

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in **China Art Financial Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**1. PROPOSED GRANT OF GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES  
2. PROPOSED RE-ELECTION OF DIRECTORS  
AND  
3. NOTICE OF ANNUAL GENERAL MEETING**

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Capitalised terms used in the lower portion of the front and inside cover pages shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the Annual General Meeting to be held at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 18 May 2018 at 11 a.m. is set out on pages 12 to 16 of this circular.

Whether or not you intend to attend the Annual General Meeting, you are requested to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

18 April 2018

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*This circular is prepared in both English and Chinese. In the event of inconsistency, the English text of this circular will prevail.*

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“act in concert” or “acting in concert”	has the same meaning as defined under the Listing Rules
“Annual General Meeting”	the annual general meeting of the Company to be convened and held at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 18 May 2018 at 11 a.m., the notice of which is set out on pages 12 to 16 of this circular, and any adjournment thereof
“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the same meaning as defined under the Listing Rules
“Board”	the board of Directors of the Company
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Art Financial Holdings Limited 中國藝術金融控股有限公司, a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1572)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the refreshed Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting for the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company as at the date of the passing of the relevant resolution for approving such mandate
“Latest Practicable Date”	11 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Date”	8 November 2016, being the date on which the Shares are listed and from which dealings in the Shares commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to enable the Directors to repurchase the Shares on the Stock Exchange, the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of the passing the relevant resolution granting such mandate
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers as amended from time to time and administered by the Securities and Futures Commission of Hong Kong
“%”	per cent.

**LETTER FROM THE BOARD**

**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)**

*Executive Directors:*

FAN Zhijun  
ZHANG Bin

*Independent non-executive Directors:*

LEUNG Shu Sun Sunny  
LIU Jian  
CHU Xiaoliang

*Registered office:*

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

Room 1907, 19/F,  
China Evergrande Centre  
38 Gloucester Road, Wanchai  
Hong Kong

18 April 2018

*To the Shareholders*

Dear Sir/Madam

- 1. PROPOSED GRANT OF GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES**
- 2. PROPOSED RE-ELECTION OF DIRECTORS  
AND**
- 3. NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions on the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the proposed re-election of Directors.

## **LETTER FROM THE BOARD**

### **ISSUE MANDATE**

At the Annual General Meeting, an ordinary resolution will be proposed that the Issue Mandate be granted for the Directors to allot, issue and deal with new Shares up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 1,600,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 320,000,000 Shares.

### **REPURCHASE MANDATE AND EXTENSION MANDATE**

At the Annual General Meeting, an ordinary resolution will be proposed that the Repurchase Mandate be granted for the Directors to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the nominal share capital of the Company in issue as at the date of passing of the relevant resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate (if the grant of which is approved by the Shareholders at the Annual General Meeting) by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate (if the grant of which is approved by the Shareholders at the Annual General Meeting).

Subject to the approval of the above proposals by the Shareholders at the Annual General Meeting, the Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law, the Articles or applicable Cayman Islands law to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix II to this circular.

## **LETTER FROM THE BOARD**

### **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain the entitlement to, among others, the final dividend for the year ended 31 December 2017, the register of members of the Company will be closed from 25 May 2018 (Friday) to 29 May 2018 (Tuesday) (both days inclusive) during which period no transfer of Shares may be effected.

### **PROPOSED RE-ELECTION OF DIRECTORS**

In accordance with Article 105(A) of the Articles, Messrs Leung Shu Sun Sunny and Messrs Chu Xiaoliang will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

Brief biographical details of Messrs Leung Shu Sun Sunny and Messrs Chu Xiaoliang are set out in Appendix I to this circular.

### **VOTING AT THE ANNUAL GENERAL MEETING**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the Annual General Meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **ACTIONS TO BE TAKEN**

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the grant of the Issue Mandate, Repurchase Mandate and the Extension Mandate and the re-election of Directors.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## LETTER FROM THE BOARD

### RECOMMENDATION

The Directors believe that the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the re-election of Directors are beneficial to the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that such repurchase of Shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and/or gearing position of the Company compared with that as at 31 December 2017, being the date of its latest audited consolidated financial statements were made up. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing of the Company.

Accordingly, the Directors recommend the Shareholders to vote in favour of (i) ordinary resolutions on the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (ii) ordinary resolutions relating to the proposed re-election of the Directors.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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



<b>APPENDIX I</b>	<b>BRIEF PARTICULARS OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED</b>
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*The brief biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:*

**LEUNG SHU SUN SUNNY (梁樹新)**

Mr. Leung Shu Sun Sunny, aged 55, was appointed as our independent non-executive director on 14 October 2016.

Mr. Leung obtained a professional diploma in Accountancy from the Hong Kong Polytechnic, Hong Kong (currently known as the Hong Kong Polytechnic University), in November 1987, and a Master of Business Administration degree from the University of South Australia, Australia in December 1997 by attending long distance learning courses. He is a fellow member of the Chartered Association of Certified Accountants, a member of HKICPA and a member of Certified General Accountants Association of Canada. He has over 26 years of experience in accounting and finance matters.

Mr. Leung has been serving as an independent non-executive director of Pan Asia Environmental Protection Group Limited (“Pan Asia”), a company whose shares are listed on the main board of the Stock Exchange (stock code: 556) and Xiwang Special Steel Company Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 1266), since December 2007 and February 2012 respectively.

From December 2005 to June 2007, Mr. Leung also served as the financial controller, accountant and company secretary at Xiwang Property Holdings Company Limited (formerly known as Xiwang Sugar Holdings Company Limited), a company whose shares are listed on the main board of the Stock Exchange (stock code: 2088).

As at the Latest Practicable Date, Mr. Leung was an independent non-executive director of the Group. He is the chairman of the Audit Committee, member of Nomination Committee and Risk Management Committee.

Save as disclosed above, Mr. Leung did not hold any position in the Group as at the Latest Practicable Date. Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Leung has not been a director of any other publicly listed company.

Mr. Leung had no other interests in the Shares or underlying Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Leung does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company as defined in the Listing Rules.

Mr. Leung has entered into a service contract with the Company for an initial term of three years with effect from 15 October 2016. Mr. Leung is entitled to a director’s fee in the amount of HK\$180,000 per annum. The Company’s policy for determining remuneration is explained on p.25 of the Company’s 2017 annual report.

**CHU XIAOLIANG (儲曉良)**

Mr. Chu Xiaoliang, aged 67, was appointed as our independent non-executive director on 14 October 2016.

Mr. Chu completed studies in law (法律專業) at the Party School of the Central Committee of the Communist Party of China (中共中央黨校), PRC in December 1999.

Mr. Chu has over 33 years of legal and public service related experience. From August 1995 to March 2006, Mr. Chu served as the deputy president and a member of the judicial committee of Yixing People's Court (宜興市人民法院). He was responsible for the adjudication of civil and commercial matters and disputes. From October 1983 to August 1985 and from July 1988 to July 1995, Mr. Chu served as the deputy head (副局長) of the Yixing Public Security Bureau (宜興市公安局), and was responsible for security, household registration and legal administrative matters.

As at the Latest Practicable Date, Mr. Chu was an independent non-executive director of the Group. He is the chairman of the Remuneration Committee and Risk Management Committee. He is also a member of the Audit Committee and Nomination Committee.

Save as disclosed above, Mr. Chu did not hold any position in the Group as at the Latest Practicable Date. Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Chu has not been a director of any other publicly listed company.

Mr. Chu does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company as defined in the Listing Rules.

Mr. Chu has entered into a service contract with the Company for an initial term of three years with effect from 15 October 2016. Mr. Chu is entitled to a director's fee in the amount of HK\$180,000 per annum. The Company's policy for determining remuneration is explained on p.25 of the Company's 2017 annual report.

**GENERAL**

Pursuant to Article 97 of the Articles, fees and remunerations payable to independent non-executive Directors are subject to the approval of the general meeting of the Company or the determination and approval by the Board as delegated by the general meeting.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders nor other information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to subparagraphs (h) to (v) therein) in relation to the proposed re-election of Messrs Leung Shu Sun Sunny and Messrs Chu Xiaoliang.

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.*

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 1,600,000,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 160,000,000 Shares.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors have sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position as at 31 December 2017, being the date of its latest audited consolidated financial statements were made up) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

The Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve calendar months immediately preceding (and including) the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2017</b>		
April	0.80	0.76
May	0.88	0.72
June	0.94	0.74
July	1.06	0.84
August	1.09	0.90
September	1.02	0.88
October	1.06	0.91
November	1.00	0.90
December	1.05	0.92
<b>2018</b>		
January	1.44	1.01
February	1.18	0.88
March	1.05	0.82
April (up to and including the Latest Practicable Date)	0.90	0.82

## 6. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. The Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Assuming that there is no issue of Shares between the date of this circular and the date of a repurchase and no disposal by any of the substantial Shareholders of their interests in the Shares, an exercise of the Repurchase Mandate whether in whole or in part may result in less than 25% of the Shares being held by the public. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than 25%.

## 7. SHARE REPURCHASE MADE BY THE COMPANY

In the six months immediately preceding the Latest Practicable Date, the Company had not repurchased its Shares.

**8. GENERAL**

None of the Director or, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to the Company.

No core connected person of the Company has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person of the Company has notified the Company that he has a present intention to sell any Share to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

## NOTICE OF THE ANNUAL GENERAL MEETING

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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)**

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of China Art Financial Holdings Limited (“**Company**”) will be held at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 18 May 2018 at 11 a.m. to consider and, if thought fit, transact the following business:

1. to receive and approve the audited consolidated financial statements and the directors’ report and the independent auditors’ report of the Company for the year ended 31 December 2017;
2. to declare a final dividend for the year ended 31 December 2017;
3. to re-elect the retiring directors (namely, Messrs Leung Shu Sun Sunny and Messrs Chu Xiaoliang) (each as a separate resolution) and to authorise the board of the Directors (“**Board**”) to fill vacancies on the Board and to fix (which authority may be further delegated to its duly authorised committee) the Directors’ remuneration;
4. to re-appoint the Company’s independent auditors and to authorise the Board to fix their remuneration;

## NOTICE OF THE ANNUAL GENERAL MEETING

5. to consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “**Share**”) of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of associations of the Company (“**Articles**”) in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

## NOTICE OF THE ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable law of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. to consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase Shares (each, a Share) of HK\$0.01 each in the capital of the Company on The Stock Exchange of the Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;



## NOTICE OF THE ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or the applicable law of the Cayman Islands to be held; or
    - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”
7. to consider and, if thought fit, pass with or without modification, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTION

“**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the Issue Mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition to the aggregate nominal amount of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such Issue Mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

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

Hong Kong, 18 April 2018

*Registered office:*  
Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
Room 1907, 19/F,  
China Evergrande Centre  
38 Gloucester Road, Wanchai  
Hong Kong

## NOTICE OF THE ANNUAL GENERAL MEETING

*Notes:*

- 1 A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Articles, vote in his stead. A proxy need not be a member of the Company.
- 2 To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time of the above meeting or any adjourned meeting.
- 3 The Register of Members of the Company will be closed from Tuesday, 15 May 2018 to Friday, 18 May 2018, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 May 2018.
- 4 In relation to proposed resolution numbered 3, each of Messrs Leung Shu Sun Sunny and Messrs Chu Xiaoliang will retire from their office of Directors at the above meeting pursuant to the Articles and, being eligible, offer themselves for re-election.
- 5 In relation to the proposed resolution no. 4 above, the Board concurs with the views of the audit committee of the Board and has recommended that Messrs. Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行) be re-appointed independent auditor of the Company.
- 6 In relation to proposed resolution numbered 5 above, approval is being sought from the Shareholders for granting to the Directors of a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by Shareholders.
- 7 In relation to proposed resolution numbered 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefit of the Shareholders. An explanatory statement containing the information necessary to enable the Shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix II to the circular of the Company dated 18 April 2018 of which this notice of the Annual General Meeting forms part.
- 8 Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 9 In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

*As at the date of this notice, 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.*