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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)

APPOINTMENT OF EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR; AND CHANGE IN COMPOSITION OF BOARD COMMITTEES

The Board announces that with effect from 7 February 2023:

- (1) Mr. Liu has been appointed as an executive Director of the Company;
- (2) Ms. Shao has been appointed as an independent non-executive Director of the Company, the chairman of the Risk Management Committee and a member of each of the Audit Committee and Remuneration Committee; and
- (3) Ms. Yin, an independent non-executive Director, has ceased to serve as the chairman of the Risk Management Committee but remains as a member of the Risk Management Committee.

APPOINTMENT OF EXECUTIVE DIRECTOR

The board (“**Board**”) of directors (“**Directors**”) of China Art Financial Holdings Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) is pleased to announce that Mr. Liu Xudong (“**Mr. Liu**”) has been appointed as an executive Director of the Company with effect from 7 February 2023.

Mr. Liu, aged 46, is the Chief Administrative Officer of the Group and is responsible for the supervision of the human resources and administration of the Group. Mr. Liu joined the Group in March 2007 as the head of the General Administration Department of Jiangsu Hexin Pawn Company Limited* (江蘇和信典當有限公司) (“**Hexin Pawn**”), a subsidiary of the Company, and was then appointed as the secretary of the board of directors of Hexin Pawn in January 2009. In May 2007 and March 2011, Mr. Liu started his roles as the head of the General Administration Department and the assistant to the General Manager of Jiangsu Hexin Auction Company Limited* (江蘇和信拍賣有限公司) (“**Hexin Auction**”), a subsidiary of the Company, respectively, later served as the General Manager of Hexin Auction from 2019 to April 2022 and has been the director of the General Administration Department since April 2022.

Mr. Liu graduated from Nanjing University, China with a diploma majoring in law by means of examination for self-study in 2000 and obtained a bachelor’s degree majoring in business administration from China University of Petroleum (Beijing), China in 2013 via long distance learning. In December 2009, Mr. Liu obtained a second level qualification certificate as a human resources professional (二級人力資源管理師) from the Occupational Skill Appraisal Center of the Ministry of Human Resources and Social Security, People’s Republic of China (“**PRC**”) (中華人民共和國人力資源和社會保障部職業技能鑒定中心).

The Company has entered into a director’s service agreement with Mr. Liu for an initial fixed term of one year commencing from 7 February 2023, renewable automatically for a successive term of one year upon expiry of every term of his appointment, unless terminated in accordance with the terms of the said director’s service agreement. The appointment of Mr. Liu is subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. Mr. Liu is entitled to receive a director’s fee of RMB12,000 per annum for being the executive Director which is determined by the Board and the Remuneration Committee with reference to the prevailing market conditions, qualification, duties and responsibilities of Mr. Liu.

Save as disclosed above, as at the date of this announcement, Mr. Liu does not (i) hold any other position with the Company or its subsidiaries; (ii) hold any other directorships in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and qualifications; and (iv) have any relationship with any directors, senior management or substantial or controlling Shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

As at the date of this announcement, Mr. Liu does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information relating to the appointment of Mr. Liu which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to the appointment of Mr. Liu that need to be brought to the attention of the Shareholders.

The Board would like to welcome Mr. Liu for joining as a member of the Board.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Ms. Shao Qiongqiong (“**Ms. Shao**”) has been appointed as an independent non-executive Director of the Company with effect from 7 February 2023.

Ms. Shao is a PRC practising lawyer and has over 7 years of experience in providing legal advice and services in respect of corporate matters. Ms. Shao worked in Jiang Su Jinyue Law Firm* (江蘇金樂律師事務所) between August 2015 and December 2022 as a PRC lawyer specialising in corporate law. She was also appointed as legal consultant in various established PRC companies from 2015 to 2022.

Ms. Shao graduated from Fuyang Normal University, China with a bachelor’s degree in political science and law in 2005 and obtained a master’s degree in law from Anhui University, China in 2014. Ms. Shao qualified as a PRC practising lawyer in 2017.

The Company has entered into a director’s service agreement with Ms. Shao for an initial fixed term of one year commencing from 7 February 2023, renewable automatically for a successive term of one year upon expiry of every term of her appointment, unless terminated in accordance with the terms of the said director’s service agreement. The appointment of Ms. Shao is subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. Ms. Shao is entitled to receive a director’s fee of RMB42,000 per annum for being the independent non-executive Director which is determined by the Board and the Remuneration Committee with reference to the prevailing market conditions, qualification, duties and responsibilities of Ms. Shao.

Save as disclosed above, as at the date of this announcement, Ms. Shao does not (i) hold any other position with the Company or its subsidiaries; (ii) hold any other directorships in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) have any other major appointments and qualifications; and (iv) have any relationship with any directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

As at the date of this announcement, Ms. Shao does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information relating to the appointment of Ms. Shao which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters relating to the appointment of Ms. Shao that need to be brought to the attention of the Shareholders.

The Board would like to welcome Ms. Shao for joining as a member of the Board.

CHANGE IN THE COMPOSITION OF BOARD COMMITTEES

Following the appointment of Ms. Shao as an independent non-executive Director, she has also been appointed as the chairman of the risk management committee (“**Risk Management Committee**”) and a member of each of the audit committee (“**Audit Committee**”) and remuneration committee (“**Remuneration Committee**”) of the Company with effect from 7 February 2023.

Ms. Yin Xuhong (“**Ms. Yin**”), an independent non-executive Director, has ceased to serve as the chairman of the Risk Management Committee but remains as a member of the Risk Management Committee with effect from 7 February 2023.

COMPLIANCE WITH RULES 3.10(1), 3.10A, 3.21 AND 3.25 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 18 January 2023 (the “**Resignation Announcement**”) in relation to Mr. Liu Jian’s resignation as an independent non-executive Director (the “**Resignation**”) with effect from 18 January 2023. As disclosed in the Resignation Announcement, following the Resignation and immediately prior to the date of this announcement, the Company fails to meet the requirements of (i) having at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; (ii) the audit committee comprising only non-executive Directors with a minimum of three members under Rule 3.21 of the Listing Rules; and (iii) the remuneration committee comprising a majority of independent non-executive directors under Rule 3.25 of the Listing Rules.

Upon the appointment of Ms. Shao as an independent non-executive Director and the changes in the composition of the board committees of the Company, (i) the number of independent non-executive Directors amounted to three and represented more than one-third of the Board; (ii) the number of members of the Audit Committee amounted to three; and (iii) the Remuneration Committee comprising a majority of independent non-executive Directors, as a result of which the Company has duly complied with Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules, respectively.

* *In this announcement, the English name of the PRC entity marked with an asterisk (*) is translation of its Chinese name, and is included herein for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

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

Hong Kong, 7 February 2023

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