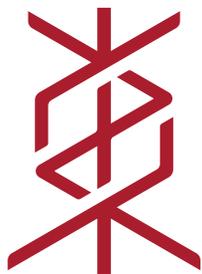


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東京中央拍賣控股有限公司
TOKYO CHUO AUCTION HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 1939)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of Tokyo Chuo Auction Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 27 September 2018 (the “**Prospectus**”) and the announcement of the Company dated 10 October 2018 in relation to the Global Offering. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The net proceeds (“**Net Proceeds**”) from the Global Offering was approximately HK\$110.0 million, and it was intended to be used by the Group for the following purposes: (i) strengthening and expanding the existing auction business; (ii) enhancing the marketing and promotional activities; (iii) recruiting high caliber managers and experts; (iv) developing the Group’s ERP system; and (v) supplementing the Group’s working capital and for general corporate purposes.

As disclosed in the Prospectus, approximately 57%, or approximately HK\$62.7 million was intended to be used for strengthening and expanding the existing auction business and approximately 5%, or approximately HK\$5.5 million was intended to be used for developing the Group’s ERP system. Given the reasons as set out in the paragraph headed “Reasons for the Change in Use of Proceeds” below, the Board resolved to allocate part of the unutilised net proceeds for the strengthening and expanding the

existing auction business and developing the Group's ERP system to develop an artwork business for an online trading and information platform. As such, the unutilised Net Proceeds will be revised as follows:

	Original planned use of Net Proceeds <i>HK\$' million</i> <i>(approximately)</i>	Utilised Net Proceeds up to the date of this announcement <i>HK\$' million</i> <i>(approximately)</i>	Unutilised Net Proceeds up to the date of this announcement <i>HK\$' million</i> <i>(approximately)</i>	Proposed change of allocation of unutilised Net Proceeds <i>HK\$' million</i> <i>(approximately)</i>	Revised allocation of the unutilised Net Proceeds <i>HK\$' million</i> <i>(approximately)</i>
(i) Strengthening and expanding the existing auction business	62.7	39.9	22.8	(22.8)	—
(ii) Enhancing the marketing and promotional activities	22.0	15.0	7.0	—	7.0
(iii) Recruiting high caliber managers and experts	8.8	4.4	4.4	—	4.4
(iv) Developing the Group's ERP system	5.5	1.0	4.5	(4.5)	—
(v) Supplementing the Group's working capital and for general corporate purpose	11.0	11.0	—	—	—
(vi) Developing an artwork business for an online trading and information platform	—	—	—	27.3	27.3
	<u>110.0</u>	<u>71.3</u>	<u>38.7</u>	<u>—</u>	<u>38.7</u>

REASONS FOR THE CHANGE IN USE OF PROCEEDS

In view of the outbreak of the COVID-19 pandemic since early 2020, the global economic and financial markets in Hong Kong and Japan remain uncertain. As at the date of this announcement, the COVID-19 pandemic is not yet under control, the travel restrictions and health quarantine arrangement for inbound travellers are implementing over a majority of cities in the world, the Board considered that such significant impact on the global economy and financial markets in Hong Kong and Japan may adversely affect the operating environment of the Group. Such increased the uncertainty on the feasibility and overall risk of the Group to (i) set up new representative offices in Beijing and California; (ii) expand the business scope into the field of jewelry; and (iii) develop the Group's ERP system. In light of this, the Board intends to develop an artwork business for an online trading and information platform. The Board is of the view that it would be more beneficial to the Group to develop such platform, taking into consideration the increasing demand for online sales for auction as a result of, among others, travel restrictions. The re-allocation of the Net Proceeds is more beneficial to the current development of the Group, allows the Group to expand its auction platforms, and providing more flexibility to cope with the economic uncertainty in the near future.

The Board is of the view that the change in the use of unutilised Net Proceeds as stated above is in line with the business strategy of the Group. The Directors (including the independent non-executive Directors) confirm that there is no material adverse effect on the existing business and operations of the Group. The Directors consider that the above changes of the uses of the Net Proceeds are fair and reasonable, as they would allow the Company to deploy its financial resources more effectively to support the business of the Group. The Directors further consider that such changes will allow the Group to better accommodate with the changing market conditions and are therefore in the interests of the Group and the Shareholders as a whole.

By order of the Board
Tokyo Chuo Auction Holdings Limited
東京中央拍賣控股有限公司
Ando Shokei
Chairman

Hong Kong, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Ando Shokei, Mrs. Ando Eri, Mr. Katsu Bunkai and Mr. Sun Hongyue; and the independent non-executive Directors are Mr. Chung Kwok Mo John, Ms. Lam Suk Ling Shirley and Mr. Chun Chi Man.