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)

PROFIT WARNING

This announcement is made by China Art Financial Holdings Limited (the "**Company**", 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 (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review by the Board on the latest unaudited management accounts of the Group, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company, and taking into consideration of the information currently available to the Board, the Group is likely to record a significant reduction in profit for six months ending 30 June 2020 in the range of 70% to 82% from the corresponding period in 2019 which recorded a net profit of RMB66.5 million. The expected reduction in profit is mainly attributable to the following:

1) all the Group's auctions for the period from January 2020 to April 2020 have been suspended or deferred due to crowd control measures and outbreak of coronavirus in the People's Republic of China, and the spring auction which would normally be held in May or June every year is also highly likely to be cancelled. The spring auction in 2019 accounted for approximately 42% of the revenue of the Group for the six months ended 30 June 2019. If the spring auction is cancelled, the Group will record no revenue from the art and asset auction business for the six months ending 30 June 2020;

2) the volume of art and asset pawn loans has significantly reduced as the management adopted a prudent and conservative approach in granting loans amid the coronavirus pandemic and adverse global financial market; and

3) the monthly composite administrative fee charged for pawn loan has been reduced.

The information contained in this announcement is only based on the information currently available to the Company and a preliminary review by the Board on the unaudited management accounts of the Group for the four months ended 30 April 2020, which have not been reviewed or audited by the independent auditors and/or the audit committee of the Company. The actual financial results of the Group for the six months ending 30 June 2020 may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully about the announcement of the Company for the interim results for the six months ending 30 June 2020, which is expected to be published in August 2020 in accordance with the requirements of the Listing Rules.

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

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

Hong Kong, 15 May 2020

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