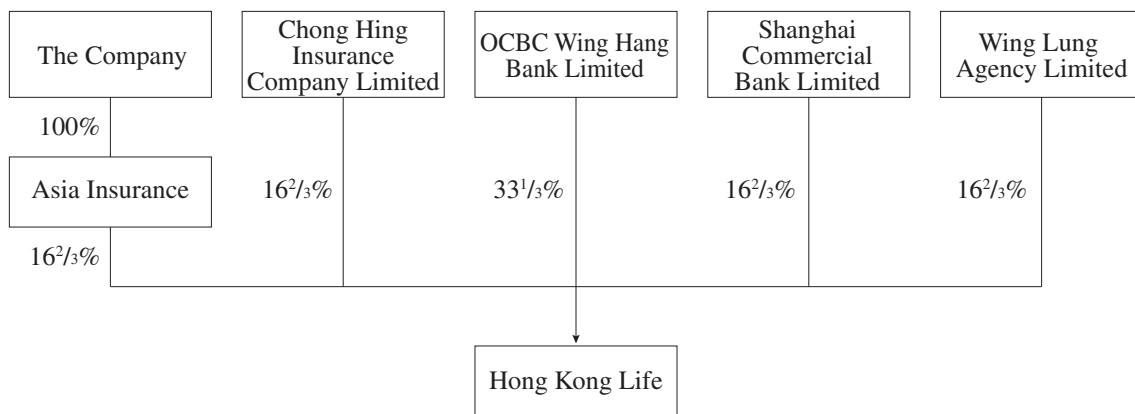
Reference is made to the announcement of the Company dated 20 March 2017 in relation to the Transaction.

* *For identification purpose only*

LETTER FROM THE BOARD

On 20 March 2017, the Sellers (being Asia Insurance, a wholly-owned subsidiary of the Company, Chong Hing Insurance Limited, OCBC Wing Hang Bank Limited, Shanghai Commercial Bank Limited and Wing Lung Agency Limited) entered into the Share Sale Agreement with the Purchaser, pursuant to which the Sellers conditionally agreed to sell their respective interests in, and the Purchaser conditionally agreed to purchase the entirety of, the issued share capital of Hong Kong Life, whose core business is the sale and underwriting of life insurance products in Hong Kong.

A diagram showing the shareholding structure of Hong Kong Life before Closing is set out as follows:



The purpose of this circular is to provide you with, among other things, (i) further details of the Share Sale Agreement and the Disposal; and (ii) other information as required under the Listing Rules.

2 THE SHARE SALE AGREEMENT

The principal terms of the Share Sale Agreement are as follows:

Date

20 March 2017

Parties

- (i) Asia Insurance;
- (ii) Chong Hing Insurance Company Limited;

LETTER FROM THE BOARD

- (iii) OCBC Wing Hang Bank Limited;
- (iv) Shanghai Commercial Bank Limited;
- (v) Wing Lung Agency Limited; and
- (vi) the Purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Chong Hing Insurance Company Limited, OCBC Wing Hang Bank Limited, Shanghai Commercial Bank Limited, Wing Lung Agency Limited, the Purchaser and their respective ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Please see the section headed "Information on the Company and the Parties" below for further information on the parties to the Share Sale Agreement.

Subject Matter

Under the Share Sale Agreement, the Sellers conditionally agreed to sell their respective interests in, and the Purchaser conditionally agreed to purchase the entirety of, the issued share capital of Hong Kong Life.

Consideration

The Consideration for the disposal of the Shares shall be an amount in cash equal to HK\$7,100.00 million. The consideration for the disposal of the Disposal Shares shall be an amount in cash equal to approximately HK\$1,183.33 million, being Asia Insurance's Relevant Proportion of the Consideration.

The Consideration was determined after arm's length negotiations between the parties to the Share Sale Agreement following an auction process, and taking into account the interests of the Sellers and the financial position of Hong Kong Life. The Purchaser was selected as the successful bidder after taking into account the bid prices for the Shares submitted by the bidders and the terms and conditions negotiated with the Purchaser during the auction process.

The Purchaser has paid to each Seller its Relevant Proportion of an amount of HK\$710.00 million as the Deposit for the Shares (equivalent to approximately 10% of the Consideration). Of the Deposit, Asia Insurance has received an amount equal to approximately HK\$118.33 million, being its Relevant Proportion of the Deposit. The Deposit is non-refundable to the Purchaser unless the Sellers breach their closing obligations under the Share Sale Agreement.

LETTER FROM THE BOARD

On Closing, the Purchaser shall pay to each Seller an amount in cleared funds equal to such Seller's Relevant Proportion of an amount equal to the Consideration less the Deposit (and any interest accrued on the Deposit based on the average rate available to a HSBC Hong Kong Dollar Savings Account) less the Sellers' 50% share of the employee retention bonus and Hong Kong stamp duty arising under the Transaction.

Conditions

Closing of the Transaction (including the Disposal) is conditional upon satisfaction of the following Conditions, or their satisfaction subject only to Closing:

- (i) any person that will become a "controller" (as defined under the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong)) of Hong Kong Life as a result of the Transaction having obtained written approval or a written notice of no objection from the Insurance Authority to become a "controller" of Hong Kong Life, if such approval is required by the Insurance Authority; and
- (ii) in respect of the Schemes: (a) the SFC having approved the change of the controlling shareholders of Hong Kong Life pursuant to the Code on Investment-Linked Assurance Schemes; and (b) (if required by the SFC) notice of such change having been given to the participants of the Schemes and the SFC's prescribed notice period to the participants of the Schemes having expired.

If the Conditions are not satisfied by the Long Stop Date, the Purchaser on the one hand, or the Sellers acting jointly on the other hand, may, in its or their sole discretion, terminate the Share Sale Agreement.

As at the Latest Practicable Date, none of the Conditions above has been satisfied.

Closing

Subject to the paragraph immediately below, Closing shall take place on the tenth business day after the date on which notification of the fulfilment of the last of the Conditions set out in the section headed "Conditions" above takes place, or on such other date as may be agreed between the Purchaser and the Sellers.

Upon Closing, Hong Kong Life and each Seller Bank shall enter into the Distribution Agreements pursuant to which the Seller Banks shall respectively distribute products of Hong Kong Life on and subject to the terms of each of their respective Distribution Agreement. As the Company does not carry any distribution channels for insurance products in Hong Kong, no distribution arrangement will be entered into between the Company and Hong Kong Life upon Closing.

LETTER FROM THE BOARD

3 INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company is a Hong Kong listed company (Stock Code: 662). Its major shareholders include Claremont Capital Holdings Ltd, Bangkok Bank Public Company Limited, Aioi Nissay Dowa Insurance Co., Ltd. and Sompo Japan Nipponkoa Insurance Inc. The Company is focused on taking equity stakes in service providers in the following areas: general insurance, life insurance, retirement funds/pensions, healthcare and other investments.

Asia Insurance

Established in 1959, Asia Insurance, a subsidiary of the Company, is one of the leading general insurers in Hong Kong with a strong Financial Strength Rating ‘A’ by S&P Global Ratings, broad distribution network and quality client base. Apart from its head office in Hong Kong, Asia Insurance distributes its products and services overseas via its Macau branch.

Hong Kong Life

Founded in 2001, Hong Kong Life has developed into a well-established life insurance company in Hong Kong, ranking number 10 in terms of New Business Annual Premium Equivalent among Hong Kong life insurers in the fourth quarter of 2016. Hong Kong Life offers a broad product suite to cater to the insurance needs of customers in every life stage, including traditional savings insurance, universal life, term life insurance, retirement plans, juvenile plans, medical & dread disease coverage, accidental & disability coverage, and group insurance.

Chong Hing Insurance Company Limited

Chong Hing Insurance Company Limited, a wholly-owned subsidiary of Chong Hing Bank Limited, is an insurance company and carries on general insurance business other than insurance of a long-term nature.

Founded in 1948, Chong Hing Bank Limited is a listed company in Hong Kong (Stock Code: 1111) and has been a member of Yue Xiu Group since February 2014, with a 75% stake held by Yuexiu Financial Holdings Limited. Chong Hing Bank Limited operates a network of 41 local branches as well as branches in Guangzhou, Shenzhen, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan, Nansha and Hengqin in mainland China and representative offices in Shanghai and San Francisco. It offers a wide range of retail and wholesale financial banking products as well as securities trading, financial management and insurance services.

LETTER FROM THE BOARD

OCBC Wing Hang Bank Limited

OCBC Wing Hang Bank Limited was established in 1937 and became a wholly-owned subsidiary of the Oversea-Chinese Banking Corporation Limited in October 2014. It has a network of over 100 branches and offices in Hong Kong, Macau and mainland China. Together with its subsidiaries and affiliated companies, OCBC Wing Hang Bank Limited offers a range of commercial banking products and services and other financial services including consumer financing, share brokerage and insurance. Oversea-Chinese Banking Corporation Limited is the longest established Singapore bank and the second largest financial services group in Southeast Asia by assets.

Shanghai Commercial Bank Limited

Established in 1950, Shanghai Commercial Bank Limited is an established local Chinese bank in Hong Kong, majority-owned by The Shanghai Commercial & Savings Bank, Limited. Shanghai Commercial Bank Limited has over 40 branches across Hong Kong, 2 branches and 1 sub-branch in mainland China and 4 branches overseas, offering customers a range of retail and corporate banking services and products including deposits, securities trading, credit cards, insurance and wealth management services and corporate and personal loans.

Wing Lung Bank Limited

Established in 1933, Wing Lung Bank Limited is among the oldest Chinese banks in Hong Kong and has been a member of China Merchants Bank Group since 2008. As of 31 December 2016, Wing Lung Bank Limited had 37 branches across Hong Kong, 3 branches and 1 sub-branch in mainland China, 1 branch in Macau and 3 branches overseas, providing banking services, including deposits, loans, private banking and wealth management, investment, securities, credit cards, NET Banking, syndicated loans, corporate financing, bills, hire-purchase and leasing, foreign exchange, insurance agency, Mandatory Provident Fund. Wing Lung Bank Limited also provides insurance broking and general insurance underwriting, property management and trustee, as well as nominee and asset management services through its wholly-owned subsidiaries.

LETTER FROM THE BOARD

The Purchaser

Incorporated in Hong Kong, First Origin International Limited is an investment holding company with a focus on investment in financial and technology sectors in Asia, aiming at improving operational efficiency, and promoting sustainable growth, of traditional finance through leveraging technology.

To the best of the Directors' knowledge, as at the Latest Practicable Date, Mr. Zhang Zhenxin is the ultimate beneficial owner of the Purchaser.

4 FINANCIAL INFORMATION CONCERNING HONG KONG LIFE

The audited net profit before and after tax and extraordinary items attributable to Hong Kong Life prepared in accordance with Hong Kong Financial Reporting Standards for each of the two years ended 31 December 2015 and 2016 were as follows:

	Net profit before taxation and extraordinary items <i>HK\$</i>	Net profit after taxation and extraordinary items <i>HK\$</i>
For the year ended 31 December 2015	57,131,008	41,146,543
For the year ended 31 December 2016	25,400,504	25,448,723

The decrease in net profits of Hong Kong Life for the year ended 31 December 2016 as compared to the previous year was mainly caused by volatility in interest rates resulted from a number of global macroeconomic and political events during the course of the year.

LETTER FROM THE BOARD

5 FINANCIAL EFFECTS OF THE DISPOSAL

As a result of the Disposal, the Company expects to derive a gain before tax of approximately HK\$1,083.25 million. Such gain, without deducting transaction costs and expenses, is estimated by reference to the following:

- (i) consideration receivable for the sale of the Disposal Shares of approximately HK\$1,183.33 million; and
- (ii) carrying value of Hong Kong Life as at 31 December 2016 in the amount of approximately HK\$100.08 million included in the audited consolidated financial statements of the Company for the year ended 31 December 2016.

After Closing, the total assets of the Company will increase by about HK\$1,083.25 million while the total liabilities of the Company will remain unchanged. However, it is expected that the ultimate gain that the Company will record may be different from the estimated gain disclosed above given that there will be changes to the carrying value of Hong Kong Life since 31 December 2016 due to, amongst other things, the profits earned by Hong Kong Life since 31 December 2016, being the date to which the last audited consolidated financial statements of the Group were made up.

6 REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SALE AGREEMENT

The Directors believe that the sale of the Disposal Shares is in line with the strategy of all of the Sellers. In particular, Hong Kong Life is currently a joint venture among the five Sellers. The Sellers believe that it is in the best interests of Hong Kong Life to have one new single shareholder to take charge to grow its business in line with its customers' evolving needs. The Purchaser has been identified through a competitive auction process, and the Directors believe that the sale will generate substantial value in the interests of the Shareholders.

Closing of the Transaction is subject to Conditions referred to in paragraph 2 above. As at the Latest Practicable Date, none of the Conditions has been satisfied. As there is not yet certainty as to when the Conditions may be satisfied, the Group has not confirmed the specific allocation for the use of proceeds. However, it is expected that the Group will utilise the proceeds for reinvestment in general insurance, life insurance and medical and health care businesses and for general working capital purposes upon Closing.

LETTER FROM THE BOARD

7 LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but all are below 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Disposal.

So far as the Directors are aware after making reasonable enquiry, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal.

On 20 March 2017, the Company received the Written Shareholder's Approval in respect of the Share Sale Agreement and the Disposal from Claremont Capital Holdings Ltd, being a Shareholder holding an aggregate of 566,069,712 ordinary shares in the issued share capital of the Company, representing approximately 57.85% of the issued share capital of the Company as at the date of the Written Shareholder's Approval. Accordingly, the Written Shareholder's Approval has been accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

8 ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the following appendices to this circular:

Appendix I: Financial Information of the Group

Appendix II: General Information

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

1 STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2017, being the latest practicable date for the purpose of this statement of indebtedness, the Group had a bank loan amounting to HK\$150,000,000, charged at an interest rate of 3 months Hong Kong Inter-bank Offered Rate plus 1.25 per cent and the maturity on 29 January 2018. This loan was secured by the pledge of certain equity securities listed in Hong Kong with a fair value of not less than HK\$150,000,000.

Save as aforesaid or otherwise disclosed herein, and apart from the intra-group liabilities, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowing or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 March 2017.

2 WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that based on the expected net proceeds from the Disposal, external borrowings, and internal resources of the Group, the Group will have sufficient working capital for its present requirements for at least the next 12 months following the date of this circular.

3 FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The world is facing economic and political uncertainty in the year ahead. The new United States administration is looking to introduce policies in areas such as international trade and investment, cross-border corporate taxation arrangements, infrastructure spending. At the same time, quantitative easing by central bank in a number of nations is reaching an end, and interest rates will likely increase going forward. In Asia, China is facing transition from its debt-dependent capital investment growth model. Hong Kong's open and flexible economy and its ongoing infrastructure development will help maintain a healthy employment and consumption level, although the city is also exposed to economic changes coming from the mainland China.

Based on this outlook, the Company will maintain prudent cash management and direct and indirect investments in the coming year, consistent with the Company's longstanding approach which has served its shareholders well over the years. At the same time, the Company will remain open to new long-term investment opportunities.

The outlook for the Company's insurance operations is generally positive, despite possibly weaker macroeconomic environment and less advantageous exchange rates in certain markets outside Hong Kong. The Company's management aims to continue the development of the scope of its business while maintaining the quality of its client base. The Company will remain alert to possible new opportunities in health care reforms in Hong Kong and in other health-related demographic and geographical sectors.

The Company will continue to focus on the long term. There are potential opportunities arising from the continuing economic development in the Southeast Asian region. The Company will seek opportunities to build its interests in services industries such as insurance, retirement, health and wellness, and property development, with a focus on Greater China region and elsewhere in Asia. The regional focus is driven by the recent transformation in the Greater China and the Southeast Asia region, as a large middle class emerges, societies age and governments seek market-based solutions to demographic policy challenges.

The Company's existing investments are aligned with its traditional expertise and its networks of clients and partners. The Company is well positioned to benefit from long-term economic growth and developments. As the Company continue to build on its existing business, the Company will follow its fundamental approach and exercise patience and caution in future investment decisions.

4 MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company have been made up.

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DISCLOSURE OF INTERESTS**I. Interests of Directors and Chief Executive**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have acquired under such provisions of the SFO); or (ii) which required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

Directors	Number of ordinary shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital ⁽¹⁾
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
CHAN Yau Hing Robin	–	–	578,829,712 ⁽²⁾	578,829,712	59.16
CHAN Bernard Charnwut	1,382,334	–	–	1,382,334	0.14
WONG Kok Ho	810,000	430,000	–	1,240,000	0.13
SOPHONPANICH Choedchu	1,055,107	–	–	1,055,107	0.11
CHOW Suk Han Anna	41,559	–	–	41,559	0.00

Notes:

(1) Based on 978,478,000 shares of the Company in issue as at the Latest Practicable Date.

- (2) Out of the 578,829,712 shares, (i) 566,069,712 shares were held through Claremont Capital Holdings Ltd (“Claremont Capital”), (ii) 8,830,000 shares were held through Robinson Enterprise Limited, (iii) 3,097,000 shares were held through Asia Panich Investment Company (Hong Kong) Limited (“Asia Panich”) and (iv) 833,000 shares were held through Man Tong Company Limited (“Man Tong”). More than one third of the issued share capital of Claremont Capital, Asia Panich and Man Tong are held by Cosmos Investments Inc. These corporations or their directors are accustomed to act in accordance with the directions or instructions of Dr. CHAN Yau Hing Robin.

II. Interests of Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Notes	Number of ordinary shares held	Percentage of the Company’s issued share capital ^(a)
Cosmos Investments Inc.	<i>(b), (c)</i>	569,999,712	58.25
Claremont Capital Holdings Ltd	<i>(b)</i>	566,069,712	57.85
Bangkok Bank Public Company Limited		95,488,236	9.76
Sompo Japan Nipponkoa Insurance Inc.		84,337,753	8.62
Aioi Nissay Dowa Insurance Company, Limited		52,550,175	5.37

Notes:

- (a) Based on 978,478,000 shares in issue as at the Latest Practicable Date.
- (b) These shares have been included in the interest disclosure of Dr. CHAN Yau Hing Robin as set out in the section “Interests of Directors and Chief Executive” above.
- (c) Cosmos Investments Inc. was deemed to be interested in 569,999,712 shares in which 566,069,712 shares were held by Claremont Capital, 3,097,000 shares were held by Asia Panich and 833,000 shares were held by Man Tong since Cosmos Investments Inc. holds more than one-third of the issued share capital of Claremont Capital, Asia Panich and Man Tong, respectively.

3 COMPETING INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules) had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder):

Name of director	Name of entity whose businesses are considered to compete or likely compete with the businesses of the Group	Description of the businesses of the entity which are considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
CHAN Yau Hing Robin	The People's Insurance Company of China (Hong Kong), Limited	General insurance	Director
CHAN Bernard Charnwut	The People's Insurance Company of China (Hong Kong), Limited	General insurance	Director
	Sompo Japan Nipponkoa Insurance (China) Company Limited	General insurance	Director
WONG Kok Ho	Sompo Japan Nipponkoa Insurance (Hong Kong) Company Limited	General insurance	Director
TANAKA Junichi	Sompo Canopus AG	General insurance	Director

Although the companies listed above operate in similar fields to certain operations of the Group, the Board believes that the Directors concerned are able to manage any potential conflict of interests arising from their respective directorships and/or interests in such companies. As the Board is independent from the boards of directors of these companies, the Group is capable of carrying on its businesses independently of, and at an arm's length from, the businesses of these companies.

4 SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or is not determinable by the employer within one year without payment of any compensation (other than statutory compensation).

5 INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

Set out below is a breakdown of related party transactions entered into between the Company and the Directors or enterprises and individuals related to Directors and key management personnel, as at 31 December 2015 and 2016:

	2016		2015	
	Directors and key management personnel <i>HK\$'000</i>	Enterprises and individuals related to directors and key management personnel <i>HK\$'000</i>	Directors and key management personnel <i>HK\$'000</i>	Enterprises and individuals related to directors and key management personnel <i>HK\$'000</i>
Loans and advances granted:				
Aggregate balance at the end of the reporting period	–	1,910	–	52
Interbank activities:				
Deposits placed	–	846,604	–	737,069
Interest income	–	5,535	–	8,215
Premium income:				
Gross premiums written	196	7,412	199	4,278
Commission expense, net	–	1,929	–	3,291

Save as disclosed above, as at the Latest Practicable Date, none of the Directors:

- (i) had any direct or indirect interests in any assets which had been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; or
- (ii) was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

6 LITIGATION

As at the Latest Practicable Date, neither the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7 MATERIAL CONTRACTS

The following contract (not being contract entered into in the ordinary course of business of the Company) has been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which is or may be material:

- (i) the Share Sale Agreement.

8 MISCELLANEOUS

- (i) The registered office of the Company is Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- (ii) The head office of the Company is 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong.
- (iii) The principal registrar and transfer office of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (iv) The branch registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) Mr. Lau Chi Tak is the company secretary of the Company. He is a fellow member of The Hong Kong Certified Public Accountants.
- (vi) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office of the Company at 16th Floor, Worldwide House, 19 Des Voeux Road Central, Hong Kong during normal business hours on any weekday (excluding public holidays) for a period of 14 days from the date of this circular:

- (i) the Bye-Laws;
- (ii) the annual reports of the Company for the two financial years ended 31 December 2015 and 2016;
- (iii) the material contracts referred to in the paragraph headed "7 MATERIAL CONTRACTS" in this appendix; and
- (iv) this circular.