CHINA ART FINANCIAL HOLDINGS LIMITED
中國藝術金融控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1572)

POSITIVE PROFIT ALERT

This announcement is made by China Art Financial Holdings Limited (the "**Company**", and together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of unaudited consolidated management account of the Group, it is expected that the Group will record a substantial increase in consolidated profit for the year ended 31 December 2016, and the expected profit and total comprehensive income for the year attributable to owners of the company for the year ended 31 December 2016 will record an increase of not less than 75% as compared to last year.

The Board considers that the significant increase in the consolidated profit for the year ended 31 December 2016 was primarily attributable to (i) significant increase in revenue from art auction business; and (ii) steady increase in revenue from art pawn loan business.

As the Company is still in the process of finalising the audited consolidated results of the Group for the year ended 31 December 2016, the information contained in this announcement is only a preliminary assessment of information currently available to the Board, which has not been confirmed, reviewed or audited by the auditors of the Company.

Further details of the financial information of the Group will be disclosed in the results announcement of the Group for the year ended 31 December 2016 which is expected to be published in March 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By order of the Board
China Art Financial Holdings Limited
Fan Zhijun
Chairman

Hong Kong, 15 February 2017

As at the date of this announcement, the Board comprises (1) Mr. Fan Zhijun and Mr. Zhang Bin as the executive Directors and (2) Mr. Leung Shu Sun, Sunny, Mr. Liu Jian and Mr. Chu Xiaoliang as the independent non-executive Directors.