



# 中國藝術金融控股有限公司

## China Art Financial Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 1572



Interim Report  
2025



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Fan Zhixin (*Co-Chairman*)

### Non-executive Director

Mr. Chen Yunwei

Mr. Tian Rui (*Co-Chairman*)

### Independent Non-executive Directors

Mr. Leung Shu Sun Sunny

Ms. Shao Qiongqiong

Ms. Yin Xuhong

## COMPANY SECRETARY

Mr. Ng Kam Ming

## AUTHORISED REPRESENTATIVES

Mr. Fan Zhixin

Mr. Ng Kam Ming

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit E, 43/F

Enterprise Square Three

No. 39 Wang Chiu Road

Kowloon Bay

Kowloon

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

No. 200 Jiefang East Road,

Yicheng Street,

Yixing City,

Jiangsu Province,

China

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor, Hopewell Center

183 Queen's Road East

Wanchai

Hong Kong

## PRINCIPAL BANKS IN HONG KONG

Bank of Communications (Hong Kong) Limited

CMB Wing Lung Bank Limited

## PRINCIPAL BANKS IN THE PRC

Jiangsu Yixing Rural Commercial Bank

China Construction Bank

## AUDITOR

Ascenda Cachet CPA Limited

*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*

## COMPANY'S WEBSITE

[www.cnartfin.com.hk](http://www.cnartfin.com.hk)

## STOCK CODE

1572

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the six months ended 30 June 2025 (the “Period Under Review”), the international and domestic markets continued to experience challenging situation. The Company and its subsidiaries (collectively referred to as, the “Group”) have adjusted their marketing strategies from time to time in response to the unstable environment.

### Art and Asset Pawn Business

During the Period Under Review, the revenue derived from the art and asset pawn business was approximately RMB4.0 million, representing a decrease of approximately 63.3% from approximately RMB10.9 million for the corresponding period in last year. The decrease was due to the decrease of interest rate of art and asset pawn loans and the relocation of address of principal place of business in PRC resulted in a temporary suspension of new business from March to May 2025.

The profit derived from the art and asset pawn business was approximately RMB2.0 million, representing a decrease of approximately 77.5% from approximately RMB8.9 million for the corresponding period in last year.

The Group implemented a risk management system which we believe to be effective in reducing various risks involved in our art and asset pawn business. The Group established a multi-level internal approval system and an effective risk management system, and had a professional internal and external authentication team. The Group also hired third party authoritative authentication institutions as the Group’s independent advisor. The Group’s risk management achieved remarkable results, of which the art and asset pawn business did not experience any default in the first half of 2025.

### Art and Asset Auction Business

During the Period Under Review, the revenue from the art and asset auction business was approximately RMB98,000, representing an increase of approximately 15.3 times from approximately RMB6,000 for the same period in 2024. The loss from the art and asset auction business was approximately RMB278,000 (2024: approximately RMB259,000). The increase in loss was mainly due to the increase in operating costs from this business during the current period.

### Art and Asset Sales Business

In 2023, the Group diversified its existing businesses and engaged in artwork trading through the art and asset sales business. The Group’s strategy is to identify and locate potential buyers for artwork from its customers accrued in the past ten-odd years. Through maintaining regular contact with such customers, engaging external professional experts to provide further art sales training to the existing staff, enlarging potential customer base by marketing and promotion, the Group laid a solid foundation for the development of the art and asset sales business. The Group has extensive business in the art industry, and has a wide customer base in the past ten-odd years. The Group has sourced and purchased purple clayware, calligraphies and painting artwork with good value for money in the market, while increasing the frequency of communication among potential customers at the same time to match interested buyers. Also, based on the enhanced communication with existing customers, the Group would also assist such customers to look for and purchase artwork which they are interested from renowned vendors or collectors in the market.

During the Period Under Review, the revenue from the art and asset sales business was approximately RMB39.2 million (2024: approximately RMB25.8 million). As the Group has diversified its existing businesses and has engaged in artwork trading during the Period Under Review, the revenue from the art and asset sales business were solely derived from the artwork trading and the profit derived from the art and asset sales business during the Period Under Review was approximately RMB1.5 million (2024: approximately RMB1.3 million). The increase in profit was mainly due to the increase in revenue generated from artwork trading during the Period Under Review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

Our revenue increased by approximately 17.5% to approximately RMB43.2 million for the Period Under Review as compared to the corresponding period in last year, primarily due to an increase in revenue from sales of artwork through the art and asset sales business.

### Other Income

Our other income decreased by approximately 33.7% to approximately RMB0.2 million for the Period Under Review as compared to the corresponding period in last year, primarily due to decrease in bank interest income during the Period Under Review.

### Other Net Gain/(Loss)

Our other net gain amounted to approximately RMB0.1 million for the Period Under Review, while our other net loss amounted to approximately RMB0.2 million for the same period in 2024.

### Cost of Inventories Sold

Our cost of inventories sold amounted to approximately RMB35.6 million (2024: approximately RMB23.0 million) and the amounts represented the purchase costs of artwork which were sold to our customers through the art and asset sales business for the Period Under Review.

### Net Impairment Losses Reversed/(Recognised)

During the Period Under Review, impairment losses on pawn loans amounting to approximately RMB13,000 were reversed while the net impairment losses recognised was approximately RMB0.1 million for the corresponding period in last year.

### Staff Costs

Our staff costs increased by approximately RMB0.7 million, or approximately 31.8%, from approximately RMB2.2 million for the same period in 2024 to approximately RMB2.9 million for the Period Under Review. The increase was primarily due to the increase in the average number of employees and the number of senior positions during the Period Under Review.

### Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment for the Period Under Review maintained steadily at approximately RMB0.1 million as compared to the corresponding period in last year as our Group did not have material additions or disposals of property, plant and equipment during both periods.

### Depreciation of Right-of-use Assets

Depreciation of right-of-use assets for the Period Under Review maintained steadily at approximately RMB0.3 million as compared to the corresponding period in last year.

### Advertising and Promotional Expenses

Advertising and promotional expenses increased by approximately RMB0.3 million during the Period Under Review to enhance our brand value and to promote the related business activities of the Group in the PRC.

### Other Expenses

Other expenses decreased by approximately 13.0%, to approximately RMB2.0 million for the Period Under Review as compared to the corresponding period in last year, primarily due to the decrease in legal and professional fees.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit before Tax

As a result of the foregoing, our profit before tax for the Period Under Review decreased by approximately 85.2% as compared to the corresponding period in last year and amounted to approximately RMB1.2 million for the Period Under Review, primarily due to the decrease in revenue from the art and asset pawn business and increase in central administrative expenses during the Period Under Review.

## Income Tax Expenses

Our income tax expenses for the Period Under Review decreased by approximately 66.7% as compared to the corresponding period in last year and amounted to approximately RMB0.9 million, primarily due to decrease in the Group's taxable profits for the Period Under Review.

## Profit for the Period

As a result of the foregoing, our profit for the Period Under Review decreased by approximately 94.4% as compared to the corresponding period in last year and amounted to approximately RMB0.3 million for the six months ended 30 June 2025.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Net Cash Flow

The Group maintains a strong and healthy financial position. The Group's principal sources of funds to finance the working capital, capital expenditure and other capital requirements were internally generated by cash flows.

The following table summarises the condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2025 and 2024:

	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Net cash used in operating activities	(68,273)	(14,927)
Net cash generated from investing activities	462	695
Net cash generated from financing activities	2,248	2,638

As at 30 June 2025, the Group's total bank balances and cash decreased by 10.0% to approximately RMB588.0 million from approximately RMB653.6 million as at 31 December 2024. As at 30 June 2025 and 31 December 2024, the Group did not have any bank borrowings and no significant assets were charged.

During the Period Under Review, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

The Group principally focused on the operation in the PRC. The Group was not subject to any other material risk directly relating to the foreign exchange fluctuation. For the six months ended 30 June 2025, despite the appreciation of RMB against HKD, the Directors expected any fluctuation of the RMB exchange rate would not materially and positively affect the operations of the Group. The management will continue to monitor foreign currency exchange exposure and will take prudent measures to minimise the currency translation risk if and when necessary.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Gearing Ratio

The gearing ratio, calculated on the basis of total interest bearing borrowings (including loan from a former director, amount due to a director, amount due to a director of the Company's subsidiaries and other loan) to equity (including all capital and reserves) was 1.8% (31 December 2024: 1.6%).

## Contingent Liabilities

As at 30 June 2025 and 31 December 2024, the Group did not have any material contingent liabilities nor any other off-balance sheet commitments and arrangements.

## Capital Expenditures

During the six months ended 30 June 2025, the Group incurred capital expenditures on property, plant and equipment amounting to approximately RMB0.5 million (six months ended 30 June 2024: approximately RMB2,000).

## Capital Commitments

As at 30 June 2025 and 31 December 2024, the Group did not have any material capital commitments.

## Event After the Reporting Period

### Statutory demand

On 29 August 2025, the Company received a statutory demand from the legal representative of Lam Siu Mui (林小梅) (the "Creditor"), demanding the Company to pay (i) the total outstanding loan together with agreed interest as of 30 September 2024 amounted to HKD7,894,890.00; (ii) the outstanding interest from 1 October 2024 up to 28 August 2025 amounted to HKD279,941.31; and (iii) outstanding default interest from 19 June 2025 up to 28 August 2025 amounted to HKD278,808.58 within 21 days after the service of the statutory demand, failing which a winding up petition against the Company may be presented by the Creditor. For details, please refer to the announcement of the Company dated 29 August 2025.

## Human Resources and Training

As at 30 June 2025, the Group had a total of 45 employees (as at 31 December 2024: 44 employees). The Group's employee remuneration policy is determined on the basis of their performance, qualifications, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year-end discretionary bonus.

## FOREIGN EXCHANGE RISKS

As most of the Group's monetary assets and liabilities are denominated in Renminbi and the Group conducts its business transactions principally in Renminbi and Hong Kong dollars, the exchange rate risk of the Group is not significant. The Group did not enter into any foreign exchange hedging arrangements during the six months ended 30 June 2025. The Group reviews its foreign exchange risks periodically and will consider using derivatives financial instruments to hedge against such risks if and when necessary.

## OUTLOOK AND PROSPECTS

Looking ahead, the global economic environment remains challenging, marked by persistent inflation, geopolitical tensions, and divergent growth trajectories across major economies. While global growth is projected for 2025, downside risks such as trade disruptions, financial market volatility, and policy uncertainty continue to weigh on economic prospects. In China, domestic consumption remains subdued, particularly in the high-end luxury segment, while monetary easing and fiscal stimulus aim to stabilize growth. Against this backdrop, the Group remains cautiously adaptive, balancing risk management with strategic opportunities across its core business segments.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Art and Asset Auction Business**

The Group is actively adjusting the auction strategies to intensify its market promotion efforts both regionally and across multiple channels. We will continue to maintain open communication with local governments in the PRC to ensure the safe and effective operation of our auction activities to improve business performance. Additionally, the rise of digital platforms and AI-driven sales strategies is reshaping buyer engagement. The Group is actively seeking to develop new opportunities by leveraging advanced technology to enhance the auction experience.

## **Art and Asset Pawn Business**

Amid lower interest rates in China, the Group adopts a prudent lending approach, prioritizing capital preservation while cautiously expanding loan offerings to qualified clients. Credit risk remains a concern, particularly with economic uncertainty affecting collateral valuations. Enhanced risk assessment frameworks will be key focus areas to improve loan security and operational efficiency.

## **Art and Asset Sales Business**

The sales segment faces intensifying competition, particularly in the mid-tier market, which remains resilient despite broader economic headwinds. The Group will capitalize on its strong collector network to source and sell high-demand artworks. Our strategy includes selling artworks acquired at past auctions and private sales, expecting to generate profit for the Group through (i) gains from the difference between acquisition and sale prices; (ii) agency service income from promoting and facilitating artwork sales; and (iii) auction commissions derived from selling artworks in our upcoming auctions.

To further enhance our market position, we plan to develop a county-level digital economic financial services sector, as well as establish a secure digital closed-loop for the fresh produce supply chain, aimed at expanding our business in the digital financial services field. This strategy will drive innovation and growth in our digital financial services, responding to the market's demand for safe and efficient financial solutions.

Additionally, in response to the strong market demand driven by artificial intelligence and the development of electric vehicles, our group will explore various collaborative opportunities to develop related new businesses, believing that these initiatives will significantly enhance overall financial performance.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”)) which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the following parties (other than the directors and chief executive (including supervisors) of the Company) had interests and short positions of 5% or more of the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares (Note 1)	Approximate percentage of Shareholding in the Company
Intelligence Investment Co., Ltd (“ <b>Intelligence Inv</b> ”)	Beneficial owner	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Golden Sand Investment Company Limited (“ <b>Golden Sand Inv</b> ”)	Interest of controlled corporation (Note 2)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Mauve Jade Investment Limited (“ <b>Mauve Jade Inv</b> ”)	Interest of controlled corporation (Note 3)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Mr. Fan Zhijun	Interests of controlled corporation and held jointly with other persons (Notes 3 and 4)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Ms. Fan Qinzhi	Interests of controlled corporation and held jointly with other persons (Notes 3 and 4)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Mr. Fan Yajun	Interests held jointly with other persons (Note 4)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Ms. Zhou Jianyuan	Interest of spouse (Note 5)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Ms. Wu Jian	Interests held jointly with other persons (Note 4)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%
Mr. Xu Zhongliang	Interest of spouse (Note 6)	1,000,768,000 (L)	59.64%
		1,000,384,000 (S)	59.62%



## OTHER INFORMATION

Name of Shareholder	Nature of interest/Capacity	Number of Shares (Note 1)	Approximate percentage of Shareholding in the Company
Ms. Xu Min	Interests held jointly with other persons (Note 4)	1,000,768,000 (L)	59.64%
Winwin International Strategic Investment Funds SPC (“WIS”)	Security interest (Note 7)	1,000,384,000 (S)	59.62%
Mr. Arab Osman Mohammed	Agent (Note 8)	1,000,384,000 (L)	59.62%
Mr. Lai Wing Lun	Agent (Note 8)	1,000,384,000 (L)	59.62%

Notes:

- (1) The letter “L” denotes the substantial shareholders’ long position in the shares/underlying shares. The letter “S” denotes the person’s short position in the shares/underlying shares.
- (2) The said 1,000,768,000 shares is held in the name of Intelligenesis Inv. Intelligenesis Inv is held as to 69.5% by Golden Sand Inv. By virtue of the SFO, Golden Sand Inv is deemed to be interested in the same parcel of shares in which Intelligenesis Inv is interested.
- (3) Intelligenesis Inv is held as to 69.5% by Golden Sand Inv, which is in turn held as to 74.1% by Mauve Jade Inv, which is in turn held as to 67.2% by Mr. Fan Zhijun and 32.8% by Ms. Fan Qinzhi. By virtue of the SFO, Mauve Jade Inv and Ms. Fan Qinzhi are deemed to be interested in the same parcel of shares in which Intelligenesis Inv is interested.
- (4) Mr. Fan Zhijun, Ms. Fan Qinzhi, Mr. Fan Yajun, Ms. Wu Jian and Ms. Xu Min together control 1,000,768,000 shares representing approximately 59.64% interest of the total issued share capital of our Company through Mauve Jade Inv, Golden Sand Inv and Intelligenesis Inv. Mr. Fan Zhijun, Ms. Fan Qinzhi, Mr. Fan Yajun, Ms. Wu Jian and Ms. Xu Min have entered into a confirmation (“**Act-in-Concert Confirmation**”) dated 15 April 2016 according to which, among other things, they acknowledge and confirm that they shall act in concert and give unanimous consent, approval or rejection on any material issues and decisions in relation to the business of our Group and in the event of any contrary view within the concert group, the view of Mr. Fan Zhijun shall prevail. By virtue of the Act-in-Concert Confirmation, each of Mr. Fan Zhijun, Ms. Fan Qinzhi, Mr. Fan Yajun, Ms. Wu Jian and Ms. Xu Min are deemed to be interested in such 1,000,768,000 shares representing 59.64% interest in the total issued share capital of our Company.
- (5) Ms. Zhou Jianyuan is the spouse of Mr. Fan Yajun. By virtue of the SFO, Ms. Zhou Jianyuan is deemed to be interested in the same parcel of shares in which Mr. Fan Yajun is interested.
- (6) Mr. Xu Zhongliang is the spouse of Ms. Wu Jian. By virtue of the SFO, Mr. Xu Zhongliang is deemed to be interested in the same parcel of shares in which Ms. Wu Jian is interested.
- (7) WIS, acting for and on behalf of Win Win Stable No.1 Fund SP, had security interest in 1,000,384,000 shares of the Company.
- (8) Mr. Arab Osman Mohammed and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited were appointed as joint and several receivers and managers on 1 August 2022 in respect of 1,000,384,000 ordinary shares of the Company pursuant to the relevant share charge.

Save as disclosed above, as at 30 June 2025, no person or corporation had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## OTHER INFORMATION

### SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was adopted by ordinary resolution passed by the then shareholders of the Company on 14 October 2016. Under the Share Option Scheme, the directors of the Company may grant options to subscribe for shares of the Company to eligible participants, including without limitation to employees of the Group, directors of the Company and its subsidiaries.

During the Period Under Review, no share options were granted, exercised, cancelled, lapsed and/or outstanding under the Share Option Scheme.

Further details of the Share Option Scheme are set out in the notes to the condensed consolidated financial statements.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period Under Review.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 and 3.22 of the Listing Rules for the purpose, among other duties and functions, of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Leung Shu Sun Sunny (Chairman), Ms. Shao Qiongqiong and Ms. Yin Xuhong. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 has been reviewed by the audit committee. The audit committee has no disagreement with the accounting treatment adopted by the Company.

### RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES

During the six months ended 30 June 2025, none of the Company, or any of its subsidiaries, was a party to any arrangement to enable the directors to have any right to subscribe for securities of the Company or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIVIDEND

The Board did not recommend an interim dividend for the six months ended 30 June 2025 (2024: Nil).

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for directors in their dealings in Company's securities. Having made specific enquiry of all directors, all the directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2025.

## OTHER INFORMATION

### COMPLIANCE WITH CORPORATE GOVERNANCE REPORT

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules during the six months ended 30 June 2025.

### APPRECIATION

Finally, I wish to take this opportunity to express my sincere gratitude to the directors, management and staff for their contributions and good performance during the Period Under Review.

By Order of the Board  
**China Art Financial Holdings Limited**  
**Fan Zhixin**  
*Co-Chairman and Executive Director*

Hong Kong, 29 August 2025



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Note	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
<b>Revenue</b>	3	<b>43,220</b>	36,778
Other income		462	697
Other net gain/(loss)		58	(151)
Cost of inventories sold		(35,600)	(22,950)
Net impairment losses reversed/(recognised)	4	13	(99)
Staff costs		(2,896)	(2,240)
Depreciation of property, plant and equipment		(98)	(120)
Depreciation of right-of-use assets		(347)	(320)
Loss on disposal of property, plant and equipment		(85)	–
Advertising and promotional expenses		(1,453)	(1,153)
Other expenses		(1,994)	(2,332)
Finance costs		(85)	(25)
Profit before tax		1,195	8,085
Income tax expenses	5	(940)	(2,669)
<b>Profit for the period attributable to owners of the Company</b>	6	<b>255</b>	5,416
<b>Other comprehensive income/(expense)</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		116	(47)
Reclassification of cumulative translation reserve upon deregistration of foreign operations		20	–
		136	(47)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>391</b>	5,369
<b>Earnings per share (RMB cents)</b>	8		
Basic and diluted		0.02	0.32

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	510	190
Right-of-use assets	9	1,098	743
Deferred tax assets		1,254	1,123
		<b>2,862</b>	2,056
<b>Current assets</b>			
Inventories	10	101,000	32,000
Loan receivables	11	445,572	447,255
Other receivables		17	11
Tax recoverable		256	287
Bank balances and cash		588,009	653,570
		<b>1,134,854</b>	1,133,123
<b>Current liabilities</b>			
Accruals and other payables	12	25,040	23,423
Lease liabilities		823	465
Tax payable		731	826
		<b>26,594</b>	24,714
<b>Net current assets</b>		<b>1,108,260</b>	1,108,409
<b>Total assets less current liabilities</b>		<b>1,111,122</b>	1,110,465
<b>Non-current liabilities</b>			
Lease liabilities		178	–
Deferred tax liabilities		274	186
		<b>452</b>	186
<b>Net assets</b>		<b>1,110,670</b>	1,110,279
<b>Capital and reserves</b>			
Share capital	13	14,793	14,793
Reserves		1,095,877	1,095,486
<b>Total equity</b>		<b>1,110,670</b>	1,110,279

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note)	Capital reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024 (audited)	14,679	198,794	81,833	172,301	(1,236)	638,224	1,104,595
Profit for the period	-	-	-	-	-	5,416	5,416
Other comprehensive expense for the period	-	-	-	-	(47)	-	(47)
Total comprehensive income for the period	-	-	-	-	(47)	5,416	5,369
Appropriation to statutory reserve	-	-	688	-	-	(688)	-
Issue of new shares (Note 13)	114	1,250	-	-	-	-	1,364
Direct expenses on issue of new shares (Note 13)	-	(45)	-	-	-	-	(45)
At 30 June 2024 (unaudited)	14,793	199,999	82,521	172,301	(1,283)	642,952	1,111,283
At 1 January 2025 (audited)	<b>14,793</b>	<b>199,999</b>	<b>82,786</b>	<b>172,301</b>	<b>(1,394)</b>	<b>641,794</b>	<b>1,110,279</b>
Profit for the period	-	-	-	-	-	255	255
Other comprehensive income for the period	-	-	-	-	136	-	136
Total comprehensive income for the period	-	-	-	-	136	255	391
Appropriation to statutory reserve	-	-	158	-	-	(158)	-
At 30 June 2025 (unaudited)	<b>14,793</b>	<b>199,999</b>	<b>82,944</b>	<b>172,301</b>	<b>(1,258)</b>	<b>641,891</b>	<b>1,110,670</b>

Note: The statutory reserve is non-distributable and the appropriation to this reserve is determined by the board of directors of the Company's subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of these subsidiaries by way of appropriations from their net profits. Statutory reserve can be used to make up for previous year's losses or convert into additional capital of these subsidiaries.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Cash used in operations	(67,226)	(10,881)
Income tax paid	(1,047)	(4,046)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(68,273)</b>	<b>(14,927)</b>
<b>INVESTING ACTIVITIES</b>		
Bank interest received	462	697
Payment for purchase of property, plant and equipment	–	(2)
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>462</b>	<b>695</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from other loan	2,428	–
Proceeds from issue of new shares	–	1,364
Payment for transaction costs on issue of new shares	–	(45)
Advance from a director	–	1,673
Repayment of advance from a director's of the Company's subsidiaries	–	(164)
Settlement of lease liabilities	(180)	(190)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>2,248</b>	<b>2,638</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(65,563)</b>	<b>(11,594)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>653,570</b>	<b>695,818</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>2</b>	<b>2</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD AND REPRESENTED BY BANK BALANCES AND CASH</b>	<b>588,009</b>	<b>684,226</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 1. GENERAL AND BASIS OF PREPARATION

### (a) General

The condensed consolidated financial statements of China Art Financial Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group’s condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

### (b) Basis of preparation

The Company’s wholly-owned subsidiaries established in the PRC, 宜興市漢信信息技術服務有限公司 Yixing Hanxin Information Technology Service Co., Ltd. (“**WFOE-Pawn**”) and 宜興市紫玉信息技術服務有限公司 Yixing Ziyu Information Technology Service Co., Ltd. (“**WFOE-Auction**”), entered into two series of agreements with 江蘇和信典當有限公司 Jiangsu Hexin Pawn Co., Ltd. (“**Hexin Pawn**”) and 江蘇和信拍賣有限公司 Jiangsu Hexin Auction Co., Ltd. (“**Hexin Auction**”), respectively, which constitute the contractual arrangements (the “**Contractual Arrangements**”) for the art and asset pawn business, art and asset auction business, and art and asset sales business. The Contractual Arrangements effectively transfer the controls over economic benefits and pass the risks associated therewith of Hexin Pawn and Hexin Auction to WFOE-Pawn and WFOE-Auction respectively. The Contractual Arrangements with Hexin Pawn include: (i) Hexin Pawn composite services agreement, (ii) Hexin Pawn option agreement, (iii) Hexin Pawn proxy agreement, and (iv) Hexin Pawn equity pledge agreement; and the Contractual Arrangements with Hexin Auction include: (i) Hexin Auction composite services agreement, (ii) Hexin Auction option agreement, (iii) Hexin Auction proxy agreement, and (iv) Hexin Auction equity pledge agreement. Details of the Contractual Arrangements are set out in the section headed “Contractual Arrangements” of the prospectus of the Company dated 27 October 2016.

The Contractual Arrangements are irrevocable and enable the Group to:

- exercise effective financial and operational control over Hexin Pawn and Hexin Auction;
- exercise equity holders’ voting rights of Hexin Pawn and Hexin Auction;
- receive all economic returns generated by Hexin Pawn and Hexin Auction in consideration for the exclusive technical services, management support services and consultancy services provided by the Group;
- obtain an irrevocable and exclusive right to purchase the entire equity interests in Hexin Pawn and Hexin Auction from all the equity holders of Hexin Pawn and Hexin Auction; and
- obtain a pledge over the entire equity interests of Hexin Pawn and Hexin Auction from all the equity holders of Hexin Pawn and Hexin Auction as collateral security under the Contractual Arrangements.

Pursuant to the Contractual Arrangements entered into between the Group and all the equity holders of Hexin Pawn and Hexin Auction, the Contractual Arrangements effectively transfer the controls over economic benefits and pass the risks associated therewith of Hexin Pawn and Hexin Auction to WFOE-Pawn and WFOE-Auction, respectively. Accordingly, Hexin Pawn and Hexin Auction are considered as indirect wholly-owned subsidiaries of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

The Group's condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

### Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21                      Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

### Revenue

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest revenue from art and asset pawn business	3,963	10,931
Sales of artwork from art and asset sales business	39,159	25,841
Auction revenue from art and asset auction business	98	6
Total	43,220	36,778

Interest revenue on loans to customers for art and asset pawn business is recognised using the effective interest method.

Sales of artwork from art and asset sales business constitute revenue from contracts with customers and are recognised at a point in time upon transferring control of artwork to customers, which generally coincides with the time when the artwork are delivered and titles have been passed to the customers. The customers are required to settle the entire purchase prices of the artwork within 3 days after signing the contracts with the Group.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue (Continued)

Auction revenue from art and asset auction business represents primarily buyer's and seller's commission from provision of art and asset auction services which is calculated at a percentage of hammer prices of the auction sales. Such revenue constitutes revenue from contracts with customers and is recognised at a point in time upon the fall of hammer when the Group transfers the promised auction services to the customers. The customers are required to settle the buyer's commission and the seller's commission to the Group within 15 days and 60 days, respectively, after the date of auction.

### Disaggregation of revenue from contracts with customers for sales of artwork from art and asset sales business

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>By types of asset sold</b>		
Zisha artwork	37,124	14,115
Calligraphies and paintings	2,035	11,726
Total	39,159	25,841
<b>By geographical location</b>		
The PRC, excluding Hong Kong	39,159	25,841

### Disaggregation of revenue from contracts with customers for auction revenue from art and asset auction business

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>By types of asset auctioned</b>		
Commercial properties and carparks	98	–
Others	–	6
Total	98	6
<b>By geographical location</b>		
The PRC, excluding Hong Kong	98	6

The Group has no unsatisfied performance obligations as at the end of each reporting period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment information

The segment information reported externally was analysed based on (i) art and asset pawn business, (ii) art and asset auction business, and (iii) art and asset sales business, which is consistent with the internal information that is regularly reviewed by the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by these business activities.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment result represents the result from each segment without allocation of other income, other net gain/(loss), central administrative expenses and finance costs. Segment assets and liabilities are allocated to each segment excluding deferred tax assets, deferred tax liabilities, loan from a former director, amount due to a director, amount due to a director of the Company's subsidiaries, other loan, bank balances and cash, tax recoverable, tax payable, and unallocated corporate assets and liabilities. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>Six months ended 30 June 2025 (unaudited)</b>				
Segment revenue	3,963	98	39,159	43,220
Segment costs	(1,991)	(376)	(37,646)	(40,013)
Net impairment losses reversed	13	-	-	13
Segment results	1,985	(278)	1,513	3,220
Other income				462
Other net gain				58
Central administrative expenses				(2,460)
Finance costs				(85)
Profit before tax				1,195

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

#### Segment revenue and results (Continued)

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>Six months ended 30 June 2024 (unaudited)</b>				
Segment revenue	10,931	6	25,841	36,778
Segment costs	(1,962)	(265)	(24,560)	(26,787)
Net impairment losses recognised	(99)	–	–	(99)
Segment results	8,870	(259)	1,281	9,892
Other income				697
Other net loss				(151)
Central administrative expenses				(2,328)
Finance costs				(25)
Profit before tax				8,085

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>As at 30 June 2025 (unaudited)</b>				
<b>Assets</b>				
Segment assets	446,719	234	101,227	548,180
Unallocated assets				
Tax recoverable				256
Deferred tax assets				1,254
Corporate assets				17
Bank balances and cash				588,009
Consolidated total assets				1,137,716
<b>Liabilities</b>				
Segment liabilities	1,099	852	347	2,298
Unallocated liabilities				
Tax payable				731
Loan from a former director				7,316
Deferred tax liabilities				274
Other loan				12,618
Corporate liabilities				3,809
Consolidated total liabilities				27,046



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment information (Continued)

#### Segment assets and liabilities (Continued)

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>As at 31 December 2024 (audited)</b>				
<b>Assets</b>				
Segment assets	447,500	347	32,341	480,188
Unallocated assets				
Tax recoverable				287
Deferred tax assets				1,123
Corporate assets				11
Bank balances and cash				653,570
Consolidated total assets				1,135,179
<b>Liabilities</b>				
Segment liabilities	708	236	1,071	2,015
Unallocated liabilities				
Tax payable				826
Loan from a former director				7,243
Deferred tax liabilities				186
Amount due to a director				5,564
Amount due to a director of the Company's subsidiaries				4,897
Corporate liabilities				4,169
Consolidated total liabilities				24,900

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Other segment information

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>Six months ended 30 June 2025 (unaudited)</b>				
Segment information included in the measure of segment results or assets:				
Additions to property, plant and equipment	503	–	–	503
Additions to right-of-use assets	702	–	–	702
Depreciation of property, plant and equipment	98	–	–	98
Depreciation of right-of-use assets	120	113	114	347
Loss on disposal of property, plant and equipment	85	–	–	85

	Art and asset pawn business RMB'000	Art and asset auction business RMB'000	Art and asset sales business RMB'000	Total RMB'000
<b>Six months ended 30 June 2024 (unaudited)</b>				
Segment information included in the measure of segment results or assets:				
Additions to property, plant and equipment	2	–	–	2
Depreciation of property, plant and equipment	120	–	–	120
Depreciation of right-of-use assets	93	113	114	320

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

The following table sets out information about the geographical locations of the Group's revenue from external customers and specified non-current assets. The geographical location of the Group's revenue from external customers is based on the location of the Group's operations for art and asset pawn business, the location of services rendered for art and asset auction business, and the location of the goods delivered for art and asset sales business. The Group's specified non-current assets comprise property, plant and equipment, and right-of-use assets, and the geographical location of these specified non-current assets is based on the physical location of these assets.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		As at 30 June	As at 31 December
	2025	2024	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (audited)
The PRC, excluding Hong Kong (place of domicile)	43,220	36,778	1,608	933

### Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Customer A	18,142 <sup>1</sup>	–
Customer B	9,912 <sup>1</sup>	– <sup>3</sup>
Customer C	7,080 <sup>1</sup>	4,425 <sup>1</sup>
Customer D	– <sup>3</sup>	6,106 <sup>1</sup>
Customer E	– <sup>3</sup>	4,752 <sup>2</sup>
Customer F	–	3,850 <sup>1</sup>

<sup>1</sup> The revenue is derived from art and asset sales business.

<sup>2</sup> The revenue is derived from art and asset pawn business, and art and asset sales business.

<sup>3</sup> The corresponding revenue did not contribute 10% or more of the Group's total revenue for the respective reporting period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 4. NET IMPAIRMENT LOSS REVERSED/(RECOGNISED)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net impairment losses reversed/(recognised) on loans to customers for art and asset pawn business	13	(99)

The basis of determining the inputs and assumptions and the estimation techniques used for expected credit losses on financial assets in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

## 5. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT") for the period	944	2,732
Underprovision in respect of prior years	39	–
	983	2,732
Deferred tax credit	(43)	(63)
	940	2,669

Under the PRC EIT Law, the tax rate of the Company's subsidiaries established in the PRC was 25% for the six months ended 30 June 2025 and 2024.

No provision for Hong Kong Profits Tax was made during the six months ended 30 June 2025 and 2024 as the Group did not have assessable profits arising in Hong Kong during both periods.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Directors' remuneration	241	241
Other staffs salaries and allowances	2,342	1,773
Retirement benefits scheme contributions, excluding those of directors	313	226
Total staff costs	2,896	2,240
Interest expenses on		
— loan from a former director	39	—
— other loan	32	—
— lease liabilities	14	25
Total finance costs	85	25
Net foreign exchange (gain)/loss	(222)	74
Bank interest income	(462)	(697)
Depreciation for property, plant and equipment	98	120
Depreciation of right-of-use assets	347	320
Loss on disposal of property, plant and equipment	85	—
Loss on deregistration of foreign operations	20	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 7. DIVIDEND

The Board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
Profit for the period for the purpose of calculating basic and diluted earnings per share	255	5,416

	Six months ended 30 June	
	2025	2024
	'000	'000
	(unaudited)	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	1,690,500	1,682,533

Diluted earnings per share for the six months ended 30 June 2025 and 2024 are the same as the basic earnings per share as the Company has no potential dilutive ordinary shares outstanding during both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group acquired property, plant and equipment amounting to RMB503,000 (six months ended 30 June 2024: RMB2,000). The Group also disposed of property, plant and equipment with net carrying amount of RMB85,000 during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

During the six months ended 30 June 2025, the Group entered into a lease agreement for leasing an office premise, and therefore recognised addition to right-of-use assets of RMB702,000 (six months ended 30 June 2024: Nil).

## 10. INVENTORIES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Zisha artwork	38,500	32,000
Calligraphies and paintings	62,500	–
	101,000	32,000

The cost of inventories recognised as expenses and included in “cost of inventories sold” amounted to RMB35,600,000 for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB22,950,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 11. LOAN RECEIVABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Art and asset pawn loans to customers	449,587	451,283
Less: Impairment allowances	(4,015)	(4,028)
	445,572	447,255

The art and asset pawn loans to customers are arising from the Group's art and asset pawn business. The loan periods granted to customers are normally within three months and the maximum tenure of each loan is six months from the date of the loan initially granted. At the maturity of the loan period, a borrower has the obligation to repay the principal amount of the loan or, alternatively, a borrower may make an application for a renewal of the loan prior to or within five days after, the maturity date of the loan period. The loans granted to customers carried effective interest rates ranging from approximately 6% to 12% (six months ended 30 June 2024: 7% to 12%) per annum during the six months ended 30 June 2025. Art and asset pawn loans to customers were all denominated in RMB.

All art and asset pawn loans granted are backed by collateral as security. The principal collateral types for loans to customers are the artwork and other assets, mainly Zisha artwork, paintings and calligraphies. The Group is not permitted to sell or repledge the pawn assets in the absence of default by the customers. There have not been any significant changes in the quality of the collateral held.

The ageing analysis of art and asset pawn loans to customers (net of impairment allowances) by issue date of initial pawn tickets upon granting of the pawn loans is set out below:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 1 month	278,929	278,832
1-3 months	166,602	160,419
3-6 months	41	8,004
Total	445,572	447,255

As at 30 June 2025 and 31 December 2024, all loan receivables were not yet past due based on the contractual due dates as stipulated in pawn tickets.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 12. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Accrued expenses	3,125	4,482
Loan from a former director (Note a)	7,316	7,243
Amount due to a director (Note b)	–	5,564
Amount due to a director of the Company's subsidiaries (Note c)	–	4,897
Payable for purchase of property, plant and equipment	503	–
Other loan (Note d)	12,618	–
Other payables for art and asset auction business	614	–
Other payables	830	858
Other tax payables	34	379
	<b>25,040</b>	<b>23,423</b>

Notes:

(a)

Name of former director	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Ms. Lam Siu Mui ("Ms. Lam")	7,316	7,243

Ms. Lam resigned as the executive director of the Company on 21 March 2022 and was appointed as the chief executive officer of the Company on 23 March 2022. Ms. Lam resigned as the chief executive officer of the Company on 2 May 2025.

As at 31 December 2024, the loan from a former director was unsecured, interest-free and repayable on or before 30 April 2025. As at 30 June 2025, the loan from a former director was unsecured, interest-bearing and repayable on demand.

- (b) The amount due to Mr. Fan Zhixin, the director of the Company, was non-trade nature, unsecured, interest-free and repayable on demand.
- (c) The amount due to Mr. Fan Zhijun, a director of the Company's subsidiaries, was non-trade nature, unsecured, interest-free and repayable on demand. Mr. Fan Zhijun resigned as the executive director of the Company on 15 September 2023 and remained as the director of the Company's subsidiaries.
- (d) During the six months ended 30 June 2025, the Company entered into a credit facility agreement with an independent third party and the lender agreed to grant an unsecured revolving credit facility up to HK\$30,000,000 to the Company for a term of 12 months from the draw down date. Any amounts drawn from the credit facility will bear interest at 5% per annum.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 13. SHARE CAPITAL

	Number of shares	Amount	Amount
	'000	HK\$'000	Equivalent to RMB'000
<i>Ordinary shares of HK\$0.01 each</i>			
<b>Authorised</b>			
At 1 January 2024, 30 June 2024, 31 December 2024 and 30 June 2025	5,000,000	50,000	43,420
<b>Issued and fully paid</b>			
At 1 January 2024 (audited)	<b>1,678,000</b>	<b>16,780</b>	<b>14,679</b>
Issue of new shares (Note)	<b>12,500</b>	<b>125</b>	<b>114</b>
<b>At 30 June 2024 (unaudited), 31 December 2024 (audited) and 30 June 2025 (unaudited)</b>	<b>1,690,500</b>	<b>16,905</b>	<b>14,793</b>

Note: On 26 April 2024, the Company completed the issuance of 12,500,000 new ordinary shares of the Company at HK\$0.12 per share to an independent third party. The net proceeds (after deduction of transaction costs of approximately RMB45,000) of approximately RMB1,319,000 were intended to be used for the project of the potential incorporation of a joint venture company, which will provide software service of centralised settlement systems for various community retail scenarios. These shares rank pari passu with the then existing shares of the Company in all respects.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 14. SHARE-BASED PAYMENTS

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed by the Company on 14 October 2016 for the primary purpose of providing incentives to directors and eligible participants, and will expire on 13 October 2026. Under the Scheme, the board of directors of the Company may grant options to (i) any employee ("**Eligible Employee**") (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest; (ii) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group to subscribe for shares in the Company.

The total number of shares which may be allotted and issued upon the exercise of all options to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Company's shares in issue on the date on which the Company's shares commenced dealings on the Stock Exchange, being 160,000,000 shares, representing approximately 9.46% of the issued shares (excluding any treasury shares) of the Company as at the date of this report.

The number of shares issued and to be issued in respect of which option granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to director, chief executive officer or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding independent non-executive directors who or whose associates is the proposed grantee of the options). Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in aggregate over 0.1% of the Company's shares in issue or with a value based on the closing price of the shares at the date of each offer for the grant in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

## 14. SHARE-BASED PAYMENTS (Continued)

The Scheme will remain in force for a period of 10 years commencing on the date on which the Scheme is adopted. As at the date of this report, the remaining life of the Scheme is approximately 1 year and 2.5 months. As at 31 December 2024 and 30 June 2025, the number of share options available for grant under the mandate limit of the Scheme was 81,000,000 shares of the Company, which represented approximately 4.79% of the issued share capital of the Company as at 31 December 2024 and 30 June 2025.

During the six months ended 30 June 2025 and 2024, no share options were granted, exercised, cancelled, lapsed and/or outstanding under the Scheme.

## 15. RELATED PARTY DISCLOSURES

Other than those disclosed in the condensed consolidated statement of financial position and other notes to the condensed consolidated financial statements, the Group also had the following significant transactions with its related parties.

### Compensation of key management personnel

The remuneration of key management personnel during the period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries and other benefits	943	647
Retirement benefit scheme contributions	85	85
	1,028	732

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

## 16. MAJOR NON-CASH TRANSACTIONS

On 30 June 2025, the amount due to a director of RMB5,461,000 and the amount due to a director of the Company's subsidiaries of RMB4,826,000 were settled by the lender of the other loan on behalf of the Group.