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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Financial Highlights for the Year Ended 31 December 2016:

	For the year ended or as at 31 December		
	2016	2015	Change
	RMB'000	*RMB'000*	*%*
Operating Results			
Revenue	**176,882**	107,574	64.4
Profit attributable to owners of the company	**89,916**	46,854	91.9
Basic earnings per share *(RMB cents)*	**7.67**	7.93	(3.3)
Dividend			
— Final dividend per share *(HK$ cents)*	**3.0**	–	(N/A)
— Special dividend per share *(HK$ cents)*	**2.0**	–	(N/A)

The board (the "Board") of directors (the "**Directors**") of China Art Financial Holdings Limited (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2016 (the "**Reporting Year**") together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

		Year ended 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**176,882**	107,574
Other income		**1,494**	306
Other gains and losses		**5,499**	27
Business tax and surcharges		**(2,854)**	(6,099)
Operating expenses		**(3,135)**	(2,133)
(Allowance) reversal of allowance on loans to customers for art and asset pawn business, net		**(3,457)**	710
Administrative expenses		**(15,856)**	(4,991)
Listing expenses	*6*	**(24,946)**	(6,330)
Finance costs		**(30)**	–
Profit before tax		**133,597**	89,064
Income tax expense	*7*	**(40,165)**	(26,670)
Profit for the year		**93,432**	62,394
Profit and total comprehensive income for the year attributable to:			
— Owners of the Company		**89,916**	46,854
— Non-controlling interests		**3,516**	15,540
		93,432	62,394
Earnings per share for profit attributable to owners of the Company — basic *(RMB cents)*	*9*	**7.67**	7.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

		As at 31 December	
		2016	2015
	Notes	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,242**	2,036
Deferred tax asset		**1,195**	331
		2,437	2,367
Current assets			
Loans to customers for art and asset pawn business	*10*	**234,183**	64,813
Trade receivables, other receivables and prepayments		**52**	4,624
Amount due from a director		**–**	79
Bank balances and cash		**463,080**	292,837
		697,315	362,353
Current liabilities			
Other payables and accrual		**64,573**	54,992
Amounts due to related parties		**–**	6,526
Tax liabilities		**16,323**	14,835
		80,896	76,353
Net current assets		**616,419**	286,000
Net assets		**618,856**	288,367
Capital and reserves			
Share capital/paid-in capital	*11*	**13,995**	73,500
Reserves		**604,861**	127,942
Equity attributable to owners		**618,856**	201,442
Non-controlling interests		**–**	86,925
Total equity		**618,856**	288,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Laws, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 2 November 2015. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**") since 8 November 2016. The addresses of the registered office and principal place of business in Hong Kong and principal place of business in the People's Republic of China (the "**PRC**") are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands; Suite 4018, 40/F, Jardine House, 1 Connaught Place, Hong Kong; Northern side of Jiefang East Road, Yicheng Street, Yixing City, Jiangsu Province, China.

The Company's immediate holding company and ultimate holding company are Intelligenesis Investment Co. Ltd. and Mauve Jade Investment Limited respectively, both are limited companies incorporated in the British Virgin Islands.

The principal activity of the Company is investment holding. It has two principal operating subsidiaries which are established in the PRC, namely, 江蘇和信典當有限公司 Jiangsu Hexin Pawn Company Limited (the "**Hexin Pawn**") and 江蘇和信拍賣有限公司 Jiangsu Hexin Auction Company Limited (the "**Hexin Auction**"). Hexin Pawn was established in May 2004 and Hexin Auction was established in May 2007. Both of them were founded by Mr. Fan Zhijun, his family members and business partners. Hexin Pawn has been principally engaged in the art pawn loan business, while Hexin Auction has been principally engaged in the art auction business.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of which is the same as the functional currency of the Company and the subsidiaries established in the PRC.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the reorganisation, to rationale the structure of the Group to prepare for the listing of shares of the Company on the Main Board of HKSE (the "**Reorganisation**") which was completed by incorporating/establishing the Company, Reliance Art Holdings Limited ("**Reliance Art**"), Co-Reliance Art Financial Company Limited ("**Co-Reliance Art**"), 宜興市漢信信息技術服務有限公司 Yixing Hanxin Information Technology Service Company Limited ("**WFOE-Pawn**") and 宜興市紫玉信息技術服務有限公司 Yixing Ziyu Information Technology Service Company Limited ("**WFOE-Auction**") as the parents of Hexin Pawn and Hexin Auction respectively, the Company became the ultimate holding company of the companies now comprising the Group on 15 April 2016.

The Group entered into two series of agreements with Hexin Pawn and Hexin Auction which constitute the contractual arrangements (the "**Contractual Arrangements**") for the art and asset pawn business and art and asset auction business respectively. These Contractual Arrangements effectively transfer the controls over economic benefits and pass the risks associated therewith of Hexin Pawn and Hexin Auction to WFOE-Pawn and WFOE-Auction. The Contractual Arrangements with Hexin Pawn include: (i) Hexin Pawn Composite Services Agreement, (ii) Hexin Pawn Option Agreement, (iii) Hexin Pawn Proxy Agreement, and (iv) Hexin Pawn Equity Pledge Agreement, and the Contractual Arrangements with Hexin Auction include: (i) Hexin Auction Composite Services Agreement, (ii) Hexin Auction Option Agreement, (iii) Hexin Auction Proxy Agreement, and (iv) Hexin Auction Equity Pledge Agreement. Details of the Contractual Arrangements are set out in the section headed "Contractual Arrangements" of the prospectus of the Company dated 27 October 2016.

The Contractual Arrangements are irrevocable and enable the Group to:

- exercise effective financial and operational control over Hexin Pawn and Hexin Auction;
- exercise equity holders' voting rights of Hexin Pawn and Hexin Auction;
- receive all economic returns generated by Hexin Pawn and Hexin Auction in consideration for the exclusive technical services, management support services and consultancy services provided by the Group;
- obtain an irrevocable and exclusive right to purchase the entire equity interest in Hexin Pawn and Hexin Auction from the shareholders of Hexin Pawn and Hexin Auction; and
- obtain a pledge over the entire equity interest of Hexin Pawn and Hexin Auction from the shareholders of the Hexin Pawn and Hexin Auction as collateral security under the Contractual Arrangements.

Pursuant to the above Contractual Arrangements entered into between the Group and all the equity holders of Hexin Pawn and Hexin Auction, these Contractual Arrangements effectively transfer the controls over economic benefits and pass the risks associated therewith of Hexin Pawn and Hexin Auction to WFOE-Pawn and WFOE-Auction. In substance, the Group has effectively acquired additional equity interests in Hexin Pawn and Hexin Auction from the non-controlling interests subsequent to the effective date of the Contractual Arrangements. Accordingly, Hexin Pawn and Hexin Auction became wholly-owned subsidiaries of the Group subsequent to the Reorganisation. Details of the Corporate Reorganisation are set out in the Company's prospectus dated 27 October 2016 (the "**Prospectus**").

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing equity.

The consolidated statement of profit and loss and comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement include the results, changes in equity and cash flows of the companies comprising the Group for both years and in accordance with the respective equity interests in the individual companies attributable to the controlling parties for both years.

The consolidated statement of financial position of the Group as at 31 December 2015 has been prepared to present the assets and liabilities of the Group as if the current group structure had been in existence and in accordance with the respective equity interests in the individual companies attributable to the controlling parties as at that date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.2 Application of HKFRSs

The Group has consistently applied all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 January 2016 for both current and prior years.

HKICPA has issued the following new HKFRS, which are not yet effective. The Group has not early applied these new standards, amendments and interpretation.

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined

4. REVENUE

An analysis of the Group's revenue is as follows:

	2016	2015
	RMB'000	*RMB'000*
Pawn loan revenue from art and asset pawn business	**84,273**	59,259
Auction revenue from art and asset auction business	**92,609**	48,315
Total	**176,882**	107,574

5. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of services rendered in the PRC, art and asset pawn business and art and asset auction business which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by these two services rendered.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of central administration costs, other income, other gains and losses, finance costs and listing expenses. Segment assets and liabilities are allocated to each segment excluding deferred tax asset, deferred listing costs, amount due from a director, bank balances and cash, other payables for listing expenses and other payables and accrual and amounts due to related parties. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

	Art and asset pawn business *RMB'000*	Art and asset auction business *RMB'000*	Total *RMB'000*
2016			
Segment revenue	**84,273**	**92,609**	**176,882**
Segment cost	**(1,097)**	**(2,038)**	**(3,135)**
Business tax and surcharges	**(2,020)**	**(834)**	**(2,854)**
Allowance on loans to customers for art and asset pawn business	**(3,457)**	**–**	**(3,457)**
Segment result	**77,699**	**89,737**	**167,436**
Other income			**1,494**
Other gains and losses			**5,499**
Central administrative expenses			**(15,856)**
Listing expenses			**(24,946)**
Finance costs			**(30)**
Profit before tax			**133,597**

	Art and asset pawn business *RMB'000*	Art and asset auction business *RMB'000*	Total *RMB'000*
2015			
Segment revenue	59,259	48,315	107,574
Segment cost	(653)	(1,480)	(2,133)
Business tax and surcharges	(3,369)	(2,730)	(6,099)
Reversal of allowance on loans to customers for art and asset pawn business	710	–	710
Segment result	55,947	44,105	100,052
Other income			306
Other gains and losses			27
Central administrative expenses			(4,991)
Listing expenses			(6,330)
Profit before tax			89,064

The following is an analysis of the Group's assets and liabilities by operating and reportable segment.

	Art and asset pawn business *RMB'000*	**Art and asset auction business** *RMB'000*	**Total** *RMB'000*
2016			
Assets			
Segment assets	**235,303**	**174**	**235,477**
Other unallocated assets			
Deferred tax asset			**1,195**
Bank balances and cash			**463,080**
Consolidated total assets			**699,752**
Liabilities			
Segment liabilities	**5,702**	**61,513**	**67,215**
Other unallocated liabilities			
Other payable for listing expenses			**8,147**
Other payables and accrual			**5,534**
Consolidated total liabilities			**80,896**

	Art and asset pawn business *RMB'000*	Art and asset auction business *RMB'000*	Total *RMB'000*
2015			
Assets			
Segment assets	66,724	2,124	68,848
Other unallocated assets			
Deferred tax asset			331
Deferred listing costs			2,625
Amount due from a director			79
Bank balances and cash			292,837
Consolidated total assets			364,720
Liabilities			
Segment liabilities	2,865	64,714	67,579
Other unallocated liabilities			
Other payable for listing expenses			2,248
Amounts due to related parties			6,526
Consolidated total liabilities			76,353

Other segment information

	Art and asset pawn business *RMB'000*	Art and asset auction business *RMB'000*	Total *RMB'000*
2016			
Segment information included in the measure of segment results or assets:			
Depreciation of property, plant and equipment	**681**	**113**	**794**
Allowance on loans to customers for art and asset pawn business, net	**3,457**	**–**	**3,457**
2015			
Segment information included in the measure of segment results or assets:			
Additions to property, plant and equipment	23	10	33
Depreciation of property, plant and equipment	689	134	823
Gain on disposal of property, plant and equipment	–	(2)	(2)
Reversal of allowance on loans to customers for art and asset pawn business, net	(710)	–	(710)

Geographical information

The Group's revenue from external customers is derived solely from its operations and services rendered in the PRC, and non-current assets of the Group are located in the PRC.

Information about major customers

There was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for the year reported.

6. LISTING EXPENSES

The amount represented professional fees incurred in relation to the global offering of the Company's shares which are not directly attributable to the issue of the new shares of the Company.

7. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**41,029**	25,916
Deferred tax	**(864)**	754
	40,165	26,670

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Laws of Cayman Islands, and accordingly, is exempted from payment of Cayman Islands income tax.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong during both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25%.

The income tax expense for the year can be reconciled to the profit before tax as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**133,597**	89,064
Tax at the PRC EIT rate of 25%	**33,399**	22,266
Tax effect of deemed contribution for tax purpose	**–**	2,200
Tax expenses not deductible for tax purpose	**6,766**	2,204
Income tax expense	**40,165**	26,670

8. DIVIDEND

The Board recommends the payment of a final dividend for 2016 of HK$3.0 cents (equivalent to RMB2.7 cents) (2015: nil) per share (the "**Proposed Final Dividend**") amounting to HK$48,000,000 and a special dividend for 2016 of HK$2.0 cents (equivalent to RMB1.8 cents) (2015: nil) per share (the "**Proposed Special Dividend**") amounting to HK$32,000,000. The Proposed Final Dividend and the Proposed Special Dividend will be either payable in cash or in form of new fully paid shares of the Company in respect of part or all of such final and special dividend at shareholders' option.

The Proposed Final Dividend and the Proposed Special Dividend for the year ended 31 December 2016 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The final dividend and special dividend proposed after the end of the reporting period have not been recognised as liabilities at the end of reporting period.

9. EARNINGS PER SHARE

	2016	2015
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of calculating basic earning per share (profit for the year attributable to the owners of the Company)	**89,916**	46,854

	2016	2015
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,171,563,449**	590,890,535

The calculation of the basic earnings per share for both years is based on the assumption that the reorganisation and the capitalisation issue of 1,200,000,000 shares has been in effective on 1 January 2015 and adjusted for the capital contributions by shareholders during both years.

No diluted earnings per share is presented as there was no potential dilutive ordinary share in issue during both years.

10. LOANS TO CUSTOMERS FOR ART AND ASSET PAWN BUSINESS

	2016	2015
	RMB'000	*RMB'000*
Art and asset pawn loans to customers, gross	**238,963**	66,136
Less: impairment allowances		
— Individually assessed	**–**	–
— Collectively assessed	**4,780**	1,323
	4,780	1,323
Art and asset pawn loans to customers, net	**234,183**	64,813

The art and asset pawn loans to customers are arising from the Group's art and asset pawn business. The loan periods granted to customers are normally within three months. At the maturity of the loan period, a borrower is under the obligation to repay the principal amount of the loan or, alternatively, a borrower may make an application for a renewal of the loan prior or within five days after the maturity date of the loan period. The loans provided to customers bore fixed interest rates ranging from 30% to 48% (2015: 18% to 48%) per annum during the year ended 31 December 2016. Loans to customers are all denominated in RMB.

(a) Aging analysis of loans to customers

The aging analysis of loans to customers net of impairment allowances by issue date of pawn tickets are set out below:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**83,892**	26,831
2–3 months	**112,787**	3,695
3–6 months	**37,504**	16,019
6–12 months	**–**	18,181
12–24 months	**–**	52
Over 24 months	**–**	35
Total	**234,183**	64,813

(b) Reconciliation of allowance account for losses on loans to customers

	2016	2015
	RMB'000	*RMB'000*
Individually assessed:		
At beginning of year	**–**	2,562
Reversal of impairment loss	**–**	(253)
Loans written off as uncollectible	**–**	(2,309)
At end of year	**–**	–
Collectively assessed:		
At beginning of year	**1,323**	1,780
Impairment losses recognised (reversal)	**3,457**	(457)
At end of year	**4,780**	1,323

(c) Net charge (reversal) of impairment allowance on loans to customers

	2016	2015
	RMB'000	*RMB'000*
Net charge (reversal) of impairment allowance		
Individually assessed	**–**	(253)
Collectively assessed	**3,457**	(457)
	3,457	(710)

11. SHARE CAPITAL/PAID-IN CAPITAL

The paid-in capital of the Group as at 1 January 2015 and 31 December 2015 represented the aggregate amount of the fully paid registered capital or share capital of Hexin Pawn, Hexin Auction and the Company which were contributed by the controlling shareholders of the Group respectively and have not been eliminated prior to the completion of the Reorganisation.

Movements of the share capital of the Company since the date of the incorporation on 2 November 2015 to 31 December 2016 are as follows:

		Number of shares	**Nominal value**	
	Notes		*HK$'000*	*RMB'000*
Ordinary shares of HK$0.01 each				
Authorised				
At 2 November 2015 (date of incorporation) and 31 December 2015	*(a)*	38,000,000	380	332
Increase on 14 October 2016	*(c)*	4,962,000,000	49,620	43,088
At 31 December 2016		5,000,000,000	50,000	43,420
Issued and fully paid				
At 2 November 2015 (date of incorporation)	*(a)*	1	–	–
Issue of new shares to immediate holding company	*(b)*	9,999	–	–
At 31 December 2015		10,000	–	–
Issue of new shares pursuant to the global offering	*(d)*	400,000,000	4,000	3,499
Capitalisation issue of shares	*(e)*	1,199,990,000	12,000	10,496
At 31 December 2016		1,600,000,000	16,000	13,995

Notes:

(a) On 2 November 2015, the Company was incorporated with 38,000,000 authorised ordinary shares of HK$0.01 each, of which 1 subscriber share was allotted and issued, credit as fully paid up, to an officer of the registered agent of the Company, such share was transferred to the immediate holding company of the Company on the same date.

(b) On 29 December 2015, the Company allotted and issued 9,999 shares at par and credited as fully paid, represented share capital of HK$100 (approximately to RMB84) as at 31 December 2015.

(c) On 14 October 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of 4,962,000,000 new shares of HK$0.01 each.

(d) On 8 November 2016, 400,000,000 shares of HK$0.01 each of the Company were issued at a price of HK$0.75 each by way of global offering. On the same date, the shares of the Company were listed on the Main Board of the HKSE. The proceeds of HK$4,000,000 (equivalent to RMB3,499,000 representing the par value of the new shares were credited to the Company's share capital. The remaining proceeds of HK$296,000,000 (equivalent to RMB258,911,000), before the issuing expenses, were credited to the share premium of the Company.

(e) Pursuant to the written resolutions passed by all shareholders of the Company on 14 October 2016, the directors of the Company were authorised to capitalise HK$12,000,000 (equivalent to RMB10,496,000) standing to credit of the share premium amount of the Company by applying such sum in paying up in full at par of 1,199,990,000 ordinary shares of HK$0.01 each of the Company for allotment and issue to the shareholders of the Company on the register of members of the Company on the date before listing of the shares of the Company in proportion to their then existing respective shareholding in the Company, conditional on the share premium account of the Company being credited as a result of the issue of shares by the Company pursuant to the global offering. The global offering of the Company was completed on 8 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's Economy Entered into the Bottom Out Phrase

In 2016, the major economies around the world were still in a slow recovery pace, while changes in the political landscape brought a lot of uncertainties. The Brexit referendum and the US presidential election caused market turmoil, which increased the complexity of the global economy. China's gross domestic product (GDP) growth rate continued to fall in 2016 with a year-on-year increase rate of 6.7%, representing a slight decline compared to 6.9% in 2015. Such growth was mainly driven by real estate industry. The domestic economy stepped out from the fast decline phrase into a L-Shaped bottom out phase, showing a stable economic trend, which was also in line with the market expectation.

Tremendous Potential in Domestic Art Financial Industry

Domestic art market was still undergoing adjustments in 2016 as affected by the macroeconomy. In terms of total transaction value in 2016, China ranked the third in the global art market, which still outperformed around the world. The aggregate transaction value of the Chinese art auction market in 2016 was RMB52.7 billion, which was similar to that of 2015. The price of Chinese artworks became more rational, putting greater emphasis on the cultural, heritage and art values of artworks. "The Wu Wang Zui Gui Tu Juan (五王醉歸圖卷)" of Ren Ren Fa (任仁發) (a painter in Yuan Dynasty) was transacted at RMB303.6 million, breaking the highest hammer price record in global auctions of Chinese artwork in 2016 and also the highest record in art auction market over the past five years, which showed a tremendous potential in art auction market. The aggregate transaction value of the Chinese art pawn loan market in 2016 was RMB5.3 billion, representing an increase of 15.2% over that of 2015, as increasing number of art collectors and art owners were willing to use their collections as collateral of pawn loan.

Facing macroeconomic and industrial opportunities and challenges in 2016, the Company proactively adapted to the new situation, continued to focus on artwork-related services strategically, made full use of geographical advantages, pursued a synergy of auction and pawn businesses, actively promoted innovation, and expanded online auction business to achieve a rapid growth of results. In 2016, the Group was the largest art pawn loan service provider in China in terms of revenue; the second largest art auction house in Jiangsu province in terms of aggregate art auction revenue and the largest auction house for zisha artworks in China in terms of zisha artwork auction revenue.

BUSINESS REVIEW

The Group's auction and pawn loan business segments continued to develop and achieved remarkable results. For the year ended 31 December 2016, the Group's revenue was approximately RMB176.9 million, representing an increase of 64.4% from RMB107.6 million for the same period in 2015. The profit attributable to owners of the Company was approximately RMB89.9 million, representing an increase of 91.7% from RMB46.9 million for the same period in 2015.

Art and Asset Auction Business

The Group's art and asset auction business continued to grow. During the Reporting Year revenue from the art and asset auction segment of the Company was approximately RMB92.6 million, representing an increase of 91.7% from RMB48.3 million for the same period last year, of which, revenue of art auction representing 100% of auction segment revenue. Profits of art and asset auction segment was RMB89.7 million, representing an increase of 103.4% from RMB44.1 million for the same period last year.

The breakdown of art and asset auction business of the Group in 2016 and 2015 was as follows:

	Year ended 31 December				
	2016		2015		
	RMB'000	**%**	*RMB'000*	%	% of change
Art auction revenue	**92,609**	**100**	47,845	99.0	93.6
Asset auction revenue	**–**	**–**	470	1.0	(100.0)
Total	**92,609**	**100**	48,315	100	91.7

In 2016, the Group successfully organized its first spring auction in late-June (the "**Spring Auction**") which achieved an aggregate hammer price of approximately RMB165 million, of which the aggregate hammer price of zisha artworks was approximately RMB121 million.

The Group successfully organized its Autumn Auction (the "**Autumn Auction**"), in mid-December 2016, receiving an overwhelming market response with the highest hammer price amounted to approximately RMB45 million. The total hammer price for the auction lots reached RMB280 million, representing an increase of approximately 17.2% as compared with that of the 2015 autumn auction and an increase of approximately 69.7% as compared with that of the 2016 Spring Auction. The highlight of the auction was a zisha teapot set made by Master Gu Jingzhou, which recorded the highest hammer price of approximately RMB45 million.

During the Reporting Year, the aggregate hammer price of auctions organized by the Group amounted to approximately RMB490 million and the aggregate hammer price of zisha artworks reached RMB297 million. In 2016, the Group held one Spring Auction, one Autumn Auction and three pure online auctions.

To capture opportunities from the Chinese online auction market, one of the biggest markets worldwide, the Group also launched pure online art auctions in 2016 and organized three pure online art auctions which were held in January, April and September 2016 respectively.

Art and Asset Pawn Loan Business

The Group steadily developed its art and asset pawn loan business with a remarkable effectiveness in risk management. During the Reporting Year, revenue from the pawn loan segment was approximately RMB84.3 million, representing an increase of 42.2% from RMB59.3 million for the same period last year. Profits of pawn loan segment was RMB77.7 million, representing an increase of 39.0% from RMB55.9 million for the same period last year. As of 31 December 2016, the total amount of new loans granted by the Group amounted to approximately RMB597 million.

The breakdown of art and asset pawn loan business of the Group in 2016 and 2015 was as follows:

	Year ended 31 December				
	2016		2015		
	RMB'000	*%*	*RMB'000*	*%*	% of change
Art pawn loan revenue	**83,539**	**99.1**	58,639	99.0	42.5
Asset pawn loan revenue	**734**	**0.9**	620	1.0	18.4
Total	**84,273**	**100**	59,259	100	42.2

In 2016, approximately RMB569 million of new loan amount the Group granted were secured by artworks. Our artwork collateral portfolio mainly includes zisha artworks as well as paintings and calligraphies and jewel artworks. As at 31 December 2016, the Group charged fixed rates of monthly composite administrative fee for our pawn loan secured by artworks and personal property (both of which are classified as movable properties under the Pawning Measures), real estate and equity interest as collateral generally at the respective rate of 4.0%, 2.7% and 2.4% of the principal amount of the loan respectively.

	Year ended 31 December	
Loans secured by artwork	**2016**	2015
Total new loan amount granted *(RMB'000)*	**569,260**	315,280
Total number of new loans granted	**105**	61
Number of new loans renewed	**63**	52
Renewal ratio of new loan (%)	**60.0**	85.2
Average initial loan term (days)	**69**	51

	Year ended 31 December	
Loans secured by assets	**2016**	2015
Total new loan amount granted *(RMB'000)*	**27,513**	7,653
Total number of new loans granted	**167**	132
Number of new loans renewed	**91**	93
Renewal ratio of new loan (%)	**54.5**	70.5
Average initial loan term (days)	**48**	32

The group implemented a risk management system which we believe to be effective in reducing various risks involved in our art and asset pawn business. The Group established a multi-level internal approval system and an effective risk management system, and had a professional internal and external authentication team. The Group also hired third party authoritative authentication institutions as company's independent advisor. The Group's risk management achieved remarkable results, of which the art and asset pawn loan business did not experience any default during the Reporting Year.

The Group adopted the target appraised loan-to-value ratio of not exceeding 75% for artwork as collateral at the time of the collateral appraisal. For asset as collateral, the Group adopted the target appraised loan-to-value ratios of not exceeding 75%, 90% and 50% for real properties, personal properties and equity interest respectively. The Group's art and asset pawn business was funded by our registered capital and retained earnings. As of 31 December 2016, the Group's impaired loan ratio was 0%.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately RMB69.3 million, or approximately 64.4%, from approximately RMB107.6 million for the year ended 31 December 2015 to approximately RMB176.9 million for the year ended 31 December 2016, primarily due to (i) the significant increase in our art and asset auction revenue of approximately RMB44.3 million as a result of our expansion to organise our first Spring Auction and three online auctions during the year and (ii) the steady increase in our art and asset pawn revenue of approximately RMB25.0 million. Meanwhile, in July 2015, the registered capital in Hexin Pawn increased from RMB40 million to RMB100 million, which allowed our Group to lend larger loan amounts for each transaction.

The respective segment revenue of the Group in 2016 and 2015 was as follows:

	Year ended 31 December		
	2016	2015	
	RMB'000	*RMB'000*	% of change
Art and asset auction business	**92,609**	48,315	91.7
Art and asset pawn business	**84,273**	59,259	42.2
Total	**176,882**	107,574	64.4

Other income

Our other income increased by approximately RMB1.2 million, or approximately 400.0%, from approximately RMB0.3 million for the year ended 31 December 2015 to approximately RMB1.5 million for the year ended 31 December 2016, primarily due to increase in bank deposit and increase arising from sales of artworks received as gifts from independent third parties.

Business tax and surcharges

Our business tax and surcharges decreased by approximately RMB3.2 million, or approximately 52.5%, from approximately RMB6.1 million for the year ended 31 December 2015 to approximately RMB2.9 million for the year ended 31 December 2016. This was primarily due to the implementation of the value-added tax in lieu of business tax commencing from 1 May 2016.

Operating expenses

Our operating expenses increased by approximately RMB1.0 million, or approximately 47.6%, from approximately RMB2.1 million for the year ended 31 December 2015 to approximately RMB3.1 million for the year ended 31 December 2016, primarily due to (i) the increase in advertising expenses as a result of our expansion to organise our first Spring Auction and (ii) the increase in the service fee incurred for the valuation services.

(Allowance) reversal of allowance on loans to customers for art and asset pawn business

For the year ended 31 December 2015, as a result of the recovery of the principal amount from a borrower which was secured by real estate collateral and the outstanding composite administrative fee incurred thereon, we reversed individually assessed impairment allowance of approximately RMB0.3 million. We also reversed collectively assessed impairment allowance of approximately RMB0.5 million as a result of the decrease in the gross loan amount outstanding from approximately RMB97.4 million as of 31 December 2014 to RMB66.1 million as of 31 December 2015.

For the year ended 31 December 2016, we recognised the collectively assessed impairment allowance of approximately RMB3.5 million, primarily due to the substantial increase in the gross loan amount outstanding from approximately RMB66.1 million as at 31 December 2015 to approximately RMB239.0 million as at 31 December 2016.

Administrative expenses

Our administrative expenses increased by approximately RMB10.9 million, or approximately 218.0%, from approximately RMB5.0 million for the year ended 31 December 2015 to approximately RMB15.9 million for the year ended 31 December 2016, primarily due to (i) the increase of approximately RMB2.2 million mainly as a result of listing-related expenses incurred in 2016 and (ii) the increase in general staff cost of approximately RMB4.7 million that was mainly attributable to the salaries and bonuses as a result of the expansion of operations after listing.

Reportable segment profit

As a result of the foregoing, reportable segment profit increased by RMB67.3 million from RMB100.1 million for the year ended 31 December 2015 to RMB167.4 million for the year ended 31 December 2016.

The respective reportable segment profit of the Group in 2016 and 2015 is as follows:

	Year ended 31 December		
	2016	2015	
	RMB'000	*RMB'000*	% of change
Art and asset auction business	**89,737**	44,105	103.5
Art and asset pawn business	**77,699**	55,947	38.9
Segment result	**167,436**	100,052	67.3

Listing expenses

Our listing expenses for the year ended 31 December 2016 amounted to RMB24.9 million, which primarily consisted of the service fees we paid to auditors and other professional parties in connection with our preparation for the listing of our shares on the main board of the Stock Exchange of Hong Kong Limited.

Profit before tax

As a result of the foregoing, our profit before tax increased by approximately RMB44.5 million, or approximately 49.9%, from approximately RMB89.1 million for the year ended 31 December 2015 to approximately RMB133.6 million for the year ended 31 December 2016.

Income tax expense

Our income tax expenses increased by approximately RMB13.5 million, or approximately 50.6%, from approximately RMB26.7 million for the year ended 31 December 2015 to approximately RMB40.2 million for the year ended 31 December 2016, primarily due to an increase in our Group's taxable income.

Profit and total comprehensive income for the year attributable to owners of the Company and non-controlling interests

Primarily due to an increase in our profit for the year, (i) profit and total comprehensive income for the year attributable to owners of the Company increased by approximately RMB43.0 million, or approximately 91.7%, from approximately RMB46.9 million for the year ended 31 December 2015 to approximately RMB89.9 million for the year ended 31 December 2016, while (ii) profit and total comprehensive income for the year attributable to non-controlling interests decreased by approximately RMB12.0 million, or approximately 77.4%, from approximately RMB15.5 million for the year ended 31 December 2015 to approximately RMB3.5 million for the year ended 31 December 2016.

The changes in our profit and total comprehensive income attributable to non-controlling interests were mainly caused by the increase in the profit generated from our PRC Operating Entities. On 15 April 2016, our Group entered into the two series of agreements (as amended and supplemented by supplemental agreements entered into on 24 October 2016) which constitute the Contractual Arrangements. These Contractual Arrangements effectively transfer the economic benefits and pass the risks associated therewith of our two operating subsidiaries in PRC to our Group. As a result, starting from 15 April 2016, the entirety of our profit and total comprehensive income has become attributable to owners of our Company. Accordingly, there was a substantial decrease in our profit and total comprehensive income attributable to non-controlling interests for the year ended 31 December 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net Cash Flow

The Group maintains a strong and healthy financial position. The Group's principal sources of funds to finance the working capital, capital expenditure and other capital requirements were internally generated by cash flows. As of 31 December 2016, net working capital (calculated as current assets less current liabilities) was RMB616.4 million, representing an increase of RMB330.4 million as compared with RMB286.0 million as of 31 December 2015. The current ratios (calculated as current assets/current liabilities) are 8.6 times and 4.7 times as of 31 December 2016 and 31 December 2015 respectively.

The following table summarises the consolidated statements of cash flows for the two years ended 31 December 2016 and 2015:

	2016 ***RMB'000***	2015 *RMB'000*
Net cash (used in) from operating activities	**(65,873)**	149,992
Net cash from investing activities	**775**	260
Net cash from financing activities	**230,501**	78,526

As of 31 December 2016, the Group's total bank balances and cash increased by 58.2% to RMB463.1 million from RMB292.8 million as of 31 December 2015. As of 31 December 2016 and 2015, the Group did not have any bank borrowings.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

The Group principally focused on the operation in the PRC. Except for the bank deposits denominated in foreign currencies, the Group was not subject to any other material risk directly relating to the foreign exchange fluctuation. For the year ended 31 December 2016, despite the depreciation of RMB against USD and HKD, the Directors expected any fluctuation of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor foreign currency exchange exposure and will take prudent measures to minimize the currency translation risk.

Gearing Ratio

Since our Group did not have any interest-bearing borrowings, gearing ratio was not applicable.

Contingent Liabilities

As of the date of this announcement, the Group did not have any material contingent liabilities nor any other off-balance sheet commitments and arrangements.

Capital Expenditure

Our capital expenditures primarily comprised expenditures on property and equipment, which amounted to RMB Nil and RMB33,000, respectively, for the years ended December 31, 2016 and 2015.

Capital Commitment

As at 31 December 2016, the Group did not have material capital commitments.

Subsequent Event

The Board recommends to distribute a final dividend of HK$3.0 cents (equivalent to RMB2.7 cents) per share and a special dividend of HK$2.0 cents (equivalent to RMB1.8 cents) per share in cash to the shareholders for the year ended 31 December 2016. The dividend mentioned above will be distributed upon approval of shareholders at the forthcoming annual general meeting of the Company.

Human Resources and Training

As of 31 December 2016, the Group had a total of 38 employees. The Group's employee remuneration policy is determined on the basis of their performance, qualifications, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus.

FOREIGN EXCHANGE RISKS

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is not significant. The Group did not enter into any foreign exchange hedging instruments during the year ended 31 December 2016.

OUTLOOK AND PROSPECTS

In 2017, China's economy will remain stable, but will still experience relatively large downward pressure. However, China's economy has the advantage of growth from a global perspective as the monetary policy will remain sound, the fiscal policy will maintain positive and an in-depth supply-side structural reform will be a major trend. Looking forward, since the Chinese government actively promotes close cooperation between the financial and cultural sectors, the Chinese art finance industry is expected to grow further. Meanwhile, it is expected that significant financial innovations in artwork and collection assets will be emerged.

Auction Businesss

First, the Group will focus more on online auction and other online operation, including optimizing and enhancing the arrangement of synchronised online biddings at each year's Spring Auction and Autumn Auction, and improving the promotion and service of pure online auctions. The Group will also continue to enrich the functions of our official website so as to facilitate our clients with convenient access to our integrated services; Secondly, the Group will establish new branches or subsidiaries. We intend to extend our business network and geographical presence in major cities in China such as Beijing, Shanghai and Hong Kong; Thirdly, the Group continue to expand our auction lot composition to include more art categories with strong market demand; Fourthly, the Group will proactively contact and pay visit to clients and strive to negotiate with additional artwork artists to sign artwork production and consignment agreement with us at the same time so as to enhance our good business relationship with them and expand the source of artworks for our auctions.

Pawn Loan Business

The Group will increase the registered capital of Hexin Pawn so as to enlarge our funding available for lending. Secondly, the Group will focus on growing our loan portfolio. In addition to the continuous emphasis on zisha artworks as well as paintings and calligraphies, the Group plan to diversify strategically our collateral composition to include more art categories with strong market demand. Thirdly, the Group will expand loan offices network, setting up new loan offices in cities with relatively strong local economies so that we may extend client base and deepen market penetration. Lastly, the Group will develop and utilise online platform. We plan to set up an online loan financing platform so that more clients can know and enjoy the Group's pawn loan services.

In addition, the Group will continue to build the one-stop art finance service platform by integrating art pawn loan and art auction businesses, and seek opportunities for mergers and acquisitions of enterprises and IT companies engaged in related businesses, or form an alliance with them to increase the Company's competitiveness.

CORPORATE REORGANISATION AND LISTING OF SHARES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 November 2015 and became the holding company of the Group on 15 April 2016. Details of the corporate reorganisation are set out in the section headed "History, Reorganization and Corporate Structure" in the Prospectus. The Company's shares (the "**Shares**") were successfully listed on Main Board of the Stock Exchange on 8 November 2016 (the "**Listing Date**").

USE OF NET PROCEEDS

On 8 November 2016, the Company issued 400,000,000 new shares of nominal value of HK$0.01 each in connection with the listing of its shares on the Stock Exchange (the "**IPO**"). The net proceeds after deducting the underwriting commission and issuing expenses arising from the IPO amounted to HK$237.7 million (equivalent to RMB212.6 million).

Up to 31 December 2016, HK$80.0 million has been injected to PRC to increase the registered capital of Hexin Pawn. The remaining net proceeds of RMB157.7 million were deposited with certain licensed financial institutions as of 31 December 2016.

FINAL AND SPECIAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2016 (2015: nil) and a special dividend of HK2.0 cents per share for the year ended 31 December 2016 (2015: nil) to the shareholders whose names appear on the register of members of the Company on 24 May 2017. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**"), the final and special dividends are expected to be payable on or about 6 June 2017. The aggregate amount shall be paid out of the Company's share premium account if the payment of the dividends is approved by the shareholders at the AGM.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on 16 May 2017. To ascertain shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 11 May 2017 to Tuesday, 16 May 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Wednesday, 10 May 2017.

To ascertain the entitlement to the proposed final and special dividends for the year ended 31 December 2016, the register of members of the Company will be closed from Monday, 22 May 2017 to Wednesday, 24 May 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final and special dividends for the year ended 31 December 2016, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Friday, 19 May 2017.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. Since the listing of the Company's shares on the Main Board of the Stock Exchange on 8 November 2016, the Company has continued to apply the principles set out in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules. For the year ended 31 December 2016, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provisions A.2.1 and A.2.7:

Code provision of A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Fan Zhijun as both the Chairman and the Chief Executive Officer of the Company. The Board believes that vesting the roles of the Chairman and Chief Executive Officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and Board, which comprises experienced and high-calibre individuals. The Board currently comprises two Executive Directors (including Mr. Fan Zhijun) and three Independent Non-executive Directors and therefore has a fairly strong independence element in its composition.

Code provision of A.2.7 of the CG Code requires the Chairman of the Board to hold meetings at least annually with the Non-executive Directors (including Independent Non-executive Directors) without the Executive Directors present. As the Company's shares were only listed on Main Board of the Stock Exchange on 8 November 2016, the Chairman of the Board did not hold a meeting with the Non-executive Directors without the Executive Directors present during the year. This constitutes a deviation from this code provision.

AUDIT COMMITTEE

An audit committee of the Board ("**Audit Committee**") has been established with written terms of reference to, among other matters, review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises all the independent non-executive Directors. The annual results of the Group for the year ended 31 December 2016 have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the 400,000,000 Shares issued pursuant to the offering under the IPO, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2016.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles or the laws in Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

COMPLIANCE WITH THE QUALIFICATION REQUIREMENT

With the aim of fulfilling the qualification requirement as mentioned in our Prospectus (the "Qualification Requirement"), we have taken steps to implement our plan (the "QR Plan") as follows: we are currently operating an overseas website targeting clients and other users from Hong Kong, Taiwan and other countries. In the year of 2017, we plan to further develop our overseas website to become a trading and promotional platform for Chinese artists especially for zisha artists. In the long run, our overseas website will be developed into an internet platform to support the future art auctions to be held in Hong Kong. Details of the Qualification Requirement are set out in the section headed "Contractual Arrangements" of the Prospectus.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the two years ended 31 December 2016 and 2015 included in this preliminary announcement of the annual results for the year ended 31 December 2016 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnartfin.com.hk). The annual report for the year ended 31 December 2016 of the Company contains all the information required by the Listing Rules, which will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to every shareholder and business partner for their constant support and trust of the Group, and also to every employee for their hard work and contribution to the Group over last year. I look forward to achieving greater success hand in hand with the Group in the coming year.

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

Hong Kong, 16 March 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.