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TOKYO CHUO AUCTION HOLDINGS LIMITED

東京中央拍賣控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 1939)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF CERTAIN ISSUED SHARES IN MUCHUNTANG

The board (the “**Board**”) of directors (“**Directors**”) of Tokyo Chuo Auction Holdings Limited 東京中央拍賣控股有限公司, (the “**Company**” which, together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company entered into the non-legally binding memorandum of understanding (“**MOU**”) with an independent third party in relation to the proposed acquisition by the Group of 34% of the entire issued shares in a Taiwan-based auction house.

The MOU

The below sets out further information of the MOU:

Parties:

- (1) the Company, as purchaser
- (2) Mr. Chiu Hsin Chun (邱欣俊) (the “**Vendor**”)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiry, the Vendor is a third party independent of the Company and its connected persons.

Proposed Acquisition: The Company (or its designated subsidiary) proposes to acquire in cash, 34% of the entire issued shares in Mu Chun Tang Auction Co., Ltd.* 沐春堂拍賣股份有限公司 (“**Muchuntang**”), a limited liability company incorporated in Taiwan, from the Vendor (the “**Proposed Acquisition**”). As at the date of the MOU, the Vendor owns approximately 96.72% of the entire issued shares in Muchuntang. In addition, after the financial year end date immediately following the completion of the Proposed Acquisition, the Group will also have the right of first refusal for the acquisition of the remaining interests held by the Vendor in Muchuntang on the same pricing for the Proposed Acquisition, or on no less favourable terms offered by third party purchaser.

Exclusivity: The Vendor has granted to the Company an exclusivity period commencing from the date of the MOU and ending on 31 December 2019 pursuant to which the Vendor will not, unless with prior written consent of the Company, agree with any parties other than the Company in respect of the sale of any of the issued shares in Muchuntang held by the Vendor.

Non-binding obligations: The MOU does not constitute any legal binding obligation on the parties thereto to proceed with the Proposed Acquisition.

Reason for entering into the MOU

Muchuntang principally specializes in auctioneering a wide variety of artworks in Taiwan with emphasis on Taiwan artworks, including paintings, calligraphies and antiques.

The principal activities of the Company is investment holding, and through its subsidiaries, specialize in auctioneering a wide variety of artworks with emphasis on Chinese and Japanese artworks, including Chinese paintings and calligraphies, Chinese antiques and Japanese and Chinese tea wares.

The Group is devoted to expand into other Asian and international markets. Among the Asian region, Taiwan has a group of mature art collectors and its art market has long been established. Through this Proposed Acquisition, the Company believes that it will create synergy for both parties, in further developing into Taiwan art market and establishing a deeper cultural network. Muchuntang places great effort in promoting art and cultural heritage exchanges in Taiwan and such concept can be integrated to the Group’s operating philosophy and the Company believes that this will enhance the brand image of the Group.

GENERAL

The Proposed Acquisition, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company will comply with the disclosure and/or approval requirements under the Listing Rules should the Proposed Acquisition materialised.

As at the date of this announcement, no definitive agreement in respect of the Proposed Acquisition has been entered into. Shareholders and prospective investors of the Company should note that any possible transaction contemplated under the MOU may or may not materialise, as they are subject to the entering of the definitive agreement. Accordingly, shareholders and prospective investors of the Company should exercise caution when dealing in the shares of the Company.

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, 1 April 2019

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