

THE BIG PICTURE

## China's Auction Houses

The global auction market has long been dominated by Sotheby's and Christie's, but China Guardian and Poly Auction are catching up.

BY HANNAH REALE — NOVEMBER 15, 2020



A preview of an October 2017 Poly Auction exhibition.

Credit: SCHENG ahIM, [Creative Commons](#)

The world's auction houses often serve as a mirror for confidence among the wealthy — rising and falling with the markets. Although international auction houses couldn't operate independently in mainland China [until 2013](#), the country has quickly emerged as a major force in the global auction market.

This week, *The Wire* introduces you to China's two biggest auction houses and examines the global art auction market.

### Who's Who

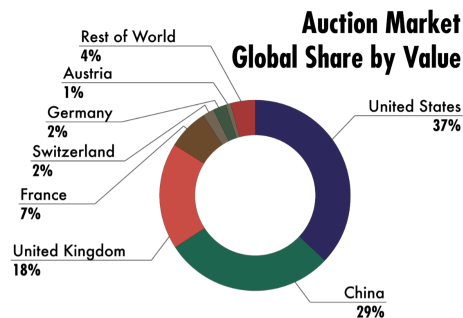
Christie's is the world's biggest auction house. In 2019, the London-based firm had sales of \$5.8 billion. Covid-19 has brought new challenges for the industry, of course, but online auctions have seen success: Christie's had over 100,000 viewers tune in to a July 2020 auction that [brought in \\$420 million in proceeds](#).

New York-based Sotheby's is the world's second largest auction house. And even during the pandemic, Sotheby's performed well partly because of its sales in Asia. Through July of this year, the company reported \$1.9 billion [in auction proceeds](#), with nearly \$450 million coming from Asia. In 2019, the French billionaire Patrick Drahi acquired Sotheby's for about \$3.7 billion.

Much of the growth in the global auction market can be attributed to China, where auctions of traditional and contemporary art began taking off after 2004. The chart below reflects where buyers made their auction purchases in 2019, including auctions held in China by Christie's and Sotheby's.

China's top auction houses — Poly Auction and [China Guardian](#) — are relative newcomers on the scene, but they have quickly surpassed the UK-based Phillips in revenue. Poly Auction and China Guardian have thrived by holding major auctions of traditional Chinese art, and contemporary art created by living artists, and their success reflects a trend in the market that the international houses seem eager to access.

For the first time, Phillips and Poly Auction are [set to co-host an event in December](#), and Christie's and China Guardian [will hold a joint event in September 2021](#).



2019 global market share. The United States' share added up to over \$9 billion, China's was \$7.1 billion, and the United Kingdom's was \$4.8 billion.

Credit: Arts Economics via [Art Base!](#)

### World's Largest Auction Houses, by 2019 Auction Sales

Auction House	2019 Auction Sales	HQ Location	Description
Christie's	\$5.8 billion	London, U.K.	Christie's was founded in 1766. It has 10 showrooms across the globe, including one in Shanghai and one in Hong Kong.
Sotheby's	\$4.8 billion	New York, N.Y., USA	The auction house was founded in London in 1744 and now has dozens of offices around the world. Its nine showrooms are mostly in the United States and Europe, but it also has one in Hong Kong. Sotheby's was acquired and taken private by Patrick Drahi, founder of the European telecom group Altice, last year.
Poly Auction	\$1.1 billion*	Beijing, China	Poly Auction is China's largest state-owned auction house. It was established in 2005 and its parent company, Poly Culture, formed a Hong Kong subsidiary in 2012. It has offices throughout China, and in Tokyo and New York. Poly Culture is listed on the Hong Kong Stock Exchange.
China Guardian	\$952 million**	Beijing, China	Chen Dongsheng founded China Guardian in 1993, making it China's first art auction house. It specializes in selling Chinese artwork and calligraphy, and it established a Hong Kong subsidiary in 2011.
Phillips	\$736 million	London, U.K.	Phillips was founded in London in 1796. It was acquired by luxury retail company Mercury Group in late 2008. The auction house has offices across Europe, the United States, and eight in Asia, including Hong Kong, Shanghai, Taipei, and Tokyo.

\* 14% of Poly Auction's sales were in Hong Kong.

\*\* 11% of China Guardian's sales were in Hong Kong.

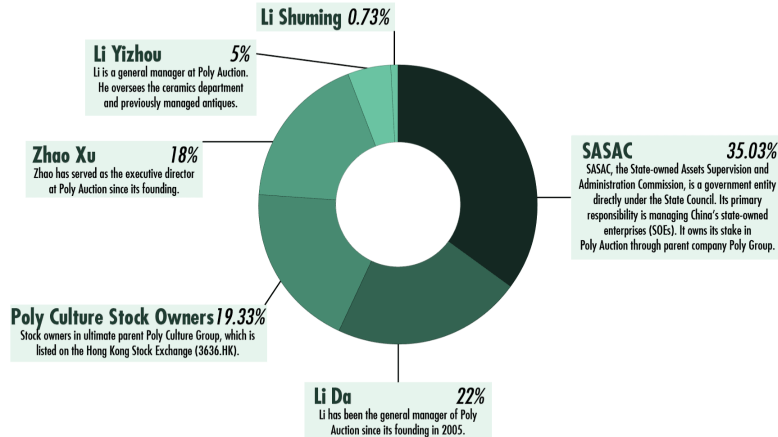
Data: Art Market Monitor of Artron (AMMA) and Artory via [Art Base!](#), company websites, press releases

## Poly Auction

China Poly Group Corporation, which controls auction house owner Poly Culture, is a large state-run firm with ties to the military. It [got its start](#) selling weapons to the People's Liberation Army, but today has property, media and entertainment divisions and runs a real-estate subsidiary. It also spun off an arts division called Poly Culture, which focuses on cinemas, concert halls and its auction house. Its 2014 debut on the Hong Kong stock exchange raised about \$330 million.

The chart below shows the ownership structure of Poly Auction International, also known as Poly Auction Beijing. Poly Culture, the Hong Kong-listed firm, owns nearly 20 percent of Poly Auction. Several longtime executives are also significant shareholders.

# Poly Auction



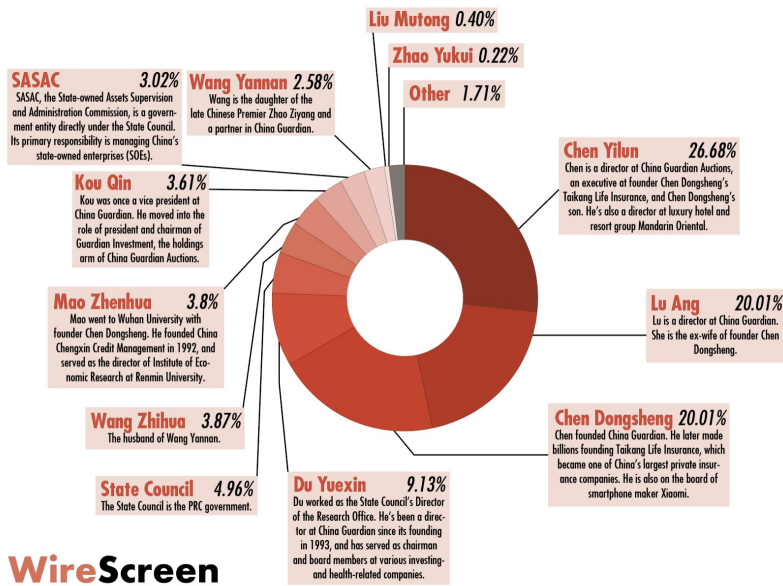
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### China Guardian

[China Guardian](#) was the country's first art auction house when it was founded in 1993 by Chen Dongsheng. Chen, who controls about a fifth of the firm's shares,<sup>1</sup> is one of China's best-known entrepreneurs. In 1996, he founded Taikang Life, one of the country's largest privately-held insurance firms. In 2016, Taikang — which is partly owned by China Guardian — bought a 13.5 percent stake in Sotheby's for \$223 million. (It's unclear whether Guardian retains a stake in Sotheby's following the French billionaire Patrick Drahi's acquisition of Sotheby's in 2019.)

Though China Guardian Auctions is not state-controlled like Poly Auction, it is approximately 8 percent government owned through the State-owned Assets Supervision and Administration Council (SASAC) and the State Council, China's cabinet. The auction house's also has ties to the Communist Party elite: A former State Council research director, Du Yuexin, owns a 9 percent stake, and Wang Yannan, the daughter of former prime minister Zhao Ziyang, and her husband together own 6 percent of the firm. The biggest chunk of shares are held by Chen Dongsheng (who is married to Mao's granddaughter, Kong Dongmei), and Chen's son, Chen Yilun.

## China Guardian



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● COVER STORY



**Pole Position**

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

● THE BIG PICTURE



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BY GARRETT O'BRIEN

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BY ANDREW PEUPLE

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