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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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO PROFIT WARNING

Reference is made to (i) the announcement of China Art Financial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 March 2023 (the “**Profit Warning Announcement**”) in relation to, among others, the profit warning of the Company (the “**Profit Warning**”) and (ii) the announcement of the Company dated 1 August 2022 (the “**Rule 3.7 Announcement**”) made pursuant to Rule 3.7 of The Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Profit Warning Announcement and the Rule 3.7 Announcement unless the context herein requires otherwise. This clarification announcement is published in accordance with Practice Note 2 of the Takeovers Code.

The Directors would like to clarify that the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the financial advisers and the accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. As the Profit Warning was made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO, which require the Company to disclose any inside information as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements of Rule 10.4 of the Takeovers Code. Accordingly, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, if the profit forecast is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the forecast, in the next document to be sent to the Shareholders (the “**Shareholders’ Document**”). As the annual results announcement of the Company for the year ended 31 December 2022 (the “**Annual Results**”) is expected to be published by the end of March 2023, it is expected that the Annual Results will be published prior to the despatch of the next Shareholders’ Document. Accordingly, the requirement under Rule 10 of the Takeovers

Code to report on the Profit Warning will be superseded by the publication of the Annual Results together with the notes to the financial statements. Otherwise, the Profit Warning shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the next Shareholders' Document.

Save for the clarification stated in this announcement, all information in the Profit Warning Announcement remains unchanged.

Shareholders and potential investors of the Company should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Receivership and Possible Transaction as referred to in the Rule 3.7 Announcement and when dealing in the securities of the Company.

There is no assurance that the Receivership and Possible Transaction will result in a change of controlling shareholder and lead to general offers under Rule 26.1 of the Takeovers Code for the securities of the Company. Shareholders and public investors should exercise extreme caution when dealing in the securities of the Company.

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

Hong Kong, 13 March 2023

As at the date of this announcement, the Board comprises (1) Mr. Fan Zhijun and Mr. Liu Xudong as the executive Directors and (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.

The Directors jointly and severally accept full responsibility for the accuracy of 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.