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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 PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of China Art Financial Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of The Code on Takeovers and Mergers (the “**Takeovers Code**”).

Reference is made to the announcement of the Company dated 1 August 2022 relating to the appointment of Messrs Osman Mohammed Arab and Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited as joint and several receivers and managers (the “**Receivers**”) over 1,000,384,000 shares of the Company (the “**Charged Shares**”) held by Intelligenes Investment Co., Ltd (“**Intelligenes**”) which had been charged to Zhongtai Financial Investments Limited. The Charged Shares represent approximately 59.62% of the issued share capital of the Company as at the date of this announcement. Intelligenes is owned as to 69.5% by Golden Sand Investment Company Limited which is held as to 74.1% by Mauve Jade Investment Limited which is in turn held as to 67.2% by Mr. Fan Zhijun (the executive Director and chairman of the Company) and 32.8% by Ms. Fan Qinzhi, the daughter of Mr. Fan Zhijun.

Given Intelligenes is the controlling shareholder of the Company which holds approximately 59.62% of the issued share capital of the Company as at the date of the announcement, the Receivership may result in the sale of the Charged Shares to other third-party purchasers, which in turn may trigger a mandatory general offer under the Takeovers Code should any purchaser(s) and parties acting in concert with it acquire 30% or more of the voting rights of the Company.

SECURITIES OF THE COMPANY

As at the date of this announcement, the relevant securities of the Company comprise 1,678,000,000 shares of the Company and 23,000,000 share options of the Company. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

MONTHLY UPDATE

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences from 1 August 2022. In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and any potential purchaser of the Charged Shares are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Warnings: There is no assurance that the Receivership will result in a change of control and lead to a general offer under Rule 26.1 of Takeovers Code. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

By order of the Board
CHINA ART FINANCIAL HOLDINGS LIMITED
Fan Zhijun
Chairman

Hong Kong, 1 August 2022

As at the date of this announcement, the Board comprises (1) Mr. Fan Zhijun and Mr. Li Cheng as the executive Directors, (2) Mr. Chen Yunwei as the non-executive Director and (3) Mr. Leung Shu Sun, Sunny, Mr. Liu Jian and Ms. Yin Xuhong as the independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.