

# TARGET

## Intelligence Report

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### **CHINA ART FINANCIAL HOLDINGS LTD: THE VIRGIN GOLD OF RESPECT WOULD BE TOO SOFT WITHOUT SOME ALLOY OF FEAR**

China Art Financial Holdings Ltd (中國藝術金融控股有限公司) (Code: 1572) (Main Board, The Stock Exchange of Hongkong Ltd), like so many other companies of late, their shares, being listed on one of the two equity markets of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has been suffering a paucity of both Revenue and Net Profits.

But this Company is not hurting, too much, since it is still sitting on Bank Balances and Cash, as at December 31, 2022, of RMB612,418,000.00 (about \$HK674,777,701.00).

At Page 57 of the 2022 Annual Report of China Art Financial Holdings Ltd, under the heading, '**GENERAL INFORMATION**,' one was informed of the following intelligence:

*'China Art Financial Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and principal places of business are disclosed in the "**Corporate Information**" section to this annual report.*

*'The Company's immediate holding company and ultimate holding company are Intelligenesis Investment Co., Ltd. (漢信投資有限公司) and Mauve Jade Investment Limited (紫玉投資有限公司), respectively, both of which are limited liability companies incorporated in the British Virgin Islands ("**BVI**").*

*'The principal activity of the Company is investment holding and the principal activities of its subsidiaries are disclosed in note 32.*

*'The consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.'*

The reference above, to wit ‘*Intelligenesis Investment Company Ltd and Mauve Jade Investment Ltd*,’ was mentioned, prominently, at Page 29 of the 2022 Annual Report as follows:

***‘(i) Long positions in the shares:***

| <u>Name of Director</u> | <u>Capacity</u>                    | <u>Number of Shares<br/>(Note 1)</u> | <u>Approximate<br/>Percentage of<br/>Shareholding</u> |
|-------------------------|------------------------------------|--------------------------------------|---|
| Mr. Fan Zhijun          | Interest of controlled corporation | 1,000,768,000 (L)<br>(Note 2)        | 59.64%  |
|                         |                                    | 1,000,384,000 (S)                    | 59.62%  |

‘Notes:

‘(1) The letter “L” denotes the Director’s long position in the shares/underlying shares. The letter “S” denotes the person’s short position in the shares/underlying shares.

‘(2) These shares are held by Intelligenesis Investment Co., Ltd (the “**Intelligenesis Inv**”), which is owned as to 69.5% by Golden Sand Investment Company Limited (金砂投資有限公司) (the “**Golden Sand Inv**”), which is in turn held as to 74.1% by Mauve Jade Investment Limited (the “**Mauve Jade Inv**”), which is in turn held as to 67.2% by Mr. Fan Zhijun (范志軍) and 32.8% by Ms. Fan Qinzhi (范沁芝). Ms. Fan Qinzhi is the daughter of Mr. Fan Zhijun.’

Thus, it is clear that Mr Fan Zhi Jun, the Chairman of the Board of Directors of the Company, is, in veritate, the Controlling Shareholder of China Art Financial Holdings Ltd.

At Page Four of the 2022 Annual Report of the Company, Mr Fan Zhi Jun took the trouble to pen five paragraphs for the benefit of shareholders, of which this medium has selected the following four paragraphs, disregarding the introductory paragraph:

‘The year of 2022 has been an extremely challenging one for all our operations. Following the outbreak of coronavirus disease, we placed our employees and business partners’ health and safety as the first priority. Business travels and face to face contacts have been largely reduced to avoid the risk of infection of coronavirus disease and a series of public health measurements has been implemented by local authorities to enhance the people’s social distance and protect the public health. These measurements had inevitably affected our operations.

‘In view of the volatile market condition, we adopted a conservative attitude in granting credit during the year for risk management purpose for our pawn business. With our mature business team and comprehensive risk management systems, we have been maintaining high quality loan portfolio.

*‘Strategically, leveraging on our existing rich resources and network in the art market, we will continue to strengthen our relationship with the collectors and our business partners while we exercise caution in our business operation.*

*‘By taking unique advantage of having support from the mainland China and our connections with the world and seizing opportunities presented by the fast growing market, we strive to become the largest art financial integrated service provider in China in order to facilitate the rapid development of the art finance market in China and to create greater value for our shareholders, investors, customers and employees!’*

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