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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 LIMITED

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 2020 AGM of Asia Financial Holdings Limited to be held at Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 22nd May 2020 at 12:00 noon is set out on pages 17 to 21 of this circular.

If you are unable to attend and vote at the 2020 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 Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at 17M 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 20th May 2020 (Hong Kong time), being at least 48 hours before the time appointed for holding the 2020 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2020 AGM or any adjourned meeting thereof should you so wish.

SUMMARY OF PRECAUTIONARY MEASURES FOR THE 2020 AGM

Please see pages 1 and 2 of this circular for details of precautionary measures being taken to try to prevent and control the spread of the Coronavirus Disease 2019 (COVID-19) at the 2020 AGM, including:

- **mandatory wearing of surgical face masks**
- **compulsory body temperature screening**
- **mandatory health declarations**
- **no distribution of corporate gifts and refreshments.**
- **observe good personal hygiene**
- **appropriate distancing and spacing will be maintained**

Any person who does not comply with the precautionary measures may be denied entry into the 2020 AGM venue or be required to promptly leave the 2020 AGM venue. The Company **strongly encourages Shareholders NOT to attend the 2020 AGM in person**, and advises Shareholders to appoint the Chairman of the 2020 AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the 2020 AGM in person.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

21st April 2020

* for identification purposes only

CONTENTS

| | <i>Page</i> |
|--|-------------|
| PRECAUTIONARY MEASURES FOR THE 2020 AGM | 1 |
| DEFINITIONS | 3 |
| LETTER FROM THE BOARD | |
| INTRODUCTION..... | 5 |
| RE-ELECTION OF DIRECTORS..... | 6 |
| GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES. | 7 |
| ANNUAL GENERAL MEETING..... | 8 |
| VOTING BY POLL | 8 |
| RECOMMENDATION | 8 |
| APPENDIX I – DIRECTORS PROPOSED FOR RE-ELECTION | 9 |
| APPENDIX II – EXPLANATORY STATEMENT | 13 |
| NOTICE OF ANNUAL GENERAL MEETING | 17 |

PRECAUTIONARY MEASURES FOR THE 2020 AGM

In view of the ongoing Coronavirus Disease 2019 (COVID-19) and recent requirements/guidelines issued by the HKSAR Government for prevention and control of its spread, the Company will implement the following precautionary measures at the 2020 AGM to protect attending Shareholders, directors, staff and other participants (“Stakeholders”) from the risk of infection:

1. Mandatory **wearing surgical face masks** by all attendees are required before they are permitted to attend, and during their attendance of, the 2020 AGM.
2. There will be **compulsory body temperature screening** for all persons before entering the 2020 AGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time will not be given access to the 2020 AGM venue. Denied entry to 2020 AGM venue also means the person will not be allowed to attend the 2020 AGM.
3. **Mandatory health declarations** by all attendees are required. Attendees may be asked if (i) he/she has travelled outside of Hong Kong within 14 days immediately before the 2020 AGM (“recent travel history”); (ii) he/she is subject to any HKSAR Government prescribed quarantine requirement; and (iii) he/she has any flu-like symptoms or close contact with any person under quarantine or with recent travel history. Any person who responds positively to any of these questions will be denied entry into the 2020 AGM venue or be required to promptly leave the 2020 AGM venue.
4. **No distribution of corporate gifts and refreshments.**
5. Anyone attending the 2020 AGM is reminded to **observe good personal hygiene** at all times.
6. **Appropriate distancing and spacing**, if any, in line with the guidance from the HKSAR Government from time to time **will be maintained** as required and as such, the Company may limit the number of attendees at the 2020 AGM as may be necessary to avoid over-crowding.

PRECAUTIONARY MEASURES FOR THE 2020 AGM

Any person who does not comply with the precautionary measures may be denied entry into the 2020 AGM venue or be required to promptly leave the 2020 AGM venue.

In light of the continuing risks posed by the COVID-19, and in the interests of protecting the Stakeholders, the Company **strongly encourages Shareholders NOT to attend the 2020 AGM in person** and advises Shareholders to appoint the Chairman of the 2020 AGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the 2020 AGM in person.

Shareholders are advised to read this section carefully and monitor the development of the COVID-19. Subject to the development of the COVID-19, the Company may change and implement further precautionary measures and may issue announcement on such changes and further precautionary measures where necessary.

Health education materials and up-to-date development on the COVID-19 can be found on the website of the Centre for Health Protection of the Department of Health (www.chp.gov.hk) and the website of the HKSAR Government on the COVID-19 (www.coronavirus.gov.hk)

DEFINITIONS

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

| | |
|------------------------------|---|
| “2020 AGM” | the annual general meeting of the Company to be held on Friday, 22nd May 2020 at 12:00 noon at Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong, to consider and, if appropriate, to approve the Resolutions or any adjournment thereof |
| “AGM Notice” | the notice of the 2020 AGM set out on pages 17 to 21 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” | 15th April 2020, 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 2020 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 LIMITED

Incorporated in Bermuda with limited liability

(Stock Code: 662)

Executive Directors:

CHAN Yau Hing Robin, *G.B.M., 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:

KAWAUCHI Yuji
OGURA Satoru

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
LAI KO Wing Yee Rebecca, *J.P.*
SHUEN LEUNG Lai Sheung Loretta

21st April 2020

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**

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 2020 AGM.

* for identification purposes only

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

The Board currently consists of 9 Directors, namely Dr. CHAN Yau Hing Robin, Mr. CHAN Bernard Charnwut, Mr. TAN Stephen, Mr. WONG Kok Ho, Mr. KAWAUCHI Yuji, Mr. OGURA Satoru, Ms. CHOW Suk Han Anna, Mrs. LAI KO Wing Yee Rebecca and Mrs. SHUEN LEUNG Lai Sheung Loretta.

In accordance with Bye-law 87(2) of the Bye-laws, Mr. CHAN Bernard Charnwut, Mr. KAWAUCHI Yuji and Mrs. SHUEN LEUNG Lai Sheung Loretta (“Mrs. Shuen”) will retire by rotation and they, being eligible, will offer themselves for re-election at the 2020 AGM.

In accordance with Bye-law 86(2) of the Bye-laws, Mr. OGURA Satoru, being Non-executive Director appointed by the Board after the Company’s annual general meeting held on 23rd May 2019, will hold office only until the 2020 AGM and, being eligible, will offer himself for re-election.

The Company has received from each Independent Non-executive Director an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee at its meeting in March 2020 has reviewed and assessed each Independent Non-executive Director’s annual confirmation of independence and affirmed all Independent Non-executive Directors, including Mrs. Shuen, remaining independent.

Based on the Board diversity policy adopted by the Company, the Nomination Committee considered that Mrs. Shuen can contribute to the diversity of the Board, in particular, with her accounting and finance experience. The Board believes that Mrs. Shuen has ability to fulfil her role as independent non-executive director and thus recommends her to be re-elected at the 2020 AGM.

In accordance with Bye-law 89 of the Bye-laws, if a Shareholder wishes to nominate a person to stand for election as a director at the 2020 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 23rd April 2020 to 4th May 2020 (both dates inclusive).

Brief biographical details of the above mentioned Directors proposed for re-election at the 2020 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 2020 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

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 23rd May 2019, 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 2020 AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 959,352,000 Shares. On the basis that no further Shares will be issued prior to the 2020 AGM, the Directors would be authorised under the Share Issue Mandate (as defined below) to issue Shares up to a limit of 191,870,400 Shares.

Resolutions will therefore be proposed at the 2020 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 2020 AGM.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 17 to 21 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 2020 AGM.

A proxy form for use at the 2020 AGM is enclosed with this circular. If you are unable to attend or vote at the 2020 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 the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at 17M 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 20th May 2020 (Hong Kong time), being at least 48 hours before the time appointed for holding the 2020 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2020 AGM or any adjourned meeting thereof should you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting (including the 2020 AGM) must be taken by poll. The Chairman of the 2020 AGM will demand, pursuant to Bye-law 66 of the Bye-laws, that all Resolutions set out in the AGM Notice be decided by poll.

After the conclusion of the 2020 AGM, the poll results will be published on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.afh.hk).

RECOMMENDATION

Having considered the reasons set out herein, the Directors consider that the proposed Resolutions for 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 the Resolutions to be proposed at the 2020 AGM.

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

The biographical details of the Directors proposed for re-election at the 2020 AGM are set out below:

Mr. CHAN Bernard Charnwut (former name: CHAN Chi Sze Bernard), G.B.S., J.P., aged 55, is an Executive Director and the President of the Company and serves as a member of the remuneration committee, the nomination committee, the compliance committee and the risk committee of the Company. Mr. Chan is also an executive director and the Chairman of Asia Insurance and the Chairman of AFH Charitable Foundation Limited. Mr. Chan has been working for the Group for 30 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, China Resources Beer (Holdings) Company Limited and Cathay Pacific Airways Limited, all of which are listed on the Stock Exchange. Mr. Chan is also a director of Bumrungrad Hospital Public Company Limited which is a company listed in Thailand. 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, the Chairman of both Hong Kong-Thailand Business Council and Hong Kong Palace Museum Limited, and an adviser 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 the Convenor among the Non-official Members of the Executive Council of the HKSAR since 1st July 2017. Mr. Chan is a member of Hong Kong Monetary Authority Exchange Fund Advisory Committee, 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 and the brother of Mr. TAN Stephen. As at the Latest Practicable Date, Mr. Chan has interests in 10,732,680 Shares of the Company within the meaning of Part XV of the SFO, of which 1,902,680 Shares were held as personal interest and 8,830,000 Shares were held as corporate interest through Robinson Enterprise Holdings Limited which is 38% held by Mr. Chan and his spouse.

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 the annual general meeting in accordance with the Bye-laws of the Company. For the year ended 31st December 2019, Mr. Chan received total annual director's fee of HK\$240,000 for being a director of the Company and Asia Insurance, a member of the compliance committee, the remuneration committee, the nomination committee and the risk committee, and also other emoluments of HK\$6,593,840, 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, committees' fees 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 in 2019.

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. KAWAUCHI Yuji, aged 54, has been a Non-executive Director of the Company since 23rd March 2018. Mr. Kawauchi is currently the Executive Vice President and Executive Officer, General Manager of Global Business Planning Department of Sompo Holdings, Inc. (a company listed on Japan Stock Exchange) which through its wholly-owned subsidiary, Sompo Japan Insurance Inc. (formerly known as Sompo Japan Nipponkoa Insurance Inc.) (“Sompo Japan”), currently holds 9.56% shareholding in the Company’s issued share capital. Mr. Kawauchi is a Chartered Property and Casualty Underwriter (CPCU). He graduated from Tokyo Metropolitan University, Faculty of Law in 1988 and in the same year he joined The Yasuda Fire and Marine Insurance Company Limited (now known as Sompo Japan). Mr. Kawauchi had served as the President and Managing Director of Sompo Holdings (Asia) Pte. Limited from April 2017 to April 2019. Mr. Kawauchi had been a director of Sompo Insurance (Thailand) Public Company Limited from 15th May, 2017 to 25th April, 2018. He was also an Executive Director of Berjaya Sompo Insurance Berhad (Malaysia) from April 2014 to April 2016. He has also become a Non-executive Director of Sompo International Holdings Ltd. from 1st January 2020.

Mr. Kawauchi did not hold any directorship in any other public listed companies in the last three years. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company nor does he has any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Kawauchi received a letter of appointment from the Company for a term of approximately 2 years commencing 16th May 2018 and is subject to retirement by rotation and eligible for re-election at the annual general meeting in accordance with the Bye-laws of the Company. Mr. Kawauchi, if re-elected at the 2020 AGM, would have a new service term of approximately 2 years with the Company until the conclusion of the Company’s annual general meeting in 2022. For the year ended 31st December 2019, Mr. Kawauchi received total annual director’s fee of HK\$70,000 for being a director of the Company. His 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 in 2019.

Ms. LEUNG Lai Sheung (alias: Loretta SHUEN), aged 65, has been an Independent Non-executive Director of the Company since 16th August 2017. Ms. Leung is the chairperson of the audit committee and a member of the nomination committee, the compliance committee, the remuneration committee and the risk committee of the Company. She is also an independent non-executive director of Asia Insurance, BE Reinsurance Limited, Avo Insurance Company Limited and United Builders Insurance Company Limited. She is a director of Evolut Foundation Limited. Ms. Leung is currently a fellow member of CPA Australia and Hong Kong Institute of Certified Public Accountants. She received her Bachelor of Social Sciences (Hon) degree from the University of Hong Kong and Master degree in Accounting Studies from the University of New England, Australia. Ms. Leung is a former partner of Ernst & Young and has over 20 years of experience in serving clients in a wide range of industries in Hong Kong, China and Asia Pacific region. She had over 15 years of experience in civil services and had served in an investment bank before settling in Ernst & Young. Ms. Leung is a former appointed member of the Council of the Lingnan University (the “University”) and served as the Treasurer to the Council of the University, the Chairman of the Finance Committee and the Chairman of the Investment Subcommittee. She is a member of the Accounting Advisory Board, and a member of the Risk and Insurance Advisory Board of the University.

Ms. Leung 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 nor does she has any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Ms. Leung received a letter of appointment from the Company for a term of approximately 2 years commencing 16th May 2018 and is subject to retirement by rotation and eligible for re-election at the annual general meeting in accordance with the Bye-laws of the Company. Ms. Leung, if re-elected at the 2020 AGM, would have a new service term of approximately 2 years with the Company until the conclusion of the Company’s annual general meeting in 2022. For the year ended 31st December 2019, Ms. Leung received total annual director’s fee of HK\$276,110 for being a director of the Company and Asia Insurance, the chairman of the audit committee and a member of the compliance committee, the nomination committee, the remuneration committee and the risk committee. Her director’s fee 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 in 2019.

Mr. OGURA Satoru, aged 51, has been a Non-executive Director of the Company since 25th March 2020. Mr. Ogura is currently the General Manager of Global Business Department of Aioi Nissay Dowa Insurance Company, Limited (“Aioi Nissay Dowa”). Mr. Ogura graduated from University of Nagoya, Faculty of Law in 1991. He had served as a Risk & Reinsurance Coordinator of Aioi Nissay Dowa Insurance Company of Europe Limited from April 2009 to March 2018 and became the General Manager of Global Business Department since April 2018. Mr. Ogura has more than 7 years’ experience of arrangement of intra-group reinsurance programmes and group-wide capital arrangement of European operations. He was one of the leading member of intra Japan-European team for acquisition of Telematics company and establishment of European subsidiaries in the UK, Italy, Russia and Kazakhstan. He also established governance & compliance system in European operation upon harmonisation of multi-regulatory frameworks. Aioi Nissay Dowa currently holds 5.48% of the Company’s issued share capital.

Mr. Ogura has been non-executive director and SOOA (Senior Officer Outside Australia) of Aioi Nissay Dowa Insurance Company Australia Pty Ltd since April 2018. He also has been non-executive director of Aioi Nissay Dowa Europe Limited, both companies are 100% owned subsidiary of Aioi Nissay Dowa Insurance Company Limited.

Mr. Ogura has not held any directorship in any public listed companies, whether in Hong Kong or overseas, during the last three years. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company nor does he has any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Ogura received a letter of appointment from the Company for the initial term of being Non-executive Director commencing 25th March 2020 to the conclusion of the Company’s 2020 AGM, and subject to re-election in accordance with the provisions of the Bye-Laws of the Company. Mr. Ogura, if re-elected at the 2020 AGM, would have a new service term of approximately 2 years with the Company until the conclusion of the Company’s annual general meeting in 2022. Mr. Ogura will entitle to receive the proposed director’s fee of HK\$70,000 per annum, which is proposed by the Board and subject to the approval of the shareholders at the 2020 AGM, provided that his director’s fee be payable in proportion to the period of his service in the event the duration of his directorship is for an incomplete year.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in respect of all the above Directors nor are there other matters that need to be brought to the attention of the Shareholders in respect of 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 2020 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 959,352,000 Shares. Subject to the passing of the relevant Resolution and on the basis that no further Shares are issued or repurchased prior to the 2020 AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 95,935,200 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 2019) in the event that the proposed share repurchases are to be carried out in full at any time during the proposed repurchase period.

4. 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 2019 | 4.770 | 4.500 |
| May 2019 | 4.700 | 4.390 |
| June 2019 | 4.500 | 4.320 |
| July 2019 | 4.460 | 4.210 |
| August 2019 | 4.270 | 3.300 |
| September 2019 | 4.210 | 4.020 |
| October 2019 | 4.200 | 4.160 |
| November 2019 | 4.180 | 3.920 |
| December 2019 | 4.090 | 3.940 |
| January 2020 | 4.000 | 3.820 |
| February 2020 | 4.050 | 3.600 |
| March 2020 | 3.600 | 2.800 |
| April 2020 (up to the Latest Practicable Date) | 3.200 | 2.940 |

5. SHARES REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, a total of 3,096,000 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> |
|--------------------|------------------------------------|---|--|
| 18th November 2019 | 14,000 | 4.00 | 3.99 |
| 19th November 2019 | 54,000 | 4.00 | 3.99 |
| 20th November 2019 | 200,000 | 3.98 | 3.98 |
| 21st November 2019 | 216,000 | 3.94 | 3.92 |
| 22nd November 2019 | 220,000 | 3.92 | 3.92 |
| 29th November 2019 | 50,000 | 3.98 | 3.98 |
| 3rd December 2019 | 200,000 | 4.00 | 4.00 |
| 4th December 2019 | 446,000 | 4.00 | 4.00 |
| 6th December 2019 | 150,000 | 3.98 | 3.98 |
| 9th December 2019 | 100,000 | 4.00 | 4.00 |
| 16th December 2019 | 48,000 | 3.99 | 3.99 |
| 6th January 2020 | 10,000 | 3.98 | 3.90 |
| 16th January 2020 | 40,000 | 4.00 | 3.94 |
| 21st January 2020 | 600,000 | 3.93 | 3.93 |
| 22nd January 2020 | 118,000 | 3.92 | 3.85 |
| 23rd January 2020 | 150,000 | 3.85 | 3.84 |
| 19th February 2020 | 210,000 | 3.85 | 3.84 |
| 20th February 2020 | 212,000 | 3.85 | 3.83 |
| 30th March 2020 | 58,000 | 2.90 | 2.90 |
| | <u>3,096,000</u> | | |

The Shares repurchased in November 2019, December 2019, January 2020 and February 2020 were subsequently cancelled but those Shares repurchased on 30th March 2020 have not yet cancelled. The issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased Shares upon their cancellation.

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 60.9% 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 2020 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 67.7% 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 LIMITED

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 Meeting Room S426-S427 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Friday, 22nd May 2020 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 2019.
2. To declare a final dividend for the year ended 31st December 2019.
3. To re-elect Directors.
 - (a) Mr. CHAN Bernard Charnwut
 - (b) Mr. KAWAUCHI Yuji
 - (c) Mrs. SHUEN LEUNG Lai Sheung Loretta
 - (d) Mr. OGURA Satoru
4. To fix the Directors’ fees and the fees payable to the members of certain Board committees for the year ending 31st December 2020.
5. To re-appoint Ernst & Young as the Auditor of the Company and authorise the Directors to fix the 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
CHIANG Yuet Wah Connie
Company Secretary

Hong Kong, 21st April 2020

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 Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at 17M 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 20th May 2020 (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 18th May 2020 |
| Book close dates (both days inclusive) | 19th to 22nd May 2020 |
| Record date | 22nd May 2020 |
- (ii) For ascertaining shareholders’ entitlement to the final dividend:
- | | |
|--|--------------------------------|
| Ex-dividend date for final dividend | 27th May 2020 |
| Latest time to lodge transfers | 4:30 p.m. on 28th May 2020 |
| Book close dates (both days inclusive) | 29th May 2020 to 2nd June 2020 |
| Record date for final dividend | 2nd June 2020 |

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the above meeting, and to qualify for the final dividend, all properly completed transfer forms 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.

NOTICE OF ANNUAL GENERAL MEETING

- (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, the Remuneration Committee and the Risk 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 | 90,000 | 70,000 |
| Each Board committee | 40,000 | 30,000 |

- (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 force at or at any time after 9:00 a.m. on the date of the above meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the HKEXnews website (www.hkexnews.hk) and the Company’s website (www.afh.hk) to notify shareholders of the date, time and place of the rescheduled meeting.
- (7) In light of the continuing risks posed by the Coronavirus Decease 2019 (COVID-19), and in the interests of protecting the shareholders and other stakeholders, the Company strongly encourages shareholders NOT to attend the above meeting in person and advises shareholders to appoint the Chairman of the above meeting as their proxy to vote according to their indicated voting instructions as an alternative to attending the above meeting in person.
- (8) As at the date of this notice, the executive directors of the Company are Dr. CHAN Yau Hing Robin (Chairman), Mr. CHAN Bernard Charnwut (President), Mr. TAN Stephen, Mr. WONG Kok Ho; the non-executive directors are Mr. KAWAUCHI Yuji, Mr. OGURA Satoru; and the independent non-executive directors are Ms. CHOW Suk Han Anna, Mrs. LAI KO Wing Yee Rebecca and Mrs. SHUEN LEUNG Lai Sheung Loretta.

In the event of any inconsistency, the English version of this notice shall prevail over the Chinese version.