



A Self-Contained Appraisal Report for Artworks by Zhang Daqian

Intended Use: Estate Tax
Type of Value: Fair Market Value

Client:
Juliet Choi
438 Van Buren Drive,
Monterey Park, CA 91755

Appraised By:
Lydia Thompson, PhD, ASA
Thompson & Martinez Fine Art Appraisals, Inc.
EIN#: 20-8308057

Date of Inspection: September 24th, 2013
Effective Date of Valuation: September 10th, 2008
Date of Report:

Thompson & Martinez Fine Art Appraisals, Inc.

7445 Girard Avenue, #6

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Letter of Transmittal

Date of Report:

Client:

Juliet Choi
438 Van Buren Drive,
Monterey Park, CA 91755
Estate Tax
Fair Market Value
Market Comparison Approach
September 24th, 2013
September 10th, 2008
Lydia Thompson, PhD

Dear Mrs. Choi:

According to our contract signed by you on September 24th, 2013, we have prepared the following Self-Contained report for the property represented as belonging to Juliet Choi. The subject property consists of six paintings and a woodblock print .

You provided us with the information that indicates that Juliet Choi owns the subject properties listed above in their entirety. I examined the properties in the presence of Juliet and Allan Choi at the offices of Thompson & Martinez Fine Art Appraisals at 7445 Girard Avenue, #6, La Jolla, CA.

This appraisal report provides the appraisal conclusion of Fair Market Value for the intended use of Estate Tax.(Unexpected XTag: NTree (XTag "br" []) []))Fair Market Value is defined as “The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includable in the decedent’s gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.” 26 CFR Estate Tax Regulation 20.2031-1(b).

After thorough consideration of available facts and statistics, the Fair Market Value for the subject properties is **one million three hundred forty thousand one hundred nine dollars (\$1,340,109)**. The effective date of value for this appraisal is September 10th, 2008. This professional opinion is based upon my knowledge and experience in the valuation of fine arts. This appraisal is based on my research and analysis of the properties and knowledge of relevant markets where the properties are traded.

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Fair Market Value for Estate Tax
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I am a "qualified appraiser" within the meaning of Internal Revenue Reg. 1.170A-17(b) and am not an excluded appraiser within the meaning of 1.170A-17(b)(5). I hold the Accredited Senior Appraiser designation from the American Society of Appraisers. My background, education and experience qualifies me to make appraisals of the type of property that is the subject of this appraisal. A complete list of my qualifications can be found in the Credentials section that is included in this report. I understand that the appraisal will be used in connection with a tax return or claim for refund. I also understand that, if a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund results from this appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been barred from presenting evidence of testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. section 330(c).

This is a Self-Contained report that was prepared to conform to the Code of Ethics of the American Society of Appraisers and the current version of the *Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition* (USPAP), published by the Appraisal Foundation. I have no past, present or contemplated future interest in the properties included in this report. my fee was not contingent on any value finding.

This 49 page report consists of a letter of transmittal, scope of work, definitions, privacy statement, assumptions and limiting conditions, certification, description, photographs, narrative, glossary, bibliography and credentials. All these elements must be present for the value conclusion to be valid.

The information in this report is confidential. All notes, electronic, work copies and photographs remain the property of the appraiser and are retained for five years, and/or two years after the conclusion of any litigation. All documents are shredded or otherwise defaced prior to disposal.

The submission of this report completes my assignment and obligations. Any further consultation, preparation of additional reports, testimony, or appearances in court or before any governmental forum in reference to the properties described in this appraisal will require additional fees to cover the required services. The aforementioned fees will be billed at the rate commensurate with the timing of the appraisal.

Thank you for allowing us to be of service to you.

Lydia Thompson, PhD, ASA

Date



Scope of Work

Thompson & Martinez Fine Art Appraisals, Inc. was hired by Juliet Choi to reach an opinion of the Fair Market Value of seven artworks by Zhang Daqian belonging to the Choi family. Based on my discussion with Client, as well as the intended use of the report, the type and location of the subject properties and the effective date of valuation, the Appraiser has selected the type of value, the relevant market, the information researched and the analysis to be applied. To complete this assignment I consulted authoritative publications and on-line sources, reviewed published and on-line market data and interviewed knowledgeable dealers and others regarding the subject properties and their relevant markets.

This report is intended to be an objective, independent, unbiased and credible analysis of known facts. During the course of my examination, research and analysis, I have endeavored to be accurate and to use due diligence. This opinion of value was developed using appraisal methods that are within the accepted standard of care for the appraisal profession and within the boundaries of typical practice.

This appraisal document states the majority of information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions and conclusions under the requirements of the *Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition* (US-PAP). It is considered a summary report. The documentation substantiating the value reported is held in the appraiser's files.

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Type of Value

This report serves as documented evidence of this appraiser having witnessed the subject property and identified, described and valued the subject property in the context of determining Fair Market Value.

Intended Use

The intended use of this report, as stipulated, is to evaluate the subject properties and provide an assessment of Fair Market Value of a collection of contemporary art for the intended use of Estate Tax. No other use is valid or condoned.

Intended Users of this report

The intended users of this report are: Mrs. Juliet Choi and the IRS. There are no other intended users or uses.

Definition of Value

Fair Market Value is defined as ``The price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The fair market value of a particular item of property includable in the decedent's gross estate is not to be determined by a forced sale price. Nor is the fair market value of an item of property to be determined by the sale price of the item in a market other than that in which such item is most commonly sold to the public, taking into account the location of the item wherever appropriate.'' 26 CFR Estate Tax Regulation 20.2031-1(b).

Approaches to Value

For this appraisal three valuation methods were considered (from Soucy and Smith, eds, *The Appraisal of Personal Property – Principles, Theories, and Practice Methods for the Professional Appraiser*, 1994.). The three valuation methods are:

- **Cost Approach to Value** method estimates either the reproduction or replacement of a property, either new or depreciated.
- **Income Approach to Value** method estimates the present worth of anticipated future benefits of owning income producing properties or objects.
- **Market Comparison Approach to Value** method estimates value by comparison with properties sold in the relevant market with adjustments for all differences that affect value, such as differences in characteristics of value, in market layer, and in time exposed to the market



in order to arrive at the most apposite estimate of value.

For this appraisal three valuation methods were considered. The three valuation methods are (as defined by The American Society of Appraisers handbook, Principles of Valuation: Personal Property Valuation Methodology – Research and Analysis):

- Cost Approach to Value method estimates either the reproduction or replacement of a property, either new or depreciated.
- Income Approach to Value method estimates the present worth of anticipated future benefits of owning income producing properties or objects.
- Market Comparison Approach to Value method estimates value by comparison with properties sold in the relevant market with adjustments for all differences that affect value, such as differences in characteristics of value, in market layer, and in time exposed to the market in order to arrive at the most apposite estimate of value.

The Market Comparison Approach was chosen for this assignment. The Cost and Income Approaches to value were considered but not appropriate to this assignment. Although the cost approach would be able to replicate the subject properties in form, it would not have represented their age, history and desirability. The income approach also was not appropriate because an income could not easily be derived from these properties. The properties have been placed in the appropriate level of the market considering properties of similar quality, period, style, significance, condition, rarity, and utility, based on market data and comparable sales gathered in the appropriate markets. Market data includes auction records, retail and private sales, dealer's inventories, catalogues, published price lists and price guides. The appraisers relied on contacts, field notes and conversations with other professionals in this field. Sources are listed at the end of the report.



Privacy Policy

Thompson & Martinez Fine Art Appraisals, Inc. is committed to keeping all appraisal-related data confidential in compliance with the current version of the *Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition* (USPAP) as published by The Appraisal Foundation and relevant federal and state laws. We will not disclose confidential appraisal data to any third party without the written permission of the rightful owner of that data. We will not release a copy of an appraisal you have contracted through Thompson & Martinez Fine Art Appraisals, Inc. to any third party without the written permission of the client.

Our policy specifies the protection of client information in the following ways:

- We limit access to all information only to those who have a business or professional reason to know and only to non-affiliated parties as required by law.
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of non-public personal information that we collect from a client depend upon the scope of the client's appraisal engagement. This includes information about personal property assets, information about tax identification numbers, and other non-public information necessary. Additionally, it may include information about transactions between clients and third parties and information from third party sources.
- Unaffiliated third parties that require access to our clients' personal information, such as Federal and State tax regulators, insurance companies, and the like may only review company records as permitted under law.
- We do not provide client information to mailing list vendors or solicitors for any reason.
- Personally identifiable information will be maintained during the time a client is a client of the company and for 5 years after the appraisal has been completed and/or 2 years after litigation as well as the ethical considerations as specified by *Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition* (USPAP). After this required period of record retention, all such information will be destroyed.

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Assumptions and Limiting Conditions

This appraisal has been made subject to the following general assumptions and limiting conditions.

- Titles to the properties and present ownership of the properties are assumed to be good and marketable unless otherwise stated. Further, the Appraisal is made with the understanding that the present ownership of the subject properties include all rights that may be lawfully owned and is not subject to any encumbrances or indebtedness. The Client stated that she owns the properties; ownership was not researched or confirmed.
- This Appraisal assumes that there are no undisclosed conditions of the subject properties that would have an effect on the value conclusions. This Summary Appraisal is not limited by any hypothetical conditions or extraordinary assumptions. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are personal, impartial and unbiased professional analyses, opinions and conclusions.
- The opinion of value expressed in this Appraisal Report is the result of and is subject to the data and research described in detail in the Appraisal Report. In the preparation of this report, the Appraisers have consulted a variety of sources that are documented either in the report or are available in the Appraisers' files. These sources are assumed to be reliable and accurate; however, the Appraisers take no responsibility for errors or omissions contained in these sources.
- No change to this report shall be made by anyone other than the Appraisers. The Appraisers retain the right to amend the Appraisal Report.
- The fee for this Appraisal is based solely on an hourly rate and is not dependent on any conclusion of value.
- The Appraiser assumes no responsibility for unforeseen changes in market conditions, nor is the inability to locate a potential buyer or replacement item, at the appraised value, if such is attempted by the client or any other person.
- For certain items in the collection no documented data to support Fair Market Value conclusions were found through extensive research. In these cases and others, expert opinions were sought out from collectors, retail dealers and experts at various auction houses on their opinions of the Fair Market Value for these pieces.
- Lydia Thompson, Ph.D, ASA personally inspected items 3,4,5 and 7. Items 1,2, and 6 were not personally inspected by the appraiser as they had been sold prior to the appraiser being hired to provide the appraisal. All images and measurements and condition reports of items 1,2 and 6 were provided by the client and/or obtained from databases of auction records. The opinion of value expressed in the Appraisal Report is the result of and is subject to the data and research described in detail in the Appraisal Report and on data retained in our files. The Appraisers have not knowingly withheld any significant information.
- Appraisers witness, identify and value subject property but do not claim authentication of the



subject properties, unless otherwise noted.

- In the event of a dispute involving interpretation or application of this report, the ASA recommends that such a dispute shall be referred to a neutral third-party mediation service. The cost of such mediation shall be borne equally by both parties. In the event mediation is not successful, the parties should agree to submit the dispute to binding arbitration under the laws of the State of California.
- Disclosure of the contents of the appraisal Report is governed by the Bylaws and Regulations of the Appraisal Foundation USPAP 2012-2013. Neither all nor any part of the contents of this report (especially any conclusions as to the value or the identity of the Appraisers) shall be disseminated to the public through advertising, public relations, news, sales, or the media without the prior written consent and approval of the Appraisers.
- This Appraisal Report is valid only for the intended use, intended users and for the type of value stated in the appraisal. The values reported in this appraisal are valid only on the effective date of the appraisal, September 10th, 2008.
- This report is valid only in the entirety of its pages and is not valid if any page of the report is missing. Reproduction of the report must be made in its entirety. This report, or a copy of this report, may be transmitted to a third party or legal entity only in its entirety and only with the express written consent of the Client.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Ethics as set forth by the American Society of Appraisers and the Uniform Standards of Professional Appraisal Practice, 2012-2013 of the Appraisal Foundation, Washington, D.C.
- The submission of this report completes the assignment and obligations. Any further consultation, preparation of additional reports, testimony, or appearances in court or before any governmental forum in reference to the property described in this appraisal will require additional fees to cover the required services.

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Certification

The appraiser certifies and agrees that:

- To the best of my knowledge and belief, the statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions. They are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement for this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions and conclusions in this report were developed and prepared in conformity with the *Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition* (USPAP).
- I have made a personal inspection of items 1,2 and 6. I did not personally inspect items 3,4,5 and 7.
- This Appraiser prepared all the conclusions and opinions set forth in this report.
- Arnold Chang, MA provided his expertise in assessing the quality and market desirability of the properties in this report.
- Chih-ho Lin, MA provided assistance with the translations of the inscriptions on the properties in this report.
- All conclusions and opinions set forth in this Appraisal Report were prepared by Lydia Thompson professional assistance by Arnold Chang and Chih-ho Lin.

Lydia Thompson, PhD, ASA

Date



Credentials

Lydia Thompson, PhD, ASA

Education

- Ph.D., New York University (NYU), Institute of Fine Arts (IFA), New York, NY, 1998. Art and Archaeology. Specialized China
- M.A., NYU, Institute of Fine Arts (IFA), New York, NY, 1989. Art and Archaeology
- B.A., Middlebury College, Middlebury, VT, 1983. East Asian Studies

Professional Study

- University of California, Irvine, Certificate Program in Appraisal Studies, UCI in partnership with American Society of Appraisers (ASA). Completion of all P.O.V. courses in certificate program
- Shandong University, Ji'nan, Shandong, PRC. Department of Archaeology, 1993-94.

Awards

- Kress Foundation, Dissertation Fellowship, 1995-96.
- Center for Advanced Study in the Visual Arts (CASVA), National Gallery of Art, Ittleson Fellow, 1993-95.
- Samuel F.B. Morse Fellowship, 1991-92

Memberships

- Accredited Senior Appraiser, American Society of Appraisers
- Secretary-Treasurer, San Diego Chapter of the American Society of Appraisers, 2010-2013.

Selected List of Professional Experience 2000-2013

- President, Thompson & Martinez Fine Art Appraisals, Inc.
- Curator and Docent Educator for the exhibition: "Symbols of Power: Masterpieces from the Nanjing Museum", the Bowers Museum of Cultural Art, Santa Ana, CA
- Adjunct Faculty in Art History, UC Los Angeles and UC San Diego, CA.

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Selected Publications

- “The Path of the Chinese Art Market: Boom or Bust”, *Journal of Advanced Appraisal Studies*, Spring, 2012, pp. 159-167.
- “Ritual, Art and Agency: Consecrating the Burial Ground in the Han Period” *Recarving China’s Past: Art, Archaeology, and Architecture of the Wu Family Shrines*. Proceedings of a symposium held at the Princeton University Art Museum, (New Haven and London: Yale University Press, 2005.)
- Entries on artists and translation of essay by Art Critic Li Xianting, Betti-Sue Hertz ed. *Past in Reverse: Contemporary Art in East Asia* (San Diego: San Diego Museum of Art, 2004.)
- Co-author with Xu Huping, *Symbols of Power: Masterpieces from the Nanjing Museum*, (Santa Ana: The Bowers Museum of Cultural Art, 2002.)

DRAFT



Glossary

Baimiao Outline painting technique

Jinbi shanshui Golden Landscape

DRAFT



Bibliography & Authorities Consulted

Experts Consulted

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Tel: 212-606-7000
<http://www.sothebys.com/>

Internet Sources

Databases:
Artnet
www.artnet.com

AskArt
www.askart.com

Auction.Artron.net

Mutualart.com
www.mutualart.com

Online articles:

David Barboza, Graham Bowley and Amanda Cox, "A Culture of Bidding Forging an Art Market in China" *New York Times* online edition, October 28th, 2013.

"Rongbaozhai" <http://www.chinaculture.org>

Choi San, "Zhang Daqian's Artistic Activities in Macau", <http://www.icm.gov.mo/exhibition.daqian.Activity.asp>



Print Sources

Chinese Arts Auction Records, Paintings and Calligraphy 2004-2008. Taipei, Taiwan: Chinese Art Books Co. Ltd., 2005-2009.

Art Market Monitor of Artron (AMMA) *The Art Market in 2012 - A Dialogue Between East and West, Chapter II - The Art Market in China* Artrprice.com

Internal Revenue Service, 20 CFR, pt. 2031-1(b), 2011.

Maloney, David, *Appraising Personal Property: Principles and Methodology (5th edition)*. Frederick, Maryland: Appraisers Press, 2012.

Soucy, Patricia and Janella N. Smyth, eds. *The Appraisal of Personal Property: Principles, Theories and Practice Methods for the Professional Appraiser*. Washington, D.C.: American Society of Appraisers, 1994.

Sullivan, Michael, *Modern Chinese artists : a biographical dictionary*. Berkeley, California: University of California Press, 2006.

Uniform Standards of Professional Appraisal Practice, the 2012-2013 Edition(USPAP). Washington, D.C.: The Appraisal Foundation, 2012.

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Condition Definitions

Excellent: The object's stability and state of preservation (i.e. wear and/or losses to paper, decoration, pigment, chips etc.) exhibits stable condition or integrity; function or artistic intent is structurally sound; no restoration material added and no significant repairs.

Very Good: State of preservation is near original condition; object exhibits stabilization/conservation possibly reflecting slight deterioration from original function or artistic intent. Structural integrity is maintained. Some repairs are evident and unobtrusive; no restoration, i.e. all original material.

Good: State of preservation exhibits clearly its original function and artistic intent, however, the object shows considerable wear. Stabilization, conservation, restoration reflect original function and maintain artistic intent and structural integrity. Restoration and repairs are evident; i.e. there may be added material; or, repairs may be needed.

Fair: State of preservation shows considerable wear and deterioration yet still indicates the general nature of its original form; the object may need structural stabilization, conservation, restoration and/or repairs.

Poor: State of preservation indicates substantial deterioration compromising original form; the object needs structural stabilization, conservation, restoration and/or repairs.

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Appraised Item Summary

	Item	Artist	Type of Object	Amount
1.	01	Zhang Daqian	Painting	\$816,264
2.	02	Zhang Daqian	Painting	\$303,088
3.	03	Zhang Daqian	Painting	\$172,705
4.	04	Zhang Daqian	Painting	\$14,110
5.	05	Zhang Daqian	Painting	\$5,644
6.	06	Zhang Daqian	Print	\$9,581
7.	07	Zhang Daqian	Fan	\$18,717
Total of 7 items:				\$1,340,109

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Appraised Item Detail

Market Overview

Zhang Daqian is recognized as one of China's modern masters. He is not only revered for his great skill in the techniques and styles of classical Chinese painting (he was also a notorious forger), but also for developing the splashed ink style of painting, using gouache and ink and colors on paper to create a hybrid Eastern-Western expressionist style.

Zhang's career can be divided into two periods: before 1949 when he lived in China and produced work in the traditional manner, and after 1949, when he briefly stayed in Hong Kong and Macau and then moved to Brazil, Carmel California and finally on to Taiwan where he lived until his death. The paintings in the Choi family collection date from the 1930s and 1940s and are in the traditional style. The provenance of the collection is excellent. The paintings were inherited by Mrs. Choi from her late husband who had received them from his father, Choi Hac-ting, and his brothers, who acquired them directly from the artist as gifts and commissions. Additionally, evidence of the relationship between the Choi family and the painter is found in the inscriptions of three of the artworks (Items 5,6,7), several of which mention family members. Additional documentation of the relationship between the artist and the Choi family is recorded in article published by the Cultural Affairs office of Macau which recounts the three month period in 1949 when Zhang Daqian stayed at the Choi family compound in Macau (Choi San, "Zhang Daqian's Artistic Activities in Macau", <http://www.icm.gov.mo/exhibition.daqian.Activity.asp>)

The date of valuation, September 10th, 2008, falls at an unusual time in the global economy and the Chinese art market. A graph of Chinese fine art (Chinese painting, calligraphy, oil painting and Contemporary art) sales at auction in Appendix A indicates that the Chinese art market grew steadily from 2004 through 2008. It appears that taken as a whole, the autumn 2008 sales of Chinese art were barely affected by the the global financial crisis as it unfolded in the wake of the bankruptcy of Lehman Brothers on September 15th. According to a report by Art Market Monitor of Artron (AMMA), "Art Market in China in 2012 - A Dialogue between East and West", (p. 55), by early 2009 the market actually entered a three year boom period which peaked in 2011. Art Economics, a research company that studies the international market, reports that after peaking in 2011, reported revenues of Chinese art sold at auction dropped off 24 percent in 2012, and that 2013 is expected to be modestly better than 2012. ("Forging an Art Market in China", New York Times, October 28th, 2013.)

As one of China's modern masters, and one of the global art market's top grossing artists at auction, the market for Zhang Daqian's work has tracked the accelerating trajectory of the overall Chinese art market (Appendix B). Zhang Daqian was a prolific painter, and, in any given year hundreds of his paintings (both authentic and fakes) come up at auction. Works can sell from the tens of



thousands up to the tens of millions. The highest price ever paid for a painting by Zhang Daqian occurred on May 31st, 2011, at Sotheby's Hong Kong when a set of four hanging scrolls, ink and color on paper "Lotus and Mandarin Ducks" (1947), (each 72.64 inches x 37.40 inches) sold for \$24,513,000. In 2011, Zhang Daqian was the top-selling artist in the world at auction with reported sales of \$782.4 million. According to AMMA, in 2012 reported sales of his works fell to \$241.6 million (AMMA, 2012, p.)

One important reason for this recent decline is that the Chinese art market is dysfunctional. According to a recent New York Times article, "Forging an Art Market in China" October 28th, 2013, "... a six-month review found that many of the sales — transactions reported to have produced as much as a third of the country's auction revenue in recent years — did not actually take place." Moreover, "the market is flooded with forgeries, often mass-produced, and has become a breeding ground for corruption, as business executives curry favor with officials by bribing them with art." The Zhang Daqian painting market is part and parcel of this environment.

In 2008, the Chinese art market had not yet entered this period of rapid price acceleration and widespread speculation, fraud and corruption. From 2004 to 2008 the market grew steadily. Zhang Daqian was considered a blue chip artist and his works commanded top prices at auction. The highest price paid for a Zhang Daqian painting during this period was October 24th, 2005 when an abstract landscape from his later career, "Snowcapped Mountains in Switzerland", 1967, sold for \$2,036,082, (HKD15,800,00) through Sotheby's Hong Kong. In 2008, the top selling Zhang Daqian paintings came from both his early and later career: a splashed ink and color abstract landscape, "Cross-Island Highway Taiwan" from the post-1949 period, sold for \$1,077,47.00 (HKD 8,391,500) through Sotheby's Hong Kong on April 8th, 2008, and a traditional style landscape in the manner of canonical painter, Wang Meng which sold for US\$975,120 (HKD 7,707,500) through Christies, Hong Kong on May 26, 2008.

The paintings in the Choi collection are all traditional style paintings from his early career. Rarity, quality, authenticity and freshness to the market are the standards by which an exceptional work of art is judged. Also important in Chinese painting are the inscriptions on the painting both by the artist and by well-known contemporaries such as artists and collectors. According to Arnold Chang, former head of Sotheby's Chinese painting department and highly respected connoisseur and ink painter, "Hunting in Autumn" is a superb and rare work demonstrating the artist's range and is one of the best of its type. It has three inscriptions by the artist. These elements as well as its excellent provenance indicates that it belongs in the top market level which, in 2008, was between \$500,000 and \$2 million dollars. Mr. Chang also identified the two Tang-Song style figure paintings of deities as highly desirable due to their rarity, subject matter and inscriptions. These works date from the period when the artist lived at Dunhuang and copied the Buddhist murals there. These works fall into Zhang Daqian's middle market level which in 2008 was between \$100,000 and \$500,000. The remaining paintings, the two bird on branch paintings, fan and signed woodblock print occupy



the lower market level which, in 2008, was between \$10,000 and \$100,000.

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##Biography

Zhang Daqian was one of the leading artists to emerge in China in the early twentieth century. Born into a family of artists in Sichuan, China, he studied textile dyeing techniques in Kyoto, Japan and returned to establish a successful career selling his paintings in Shanghai. A staunch supporter of the Kuomintang, he left China in 1948, and, after brief stays in Hong Kong and Macau, moved to Brazil and California, before finally settling in Taipei, Taiwan.

In his early career he became an expert in the techniques and styles of ancient masters. During the Sino-Japanese War, the artist studied of traditional Tang-Song figure painting and ancient monumental landscape painting becoming skilled in both meticulous and free-hand painting styles. In the 1940s, he moved to Dunhuang in Gansu Province where he copied Buddhist wall paintings at cave sites at Mogao and at Yulin, Anxi County. Early in his career he became a collector of ancient Chinese paintings, eventually collecting several hundred works from the Tang to Qing dynasties. In the 1960s, after he had emigrated from China he came under the influence of Abstract expressionists and his style changed radically to abstract compositions of landscapes in splashed ink and colors.

DRAFT

**CHOI
ITEM #01**

**FAIR MARKET VALUE
\$816,264**



Figure 1.1. Subject Property

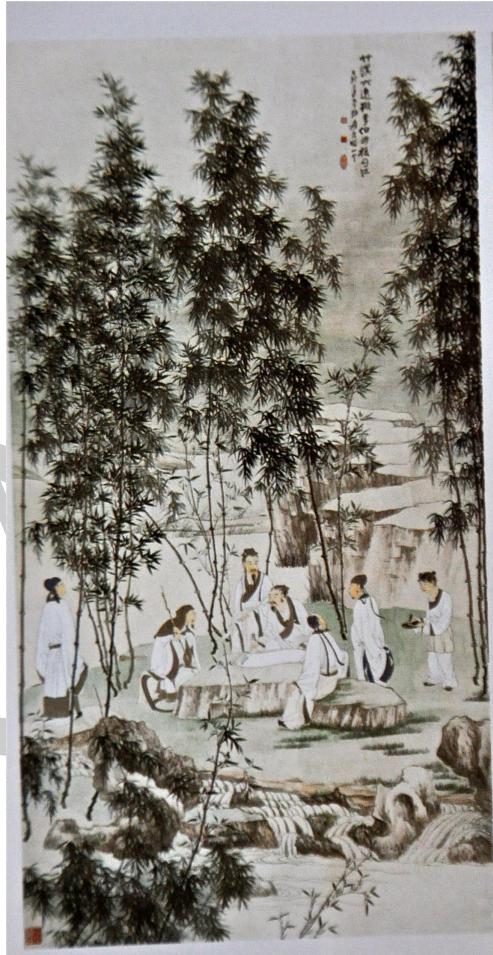


Figure 1.2. Comparable, "Six Sages Gathering in a Bamboo Grove"



Figure 1.3. Comparable, "Jinbi Land-
scape"

Figure 1.4. Comparable, "Trading
Geese"

Item Name	01
Type of Object	Painting
Medium	Ink and color on paper
Date/Period	1948
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	"Hunting in the Autumn"
Item Measurements	54 inches x 26 inches

Signature/Inscription/Markings

1st inscription, upper right: 早秋北國雪初飛 蘆荻花殘
 馬正肥 豐草欲糜(迷)鹿 酸風如箭射弓衣 Translation:
 Snow starts to fall in early autumn in the north; The reed
 flowers are withering and the horses are strong. The lush
 grass attracts the deer, The chilling wind is like arrows that
 shoot from a quiver.

2nd inscription, middle: 欲下奇迷字 yuxia duomi zi

3rd inscription, upper left: 更子嘉平月似唐人筆, 蜀郡
 大千爰 Gengzi jiaping month, painted this in the manner
 of Tang painters, Shu county, Daqian Yuan 己丑正月初
 四日再題 阿爰 欲下奪迷字 Inscribed again at January
 4th, 1949, A-Yuan Seals: 張爰長壽 張大千長年大吉
 又日利 張爰私印 張爰 大千 Zhang Yuan Longevity;
 Zhang Daqian's Long-time Luck; Zhang Yuan's Private
 Seal; Zhang Yuan; Daqian

Condition

Good. As reported by auction house records.

Provenance

Acquired by the Choi family directly from the artist

Description: A landscape rendered in ink washes, golden brown and green colors in an archaic style reminiscent of Tang Dynasty (618–907 C.E.) painting. The mounted hunters are set in the middle ground on a green spit of land. Behind them a winding river leads to mountain-scape dotted by autumnal trees in the far distance. Three inscriptions by the artist are placed in the sky above the mountains.

Market Analysis: The subject property is a superb work and demonstrates the artist's range as it includes figures, horses, and landscape elements. As one of the best of its type, it is very desirable to mainland Chinese collectors who are particularly fond of Zhang Daqian's early work. The painting's colored landscape, known as *jinbi*, or golden landscape and its use of space is associated with canonical Tang Dynasty painter, Li Zhaodao (ca. 675-750 C.E.). Other important characteristics of value are, the unusual subject matter of meticulously rendered figures on horses and the three inscriptions by the artist, two signatures and three seals. Overall, this a rare work which, in 2008, would have been fresh to the market and attracted much attention at auction.

A search of auction records in the years leading up to September 10th, 2008 yielded sales of three similar quality paintings. All of these paintings include figures in landscapes rendered in an archaic style, date from the late 1930s to late 1940s, are inscribed by the artist and include his signature and seals. The painting sales ranged from \$345,772-\$816,264. "Trading Geese" (Figure 4) sold

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Effective Date of Valuation: September 10th, 2008



through China Guardian on November 5, 2007 for \$345,772. "Jinbi Landscape" (Figure 3) sold through Tianjin Wenwu for \$398,550 on November 16th 2004. "Six Sages Gathering in a Bamboo Grove" (Figure 2) sold through Poly International Auctions on November 7th, 2005 for \$816,844. It is inscribed and signed by the artist and has four seals.

The rendering of the landscapes in green and soft golden hues in the "Jinbi Landscape" and "Trading Geese" and "Six Sages" is similar to the subject property. In "Trading Geese", the main subject is the three figures seated on a riverbank in the foreground. Here, the landscape is more of a setting than the main subject. In "Jinbi", the landscape is the primary subject and the figure in the boat is a minor feature. In the subject property, the mounted hunters and landscape are given equal prominence. The rendering of both the figures and the horses is meticulous, and the depiction of mounted hunters in a landscape is unusual making the subject property more desirable to "Trading Geese" and "Jinbi". Although the subject matter is different, the quality of the "Six Sages of the Bamboo Grove" which also gives equal prominence to the figures and the landscape, is closer to the subject property. The six sages and attendant are rendered relaxing on a spit of land in the middle ground. A winding stream leads the viewer's eye to the misty background. The rendering of the figures and landscape elements, bamboo, rocks and winding river, are meticulous. Like "Hunting in Autumn" the subject, "Six Sages of the Bamboo Grove" is unusual.

As mentioned in the market overview, rarity, quality, authenticity and freshness to the market are the value characteristics of an exceptional work of art, and characterize both the subject property and "Six Sages." Therefore realized sale of "Six Sages" is the basis of the Fair Market Value Conclusion.

- "Trading Geese" Ink and color on paper 1944 Size: 37 3/4 inches x 17 3/4 inches(Unexpected XTag: NTree (XTag "br" [] [])China Guardian 11/5/07 Price: US\$345,772 RMB 2,576,000
- Lot 388 Title: Jinbi Landscape Date: 1946 Ink and color on paper Auction House: Tianjin Wenwu Date: 11/16/04 Size: 40.35 inches x 19 inches Sale: \$USD398,550, CNY3,300,000 (8.28 exchange rate)
- Lot Six Sages Gathering in a Bamboo Grove Size:72.83 X 37.4 inches Date: 1939 Auction House: Poly International Auctions, Ltd Date: 11/7/05 Sale: \$816,264 CNY6,600,000 + BP of 15% if this is indeed what it was in 2005 = \$938,704 (exchange rate of CNY 8.07)

Fair Market Value: \$816,264.00 or \$938,704

CHOI
ITEM #02

FAIR MARKET VALUE
\$303,088

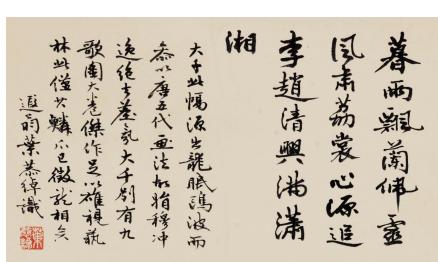


Figure 2.1. Subject property



Figure 2.2. Comparable, "Lady Longevity Peach", 1946



Figure 2.3. Comparable, Drunken Dancing



Figure 2.4. Comparable, Guanyin

Item Name	02
Type of Object	Painting
Medium	Ink and colors on paper
Date/Period	6 month, 4th day, 1949
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	Two Goddesses
Support/Frame/Base	Silk mount
Frame/Support Measurements	55.87 X 27.37 in.
Item Measurements	Painting: 24.8 x 15.75 inches

Signature/Inscription/Markings

Inscription on the painting, lower right: 荷蓋迴翔下九
嶷,蕙蘭姣服披雲衣,椒漿桂酒瓊芳榼,窈窕來兮風滿旗
己丑之六月蜀郡張爰

Translation: With canopy made by lotus leafs, she flies down the high mountains, She wears the garment made by orchid flowers and clouds, She brings an aromatic cup with wine made by pepper and sweet olive, She comes beautifully with the wind that is blowing the flags. Signed and seal: 張爰印 Zhang Yuan's Seal 三千大千 San Qian Da Qian, 6th lunar month, 1949, Shu County,

Inscription upper register, right: 暮雨飄蘭佩,靈風肅荔裳,心源追李趙,清興滿瀟湘 Translation: Dusk rain sheds on her accessories made by orchids, Wind ripples her garment made by leaves of herbs. The (artist's) wish is to follow Li and Zhao's example, The elegant interest is fulfilled in this depiction of Madame Xiang.

Inscription upper register, left: 大千此幅源出龍眠鷗波,而參以唐五代畫法故娟穆冲逸,絕去塵氣,大千別有九歌圖大小卷傑作,足以雄視藝林,此僅只鱗爪,已徵龍相矣 邁翁葉恭綽識 蔡恭鈐印:蔡恭綽 Translation: This work of Daqian is inspired by the works of Li Gonglin and Zhao Mengfu. Moreover, he adopted the style of Tang and Five Dynasties, so the work is so elegant and free from secular atmosphere. Daqian has created another great work, the Painting of the Nine Songs of Chu, which is qualified to make him the prominent figure of the art world. This work is an epitome of his artistic achievement, even though it shows only a small part of his talent. Signed: Xiaweng, Ye Gongchuo, Seal: Ye Gongchuo

Condition

Very good

Provenance

Acquired by the Choi family directly from the artist

Description: Two deities in three-quarter view are rendered in a traditional outline style known as *baimiao* (outline) floating on top of a body of rippling water. The larger figure wears the headdress and garb of an empress and carries a lotus flower in her hands. Behind her a servant carries a ewer on a tray. Inscriptions are seen in the upper register and in the lower right corner of the painting.

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Market Analysis: According to Arnold Chang, the subject property is a “superb quality” *baimiao* (outline style) painting with a rare inscription written in archaic script. The colophon (inscription) is inscribed by a well-known historical figure Ye Gongchuo who was an artist, collector and connoisseur.

A search of auction records from 2004-2008 did not yield any works of deities rendered in outline style to the subject property. However, a painting of six drunken scholars in a garden setting rendered in a similar outline painting technique, entitled, “Drunken Dancing”, 1952, sold through Rongbao Auctions on May 15th, 2005 for US\$358,696. It depicts a drummer and six drunken scholars dancing against a dense background of trees and rocks. A two line inscription by the artist is on the lower right. It is signed and has three seals of the artist. “Lady Longevity Peach”, which portrays a female deity in ink and color paper, dated 1946, sold through Sotheby’s Hong Kong in October, 2006 for \$303,346. It is inscribed multiple times, once by the artist in the summer of 1946 and then again in 1951 when he dedicated it to his friend. It is signed twice and has four seals of the artist.(Unexpected XTag: NTree (XTag "br" [] []))A painting of a deity seated on a rock against a full moon, “Seated Guanyin”, 1938, ink washes and colors on paper sold through China Guardian in November 5th, 2007 for just under US\$100,000.

All of these works are superbly rendered and inscribed by the artist. Of these three, “Lady Longevity Peach” is most similar to the subject property in terms of subject matter, style, and the number of inscriptions and seals. Like the subject property, the deity rendered in an archaic figural style in three-quarter view and wearing the garb of an empress, and is inscribed multiple times by the artist. It is, therefore, the basis of the Fair Market Value conclusion of the subject property.

- Lot 157 Title: “Drunken Dancing” Medium: Ink on paper Size: 47.83 inches x 21.65 inches Date: 1952 Auction house: Beijing Rongbao Auctions Date of sale: 5/15/05 Sales Price: US\$358,696, RMB2,970,000
- Lot 591 Title: Seated Guanyin Date: 1938 Size: 92.8 cm x 48 cm Medium: Ink and colors on paper Signed, inscribed, seals Auction House: China Guardian Date: November 5th, 2005 Price: US\$99,926, RMB806,400 (exchange rate 8.07)
- Lot 00694 Title: Lady with longevity peach Date: 1946 Size: Height 55.9 in.; Width 27.6 in. Medium: Ink and colors on paper Signed, Inscribed, seals, Auction House: Sotheby’s Hong Kong Date: October 07, 2006 Price: 2,360,000 HKD (303,088 USD) (exchange rate 7.79)

Fair Market Value: \$303,088.00

**CHOI
ITEM #03**

**FAIR MARKET VALUE
\$172,705**



Figure 3.1. Subject property



Figure 3.2. Comparable, "Figure of Bodhisattva"



Figure 3.3 Comparable, "Standing Guanyin"



Figure 3.4. Comparable, "Guanyin on Lotus Seat"

Item Name	03
Location	Office
Type of Object	Painting
Medium	Ink and color on paper
Date/Period	c. 1941
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	After a wall mural of the Goddess from the Anxi Yulin Caves



Support/Frame/Base	Silk mount
Frame/Support Measurements	77 1/2 inches x 23 inches
Item Measurements	39 3/4 inches x 17 1/4 inches
Signature/Inscription/Markings	Inscription: 安西榆林窟唐人壁畫吉祥天女像 Portrait of Goddess Lakshmi in Tang wall painting in Anxi Yulin Caves Seals: 張爰印 Zhang Yuan 大千 Signed: 大千居士. Daqian jushi Seal: Zhang Yuan's Seal; Daqian and stamped by artist
Condition	Good: slight foxing and buckling
Provenance	Acquired by the Choi family directly from the artist

Description: A ink and color on paper painting of a deity standing on a lotus holding a cup in one hand and a lotus flower in the other. The inscription at the left of the figure indicates that the artist copied if from a Tang Dynasty wall mural at the Yulin Caves in Anxi County, Gansu Province.

Market Analysis: According to Arnold Chang, the subject property is a good work of a type much sought after by collectors. It dates from the 1940s when Zhang Daqian famously went to the Buddhist caves at Dunhuang in Gansu Province to study and produce paintings after the Buddhist subjects there. According to Mr. Chang, Buddhist deity paintings produced in this period rarely appeared at auction prior to 2009, so this work would have been very fresh to the market in September of 2008.

A search of auction records yielded three similar era and subject matter paintings. A "Figure of a Bodhisattva" copied from a Buddhist mural at the Mogao Caves at Dunhuang sold through Beijing Rongbao Auctions on May 15th, 2005 for US\$172,705. Like the subject property, it depicts a standing deity and has a single line inscription stating that it is modeled after a Tang period mural. On April 25th, 2004 a painting depicting a standing Guanyin with a single line inscription indicating that is also from this period, signed and with two seals of the artist sold through Christie's Hong Kong for \$US151,763 (Figure 3). Another painting from this period, "Guanyin on a Lotus Seat", 1944, sold through Sotheby's Hong Kong on May 1st, 2005 for \$489,231 (Figure 4). It is a larger more elaborate painting with a long inscription by the artist at the top and is signed and has three seals of the artist.

Of these three paintings, the subject property is most similar to the "Figure of Bodhisattva" (Figure 2). Both paintings feature a standing deity rendered in colors in an archaic style, and have a single line inscription identifying the subject and its location and that the artist copied directly from a Tang Dynasty mural. Therefore the realized sale of this painting is the basis of the Fair Market Conclusion of the subject property.



- Lot 159 Title: Figure of Bodhisattva Medium: Ink and color on gold paper Inscribed, signed and one seal of the artist Size: 50.4 inches 128 cm Auction house: Beijing Rongbao Auctions Date of sale: 5/15/05 Price: US\$172,705, RMB1,430,000 (exchange rate 8.28) if with 15% BP = \$198,611
- Lot 90 Title: Early Tang image of a Lady, Guanyin Medium: Ink and color on paper Inscribed, signed and two seals of the artist Auction house: Christies, Hong Kong Date of Sale: 4/25/04 Size: 44.88 inches x 23 .6 inches Sales Price: \$US151,763, HKD1,183,750 (exchange rate 7.80)
- Lot 258 Title: Guanyin on a Lotus Seat Medium: Ink and color on paper Size: 62.6 inches x 27.75 inches Date: 1944 Auction House: Sotheby's Hong Kong Date of sale: 5/1/05 Sales price: \$489,231, HKD3,816,000 (exchange rate 7.80)

Fair Market Value: \$172,705.00

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**CHOI
ITEM #04**

**FAIR MARKET VALUE
\$14,110**

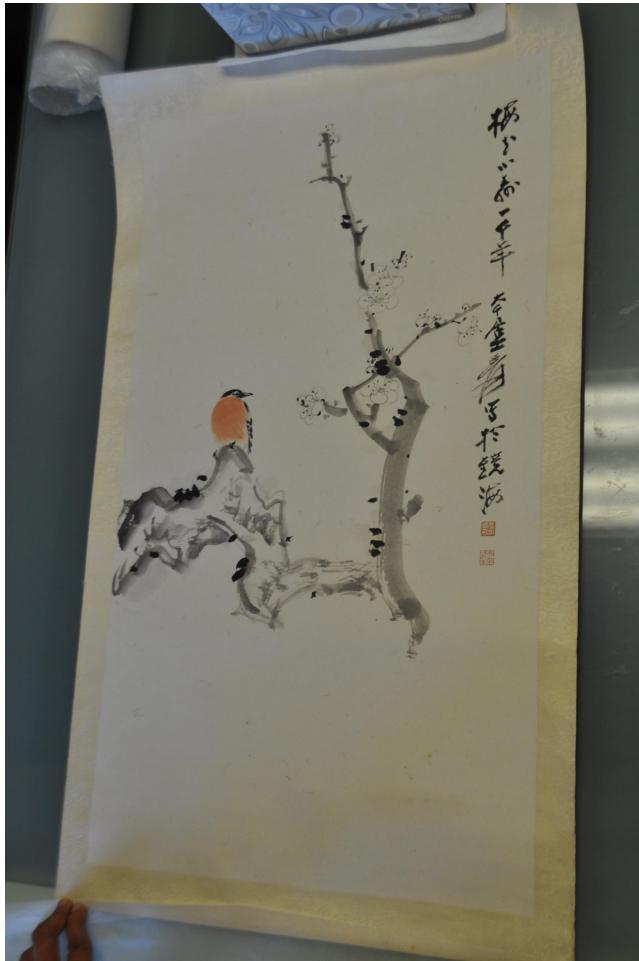


Figure 4.1. Subject property



Figure 4.2. Comparable, "Bamboo and Bird"



Figure 4.3. Comparable, "Flower and Bird"



Figure 4.4. Comparable, "Red Leaf and Bird"

Item Name	04
Type of Object	Painting
Medium	Ink and colors on paper
Date/Period	1936
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	Bird on Plum Branch
Support/Frame/Base	Silk mount
Frame/Support Measurements	31 1/4 inches x 18 inches
Item Measurements	27 3/4 inches x 16 inches
Signature/Inscription/Markings	<p>Inscription: 梅花小壽一千年 大千居士爰寫於鏡海 鈐 印: 蜀郡張爰 大千居士 Translation: A thousand years old is a young age for plum flower Daqian, a lay-Buddhist, wrote at Jinghai (old name of Macau) Seal: Shu County, Zhang Yuan; Daqian, a lay Buddhist:</p>



Condition
Provenance

Good. Slight buckling.
Acquired by the Choi family directly from the artist

Description: A red-breasted bird sits upon a plum branch rendered in loose strokes. A single line inscription is on the right margin.

Market Analysis: According to Arnold Chang, the subject property is minor work in good condition.

A search of auction records from 2004-2008 yielded three examples of birds on branch paintings similar in quality to the subject property selling for between \$14,110 and \$29,475.

“Bamboo and Bird”, ink and color on paper, (Figure 2) depicts a bird on a bamboo branch in loose strokes and washes sold through Cheng Xuan Auctions on November 11th, 2008 for \$14,110. It has one line inscription dedicating it to Jizhou, is signed and has two seals of the artist. A second painting “Flower and Bird” (Figure 3), 1971, sold through Anhui Yihai auctions on March 30th, 2008 for \$29,020. It depicts a bird sitting on a flowering branch and is rendered in a loose free-hand style similar to the subject property. It has a three line inscription by the artist on the right center margin and two seals of the artist. A third painting “Red Leaf and Bird” (Figure 4) sold through Huachen Auctions on December 15th, 2008 for \$29,475. It depicts a bird sitting upon a branch with red leaves. Green bamboo is seen in the lower left margin. The bird is rendered with great attention to detail, as is the flowering branch and bamboo. A two line inscription with three seals is seen on the right margin. Of these paintings, the subject matter free-hand loose painting style of “Bamboo and Bird” is most similar to the subject property and its realized sale is the basis of the Fair Market Value Conclusion of the subject property.

- Lot 278 Title: “Bamboo and bird” Medium: Framed, ink and color on paper. Medium ink and color on paper Size Height 11.8 in.; Width 15.4 in.1.Lot 155 Signed Zhang Yuan, dedicated to Jizhou, and with two seals of the artist Signed, Inscribed, Stamped Auction house:Beijing Cheng Xuan Auctions Co., Ltd. Date: November 11, 2008 Sold: \$14,110, 96,320 CNY x 15% = \$16,266
- Lot 115 Title: Flower and bird Medium: Ink and color on paper Date: 1971 Size: 26.8 inches x 17.7 inches Auction house: Anhui Yi Hai Auctions Co., Ltd Date: Sunday, March 30, 2008 Sold: US\$29,020, 203,500 CNY
- Lot 422 Title: Red Leaf and Bird Medium: ink and color on paper Size: 46.5 inches x 13.8 inches Auction house: Huachen Auctions Date: December 15, 2008 Sold: US\$29,475, 201,600 CNY



Fair Market Value: \$14,110.00

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**CHOI
ITEM #05**

**FAIR MARKET VALUE
\$5,644**



Figure 5.1 Subject property

Item Name	05
Type of Object	Painting
Medium	Ink and color on paper
Date/Period	1936
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	Red Leaf and Bird

Support/Frame/Base	Silk mount
Frame/Support Measurements	48 inches x 18 5/8 inches
Item Measurements	36 3/4 inches x 15 inches
Signature/Inscription/Markings	Inscription: 丙子初秋 ,昌桓七弟雅覩,大千居士爰大風堂作(Unexpected XTag: NTTree (XTag "br" []) [])鈐印: 大千唯印大年 Translation: 1936, early Autumn, For Changhuan, the seventh brother, to view Made by Daqian, a lay Buddhist, Yuan, in Dafeng House Signature, Da qian Jushi 大千居士 Seal: Daqian Weiyin Da Nian Poor. Mold, foxing etc...
Condition	
Edition	A bird sits upon a branch with red leaves rendered in loose brush-strokes and pale washes. An inscription is seen in the upper left.
Provenance	Acquired by the Choi family directly from the artist

Description:

Market Analysis: According to Arnold Chang this is a minor work in poor condition due to a poor quality mounting.

A search of auction records from 2004-2008 yielded three examples of birds on branch paintings similar in quality to the subject property selling for between \$14,110 and \$29,475.

“Bamboo and Bird”, ink and color on paper, depicts a bird on a bamboo branch in loose strokes and washes sold through Cheng Xuan Auctions on November 11th, 2008 for \$14,110. It has one line inscription dedicating it to Jizhou, is signed and has two seals of the artist. A second painting “Flower and Bird”, 1971, sold through Anhui Yihai auctions on March 30th, 2008 for \$29,020. It depicts a bird sitting on a flowering branch and is rendered in a loose free-hand style similar to the subject property. It has a three line inscription by the artist on the right center margin and two seals of the artist. Another painting “Red Leaf and Bird” (Figure 3) sold through Huachen Auctions on December 15th, 2008 for \$29,475. It depicts a bird in colors sitting upon a branch with red leaves with green bamboo fronds. The bird and flowering branch and bamboo are rendered meticulously and with attention to detail. A two line inscription with three seals is seen on the right margin. Of these paintings, “Bamboo and Bird” is most similar to the subject property in its subject matter and free hand style. Moreover it has a similar inscription dedicating it to a friend. Therefore the realized sale of this property less 60% is the basis of the Fair Market Value of the subject property.

- Lot 278 Title: “Bamboo and bird” Medium: Framed, ink and color on paper. Medium ink and color on paper Size Height 11.8 in.; Width 15.4 in. Inscrbd, signed with two seals of the



artist Signed, Inscribed, Stamped Auction house: Beijing Cheng Xuan Auctions Co., Ltd.
Date: November 11, 2008 Sold: \$14,110, 96,320 CNY

- Lot 155 Title: Flower and bird Medium: Ink and color on paper Date: 1971 Size: 26.8 inches x 17.7 inches Auction house: Anhui Yi Hai Auctions Co., Ltd Date: Sunday, March 30, 2008 Sold: US\$29,020, 203,500 CNY
- Lot 422 Title: Red Leaf and Bird Medium: ink and color on paper Size: 46.5 inches x 13.8 inches Auction house: Huachen Auctions Date: December 15, 2008 Sold: US\$29,475, 201,600 CNY

Fair Market Value: \$5,644.00

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**CHOI
ITEM #06**

**FAIR MARKET VALUE
\$9,581**



Figure 6.1. Subject property



Figure 6.2 Comparable,
Signed print sold through
Huayi Auctions



Art Market Benchmark in China					
	2008	2009	2010	2011	2012
Lots presented	135,502	130,557	253,124	407,560	324,442
Lots sold	73,130	82,408	141,151	199,033	149,509
Lots Sold Rate	54.00%	63.10%	55.80%	48.80%	46.10%
Average Price	20.09	22.12	37.40	45.67	33.90
Auction Turnover (m\$)	1,469.44	1,823.12	5,279.28	9,090.54	5,068.82

Figure 6.3. from AMMA, "The Art Market in 2012," p. 33

Item Name	06
Type of Object	Print
Medium	Woodblock Print
Date/Period	July, 1949
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	Imitating a wall mural of a Goddess in the Mogao Caves at Dunhuang
Support/Frame/Base	Silk mount
Item Measurements	44.5 inches x 16.15 inches
Signature/Inscription/Markings	<p>Printed inscription: 倣漠高窟唐人筆作 天女(Unexpected XTag: NTree (XTag "br" []))Imitating the portrait of a Tang goddess at Mogao Caves</p> <p>Signature: 大千居士 Daqian Jushi</p> <p>Written inscription: 故都榮寶齋木刻拙作,奇似克庭先生教正,大千張爰己丑七月成都 A woodcut print of my work made by Rongbaozhai in Beijing I send this to Mr. Choi Hac-ting for his opinion, Daqian, Zhang Yuan, 7th lunar month, 1949, Chengdu</p> <p>Seal: 荣宝斋仁山精制 Rongbaozhai renshan jingzhi</p> <p>Printed at Rongbaozhai.</p>
Condition	Good
Provenance	Acquired by the Choi family directly from the artist

Description: A depiction of a lady in flowing garb holding a cup seen from behind.



Market Analysis: In 1941, Zhang Daqian went to Dunhuang to study the murals at the Mogao Grottoes. During the next several years Zhang copied 276 murals. At this time Zhang Daqian would not sell the original paintings of the Buddhist murals. Because there was a demand for them, the manager of Rongbaozhai, a publisher that made woodblock prints of original paintings by well-known artists, convinced Zhang Daqian to allow him to make woodblock prints of these Dunhuang paintings (<http://www.chinaculture.org>). Zhang would personally inscribe the prints and give them to his friends.

The subject property is an example of one of these. The hand-written inscription by the artist seen on the upper left section of the painting dedicates it to his friend Choi Hac-ting. According to Arnold Chang, the written inscription, which is dated 1949 makes the subject property considerably more valuable than an ordinary print.

Signed prints of Zhang's Dunhuang paintings are very rare. A search of auction records from 2004-2013 yielded one sale of an inscribed example. It is the same print as the subject property but dedicated to a different patron which sold through Huayi International Auction on December 10th, 2011 for \$21,780. According to the graph of average sales prices of the Chinese art market from 2008 to 2012 (Figure 3) the average price in 2008 was 56% lower than the average price in 2011. Therefore the Fair Market Value conclusion of the subject property is based on realized sale of the signed print in 2011 discounted by 56%.

- Lot 655 Medium: Woodblock print Size Height 44.1 in.; Width 15.4 in. Signed, Inscribed
Auction house: Huayi International Auctions Co., Ltd.: Date: December 10, 2011 [Lot 00655] Modern and Contemporary Chinese Paintings and Calligraphy Sold: \$21,780, 138,000 CNY

Fair Market Value: \$9,581.00

**CHOI
ITEM #07**

**FAIR MARKET VALUE
\$18,717**

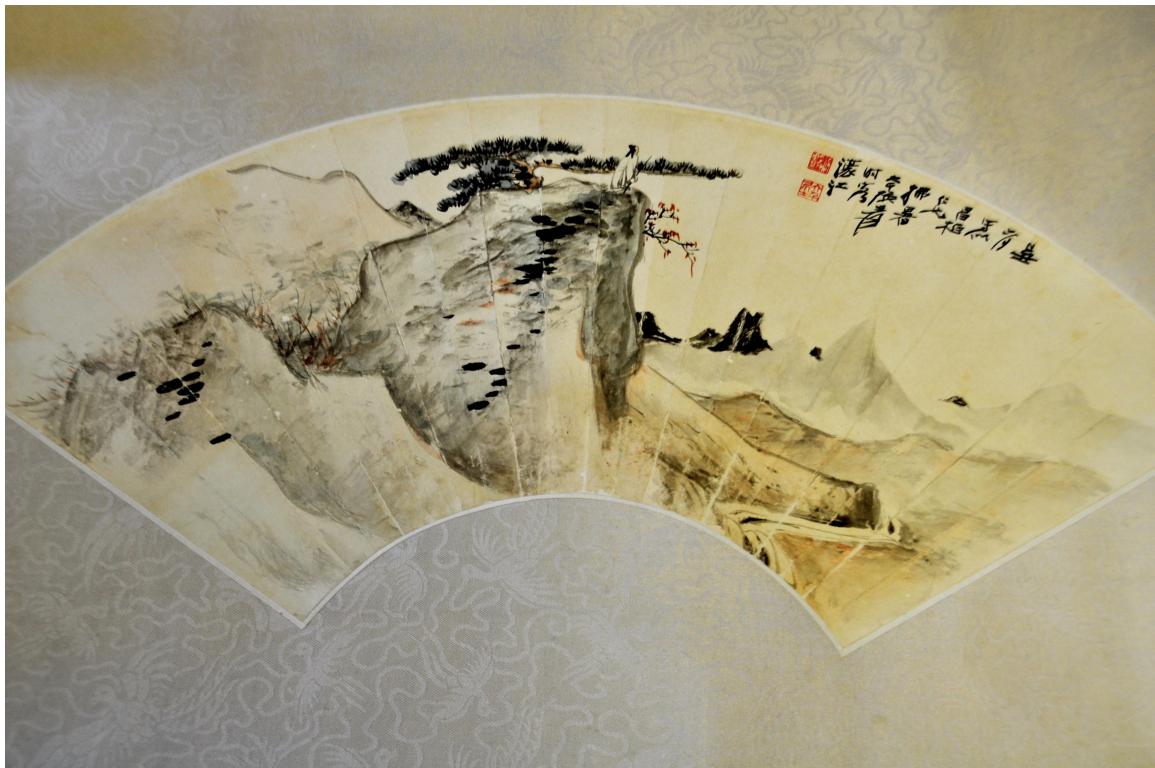


Figure 7.1, Subject property



Figure 7.2. Comparable, "An Old Man and Pine Tree"

Item Name	07
Type of Object	Fan
Medium	Ink and colors on paper
Date/Period	1949
Country/Nationality	China
Artist/Maker	Zhang Daqian
Artist Life Date	1899-1983
Subject>Title	Scholar on cliff
Support/Frame/Base	Mounted
Frame/Support Measurements	28 inches x 21 inches
Item Measurements	21 inches x 17 inches
Signature/Inscription/Markings	Inscription: 己丑六月 菜昌桓仁兄拂暑 大千張爰時寓 濠江 鈐印: 張爰之印 大千居士 Translation: 6th month, 1949, for Choi Cheung Huan, my dear friend, to dissipate the heat of the summer, signed, Daqian, Zhang Yuan at Houkang (Macau) Seal: Zhang Yuan's Seal; Daqian, a lay Buddhist
Condition	Fair to good: some losses in paper. Toning.
Provenance	Acquired by the Choi family directly from the artist

Description: A old man with a staff stands on a rocky cliff looking off into the distance at mountains. It is rendered in ink washes and color on paper. An inscription is seen in the upper right margin.

Market Analysis: According to Arnold Chang this is a good quality minor work.

A search of auction records between 2004 and 2008 yielded three comparable paintings of fans ranging from \$11,183 to \$16,276. All of these fans date from the early period (1930s and 1940s), depict figures in landscapes and are inscribed, signed and stamped. "Scholar" depicts an old man in a garden setting with rock and bamboo. "An Old Man and Pine Tree" depicts a scholar seated on a branch of pine tree gazing into the distance with mountains in the background. "Boating" is a mounted fan which features a small boat navigating a river among towering mountains. All are rendered with loose brushwork and ink washes. Like the subject property, Of these three, "An Old Man and Pine Tree" is most similar to the subject property in its loose style of painting and subject matter of an old man gazing in the distance and style are similar. Therefore, it is the basis of the Fair Market Value Conclusion of the subject property.

- Lot 1319 An old Man and pine tree Medium:ink and color on paper Size: 7.1 inches x 19.8



inches Auction House: Poly International Auction Co., Ltd. Date: Friday, December 05, 2008 Sold: \$16,276 112,000 CNY if with 15% BP then \$18,717

Lot 182 Title: Scholar Medium:ink and color on paper Date: 1934 Size: 7.1 inches x 17.9 inches Signed, Inscribed, Stamped Auction House: Forever International Auction Company Ltd. Date: April 26, 2008 Sold: \$11,183, 78,400 CNY

3.Lot 00183 Title: Boating Medium: ink and color on paper Date: 1941 Size Height 7.2 in.; Width 20.2 in. Signed, Inscribed, Stamped Auction house: Forever International Auction Company Ltd. Date: April 26, 2008 Sold:\$13,579, 95,200 CNY hammer

Fair Market Value: \$18,717.00

CONFIDENTIAL

Fair Market Value for Estate Tax

Prepared by Thompson & Martinez Fine Art Appraisals, Inc.

Effective Date of Valuation: September 10th, 2008

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Appendix A - 22 Enlargements



Figure 1.1. Subject Property