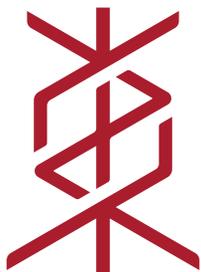


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東京中央拍賣控股有限公司
TOKYO CHUO AUCTION HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 1939)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2025**

FINANCIAL HIGHLIGHTS	Year ended 31 March		Changes
	2025 (HK\$'000)	2024 (HK\$'000)	
Revenue	62,051	57,852	7.3%
Gross profit	48,484	46,779	3.6%
Loss before income tax	(20,362)	(26,389)	-22.8%
Loss attributable to owners of the Company	(19,461)	(26,890)	-27.6%
Loss per share Basic and diluted (<i>HK cents</i>)	(3.89)	(5.38)	-27.7%
Net loss margin	(31.4%)	(46.5%)	
Proposed final dividend per share (<i>HK cent</i>)	—	—	

The board (the “**Board**”) of directors (the “**Directors**”) of Tokyo Chuo Auction Holdings Limited (the “**Company**”) is pleased to present the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2025 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2025

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Revenue	4	62,051	57,852
Costs of services		(5,058)	(4,175)
Costs of sales of goods		(8,509)	(6,898)
Gross profit		48,484	46,779
Other gains or losses, net	5	5,262	7
Other income	6	432	1,380
Provision for allowance for expected credit losses on financial assets		(1,662)	(6,778)
Selling and distribution expenses		(23,572)	(23,803)
Administrative expenses		(39,904)	(43,498)
Impairment losses on non-financial assets		(4,265)	—
Operating loss		(15,225)	(25,913)
Finance income	8	700	226
Finance costs	8	(1,762)	(1,045)
Finance costs, net	8	(1,062)	(819)
Share of result on investment accounted for using the equity method		(953)	343
Impairment loss on investment accounted for using the equity method		(3,122)	—
Loss before income tax	7	(20,362)	(26,389)
Income tax credit/(expense)	9	868	(537)
Loss for the year		(19,494)	(26,926)
Loss attributable to:			
Owners of the Company		(19,461)	(26,890)
Non-controlling interests		(33)	(36)
		(19,494)	(26,926)
Loss per share for loss attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	10	HK (3.89) cents	HK (5.38) cents

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year	<u>(19,494)</u>	<u>(26,926)</u>
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translating foreign operations	<u>(217)</u>	<u>(6,583)</u>
Total comprehensive loss for the year, net of tax	<u>(217)</u>	<u>(6,583)</u>
Total comprehensive loss for the year	<u>(19,711)</u>	<u>(33,509)</u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	<u>(19,688)</u>	<u>(33,048)</u>
Non-controlling interests	<u>(23)</u>	<u>(461)</u>
	<u>(19,711)</u>	<u>(33,509)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		4,548	8,341
Right-of-use assets		3,701	9,978
Intangible assets		1,248	2,246
Investment accounted for using the equity method		575	5,010
Deferred income tax assets		1,911	1,337
Deposits and prepayments		1,588	1,586
		<u>13,571</u>	<u>28,498</u>
Current assets			
Inventories		132,347	128,588
Trade and other receivables	12	145,435	158,160
Deposits and prepayments		15,190	26,147
Financial asset at fair value through profit or loss		7,962	2,500
Pledged bank deposits		4,000	4,000
Cash and cash equivalents		76,457	48,744
		<u>381,391</u>	<u>368,139</u>
Total assets		<u>394,962</u>	<u>396,637</u>
Equity			
Equity attributable to owners of the company			
Share capital		169,730	169,730
Reserves		51,569	65,906
		<u>221,299</u>	<u>235,636</u>
Non-controlling interests		<u>3,287</u>	<u>3,310</u>
Total equity		<u>224,586</u>	<u>238,946</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Liabilities		
Non-current liabilities		
Other payables	1,200	1,200
Lease liabilities	2,611	6,519
Borrowings	22,807	26,996
Deferred income tax liabilities	1,921	1,959
	<u>28,539</u>	<u>36,674</u>
Current liabilities		
Other payables and accruals	123,349	101,557
Lease liabilities	3,861	4,133
Borrowings	14,520	14,602
Current income tax liabilities	107	725
	<u>141,837</u>	<u>121,017</u>
Total liabilities	<u>170,376</u>	<u>157,691</u>
Total equity and liabilities	<u>394,962</u>	<u>396,637</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. As at 31 March 2025, its ultimate controlling party is Mr. Ando Shokei, who is also the chairman and executive director of the Company as at 31 March 2025.

On 25 April 2025, immediately after the completion of the sale and purchase of the 374,967,278 shares transferred from Mr. Ando Shokei to ESSA Financial Group Ltd and the other purchasers, the parent company of the Group is ESSA Financial Group Ltd and the ultimate controlling shareholder is Mr. Huang Shikun, who is also the executive director of the Company since 30 May 2025 and chairman of the Company since 20 June 2025.

The address of the Company's registered office is Room 2601, 26/F, Wing on Centre, No. 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries principally engage in the provision of auction and related services as well as artwork sales in Hong Kong and Japan.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

These consolidated financial statements are presented in Hong Kong Dollar ("**HK\$**"), which is the same as the functional currency of the Company, unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the applicable requirements of the Hong Kong Companies Ordinance (Cap.622).

(b) Basis of preparation

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Application of New and Amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual reporting period beginning 1 April 2024 for the preparation of consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Group that make strategic decisions. The CODM assesses the performance of the operating segments based on a measure of gross profit for the purpose of allocating resources.

The management has identified two operating segments based on the types of revenues, namely (i) operation of art auction and related business; and (ii) artwork sales.

The segment information provided to the CODM for the years ended 31 March 2025 and 2024 are as follows:

	Operation of art auction and related business HK\$'000	Artwork sales HK\$'000	Total HK\$'000
Year ended 31 March 2025			
Segment revenue from external customers	52,194	9,857	62,051
Costs of services/sales	<u>(5,058)</u>	<u>(8,509)</u>	<u>(13,567)</u>
Segment results	<u>47,136</u>	<u>1,348</u>	48,484
Other gains or losses, net			5,262
Other income			432
Provision for allowance for expected credit losses (“ECL”) on financial assets	(1,662)	—	(1,662)
Selling and distribution expenses			(23,572)
Administrative expenses			(39,904)
Impairment losses on non-financial assets			<u>(4,265)</u>
Operation loss			(15,225)
Finance income, net			(1,062)
Share of result on investment accounted for using the equity method			(953)
Impairment loss on investment accounted for using the equity method			<u>(3,122)</u>
Loss before income tax			(20,362)
Income tax credit			<u>868</u>
Loss for the year			<u>(19,494)</u>

	Operation of art auction and related business <i>HK\$'000</i>	Artwork sales <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2024			
Segment revenue from external customers	48,671	9,181	57,852
Costs of services/sales	<u>(4,175)</u>	<u>(6,898)</u>	<u>(11,073)</u>
Segment results	<u>44,496</u>	<u>2,283</u>	46,779
Other gains or losses, net			7
Other income			1,380
Provision for allowance for ECL on financial assets	(6,778)	—	(6,778)
Selling and distribution expenses			(23,803)
Administrative expenses			<u>(43,498)</u>
Operation loss			(25,913)
Finance income, net			(819)
Share of result on investment accounted for using the equity method			<u>343</u>
Loss before income tax			(26,389)
Income tax expense			<u>(537)</u>
Loss for the year			<u>(26,926)</u>

Revenue from external customers, by geographical area, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	27,474	19,459
Japan	<u>34,577</u>	<u>38,393</u>
	<u>62,051</u>	<u>57,852</u>

All customers individually accounted for less than 10% of the Group's revenue for the years ended 31 March 2025 and 2024.

Information on segment assets and segment liabilities of the Group are not reviewed by CODM for the purpose of resource allocation and performance assessment nor otherwise regularly provided to the CODM. As a result, no analysis of segment assets and segment liabilities is presented.

Non-current assets, other than deferred income tax assets by geographical area are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	2,837	12,765
Japan	8,248	9,386
Taiwan	575	5,010
	<u>11,660</u>	<u>27,161</u>

4 REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from art auction and related business	52,194	48,671
Artwork sales	9,857	9,181
	<u>62,051</u>	<u>57,852</u>

All revenue of the Group are recognised at a point in time.

5 OTHER GAINS OR LOSS, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Exchange loss	(200)	(1,643)
Fair value gain on financial assets at fair value through profit or loss (“FVTPL”)	5,462	1,650
	<u>5,262</u>	<u>7</u>

6 OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Government grants (<i>Note (i)</i>)	—	163
Compensation received	173	528
Others (<i>Note (ii)</i>)	259	689
	<u>432</u>	<u>1,380</u>

Notes:

- (i) During the year ended 31 March 2024, the Group recognised government grants of approximately HK\$163,000, which mainly represented the benefit of a government loan at a below-market rate of interest.
- (ii) Others mainly represented sales tax refunded, bidding deposits forfeited and penalties from the buyers.

7 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories sold	8,509	6,898
Rental and setup costs for auction and preview exhibition venues	2,742	1,617
Expenses relating to short term lease	2,491	2,482
Employee benefit expenses	23,985	29,815
Depreciation of property, plant and equipment	1,904	1,696
Depreciation of right-of-use assets	4,019	3,973
Amortisation of intangible assets	994	1,078
Provision for/(reversal) of allowance for ECL on financial assets		
— Trade receivables	1,693	6,778
— Other receivables	(31)	—
Impairment loss on non-financial assets		
— Property, plant and equipment	2,011	—
— Right-of-use assets	2,254	—
Auditor's remuneration		
— Audit services	1,400	1,400
	<u>1,400</u>	<u>1,400</u>

8 FINANCE COSTS, NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Finance income:		
— Interest income on bank deposits	520	163
— Interest income from consignor advance	180	63
	<u>700</u>	<u>226</u>
Finance costs:		
— Imputed interest of provision for reinstatement cost	—	(39)
— Interest expense on lease liabilities	(345)	(254)
— Interest expense on bank and other borrowings	(1,417)	(752)
	<u>(1,762)</u>	<u>(1,045)</u>
Finance costs, net	<u>(1,062)</u>	<u>(819)</u>

9 INCOME TAX (CREDIT)/EXPENSE

The amounts of income tax (credit)/expense charged to the consolidated statements of profit or loss and other comprehensive income represent:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax		
— Hong Kong	—	—
— Japan	—	330
— Taiwan	—	12
Total current income tax	—	342
(Over)/under-provision in prior years		
— Hong Kong	—	216
— Japan	(263)	—
Deferred income tax	(605)	(21)
Income tax (credit)/expense	<u>(868)</u>	<u>537</u>

(a) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years.

No Hong Kong profits tax was provided for the years ended 31 March 2025 and 2024 as the Group did not derive any estimated assessable profits.

(b) Japan corporate income tax

Japan corporate income tax has been calculated on the estimated assessable profit for the years ended 31 March 2025 and 2024 at the rates of taxations prevailing in Japan in which the Group operates. No Japan corporate income tax was provided for the year ended 31 March 2025 as the Group did not derive any estimated assessable profits (2024: the Group is subject to national corporate income tax, inhabitant tax, and enterprise tax in Japan, which in aggregate, results in effective statutory income tax rates of approximately 36.2%).

(c) Taiwan income tax

Taiwan income tax is calculated at 20% of the estimated assessable profits for both years.

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2025 and 2024.

	2025	2024
Loss attributable to the owners of the Company (<i>HK\$'000</i>)	<u>(19,461)</u>	<u>(26,890)</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>500,000</u>	<u>500,000</u>
Basic loss per share (<i>HK cents</i>)	<u>(3.89)</u>	<u>(5.38)</u>

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2025 and 2024 was the same as basic loss per share because the exercise of the Company's outstanding share options would have anti-dilutive effect.

11 DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the year ended 31 March 2025, nor has any dividend been proposed subsequent to the end of the reporting period (2024: Nil).

12 TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	10,679	11,114
Less: Allowance for ECL	<u>(5,416)</u>	<u>(3,697)</u>
Trade receivables — net	5,263	7,417
Other receivables		
— Receivables from buyers in respect of auction and related business (<i>Note (i)</i>)	71,351	83,835
— Consignor advance (<i>Note (ii)</i>)	59,031	63,021
— Input value-added tax recoverable	517	227
— Others	<u>9,273</u>	<u>3,660</u>
Trade and other receivables	<u><u>145,435</u></u>	<u><u>158,160</u></u>

As at 31 March 2025, the fair value of trade and other receivables of the Group were approximately the same as their carrying amounts (2024: same).

Notes:

- (i) Other receivables from buyers in respect of auction and related business represent the purchase price of the auction articles receivable on behalf of sellers.
- (ii) Included in other receivables are advances of approximately HK\$59,031,000 made to certain consignors as at 31 March 2025 (2024: HK\$63,021,000) upon consignment of auction articles to the Group. As at 31 March 2025, these advances bore interest at 0% to 12% per annum (2024: interest at 0% to 1% per annum).

The Group grants credit period of 7 days for commission receivables and 30 days for receivables from artwork sales. The ageing analysis of trade receivables based on invoice date, before allowance for ECL of trade receivables, as at 31 March 2025 and 2024, was as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
— Within 30 days	5,351	5,677
— 1 to 3 months	—	25
— 3 to 6 months	5	1,036
— 6 to 12 months	53	10
— Over 1 year	<u>5,270</u>	<u>4,366</u>
	<u><u>10,679</u></u>	<u><u>11,114</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In view of the global economy and the financial markets in Hong Kong and the PRC are being uncertain, the Board considered that such unpredictable impact on the global economy and financial markets had adversely affected our business of Chinese and Japanese artworks, specifically on the unpredictability in the market demand, the value and conditions for artworks and development of art auction market in general. We aspire to diversify our business scope into the field of contemporary artworks and jewelry and further expanding business in Taiwan markets, as (1) we believe there would be a large potential demand for jewelry or contemporary artworks by our existing customers, (2) there is an increasing market demand on jewelry and contemporary artworks in the industry and (3) is targeting to further expand business in Taiwan markets with an aim to establish and enhance brand image and influence in other major Asian cities and the global markets.

During the Reporting Period, the Group obtained successful results in each auction session, with an aggregate of 4,166 pieces of auction lots launched in the 7 auctions in Hong Kong and Japan. A total of 2,152 pieces were successfully sold, representing a success rate of 51.7% and achieved an aggregate hammer price of approximately HK\$92.0 million and JPY2,306.3 million in Hong Kong and Japan, respectively. The Group is actively developing other new auction segments, specially jewelry and contemporary artworks to increase the number and sources of customers and pursue new business opportunities.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately HK\$62.1 million (2024: approximately HK\$57.9 million), which represents a increase of approximately HK\$4.2 million or 7.25% as compared to the same period in 2024. Revenue from art auction and related business was approximately HK\$52.2 million (2024: approximately HK\$48.7 million), while revenue from artwork sales was approximately HK\$9.9 million (2024: approximately HK\$9.2 million). Such increase in revenue from art auction and related business for the Reporting Period was mainly due to increase the revenue from art auction and related business in Hong Kong.

Gross profit

During the Reporting Period, gross profit of the Group increased by approximately HK\$1.7 million or 3.63% to approximately HK\$48.5 million (2024: approximately HK\$46.8 million) as compared to the same period in 2024, which was in line with the increase in revenue from art auction and related business. The overall gross profit margin was approximately 78.1% for the Reporting Period (2024: 80.8%). The slightly decrease was mainly due to the decrease in the profit margin for the revenue from art auction and related business and revenue from artwork sales. The gross profit margins were approximately 90.3% (2024: 91.4%) for art auction and related business and approximately 13.7% (2024: 24.9%) for artwork sales respectively.

Other loss — net

Other gains of approximately HK\$5.3 million mainly represented the fair value gains on financial assets at FVTPL (2024: gains of approximately HK\$7,000 mainly represented the fair value gains on financial assets at FVTPL which partially offset by the exchange loss).

Other income

Other income of approximately HK\$432,000 mainly represented compensation received, bidding deposits forfeited and penalties recognised during the Reporting Period (2024: approximately HK\$1.4 million mainly represented government grant received, compensation received, bidding deposits forfeited and penalties recognised).

Selling and distribution expenses

Selling and distribution expenses consisted primarily of employee benefit expenses paid to the Group's sales and marketing staff, advertising and promotion expenses, consultancy fee paid, transportation costs, travelling expenses, entertainment and business hospitality expenses. During the Reporting Period, approximately HK\$23.6 million (2024: approximately HK\$23.8 million) of selling and distribution expenses were incurred, representing an decrease of approximately HK\$0.2 million as compared to the same period in 2024, which remained stable as compared to the same period in last year.

Administrative expense

Administrative expenses mainly represented employee benefit expenses, travelling expenses, rental expenses and depreciation. During the Reporting Period, administrative expenses decreased by approximately 8.3% to approximately HK\$39.9 million (2024: approximately HK\$43.5 million). Such decrease in administrative expenses was mainly due to the decrease in recognition of equity-settled share based payment for the Reporting Period.

Finance costs — Net

The Group recorded finance costs of approximately HK\$1.1 million (2024: finance costs amounted to approximately HK\$819,000) for the Reporting Period. Finance income mainly represented interest income from bank deposit and interest income from certain consignor advance, and finance costs mainly represented interest expenses on bank and other borrowings and interest expenses on lease liabilities.

Income tax expenses

Profits tax has been provided for by the Group's companies in both Hong Kong and Japan at the applicable rate on the estimated assessable profits. Income tax credit for the Reporting Period included the over-provision in prior years of HK\$263,000 and deferred tax credit of approximately HK\$605,000 (2024: current tax charge of approximately HK\$342,000, under-provision in prior years of HK\$216,000 and deferred tax credit of approximately HK\$21,000).

Loss attributable to owners of the Company

During the Reporting Period, the Company recorded a loss attributable to owners of the Company of approximately HK\$19.5 million (2024: approximately HK\$26.9 million), which was mainly due to the decrease in recognition of equity-settled share based payment and increase in fair value gain on financial assets at fair value through profit or loss which was partially offset by increase in impairment loss on investment accounted for using the equity method and impairment losses on non-financial assets for the Reporting Period.

Consignors advance

For the consignor advances as at 31 March 2025 and 31 March 2024, the total principal amount was approximately HK\$76.5 million (31 March 2024: HK\$70.9 million) and the total outstanding principal was approximately HK\$59.0 million (31 March 2024: HK\$63.0 million), two of the consignor advances were granted with interest rate of 1% to 12% per annum and the rest of the advances was granted at nil interest rate (31 March 2024: two of the consignor advances were granted with interest rate of 1% to 12% per annum and the rest of the advances was granted at nil interest rate). During the year ended 31 March 2025, the consignor advances were granted to 28 consignors and all of them were either corporate or individual art collectors. The consignor advance was only granted to the consignors after the collateral (which is the consigned artwork) has been obtained by the Group and the consigned artwork should be proposed to sell in subsequent auctions, which mutually agreed by consignors and the Group (normally within one year). To the best of the knowledge, information and belief of the Directors, all the consignors and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

As at 31 March 2025, the outstanding amount of consignor advances due from the largest consignor and five largest consignors accounted for approximately 10.4% and 33.8% of the total outstanding amount of consignor advances of the Group respectively (31 March 2024: the largest consignor and five largest consignors accounted for approximately 12.8% and 46.1% respectively).

In order to attract appealing artworks from artwork providers with long-term relationship and good credit history, during the year ended 31 March 2025 and 2024, the Company has provided certain consignors with consignor advances carrying interest accruing on such consignor advances at nil or low interest rates. Under the consignment arrangement, the relevant consignor advances with interests payable (if any) shall be deducted from sales proceeds of the consigned artwork after receiving the full payment of the purchase price from the auction, or in case if the Company failed to sell the consigned artwork at the auction, the consigned artwork shall be returned to the consignor after obtaining full repayment of the consignor advances with accrued interest (if any) from the relevant artwork provider. The business of the Group heavily relies on the artworks provided by these artwork providers and therefore the provision of such advance is for the benefit of the Group's business and not merely for the purpose of earning interest income.

When determining the grant of consignor advances, the Group would initially assess the background of the artwork and the consignors by the taking into factors including (i) obtaining the personal information of the consignor and conduct available public search on the background of the consignor when necessary; (ii) the proposed value of the artwork and collateral offered by the consignor; (iii) the length of business relationship between the Group and the consignor; and (iv) the creditability of the consignor based on the credit history of the consignor.

When determining any impairments made in respect of the consignor advances, the management assessed the expected losses individually by estimation based on general economic conditions of the consignor advance provided and the value of relevant consigned artwork and conditions at the reporting date. Since the fair value amounts of the consigned artwork were higher than the carrying amounts of consignor advance during the years, therefore, no impairment were recorded.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 March 2025, the Group had current assets of approximately HK\$381.4 million (as at 31 March 2024: approximately HK\$368.1 million) while the Group's cash and cash equivalents amounted to approximately HK\$76.5 million (as at 31 March 2024: approximately HK\$48.7 million).

As at 31 March 2025, the Group has interest-bearing bank borrowings of approximately HK\$37.3 million (as at 31 March 2024: approximately HK\$41.6 million) and of which approximately HK\$14.5 million (as at 31 March 2024: approximately HK\$14.6 million) was repayable within one year.

As at 31 March 2025 and 2024, the Group did not have other borrowings.

As at 31 March 2025, the Group's gearing ratio was calculated on the basis of the amount of interest-bearing borrowings less cash and cash equivalents divided by shareholders' equity, and the Group was in net cash position (as at 31 March 2024: net cash position).

IMPORTANT EVENT AFFECTING THE GROUP SINCE 31 MARCH 2025

The Company was informed by Mr. Ando Shokei (the “**Vendor**”) and ESSA Financial Group Ltd (the “**Offeror**”), on 25 April 2025, the Vendor, the Offeror and other purchasers entered into the sale and purchase agreement pursuant to which the Vendor has agreed to sell and the Offeror and other purchasers have agreed to purchase an aggregate of 374,967,278 shares (the “**Sale Shares**”), representing approximately 74.99% of the total issued share capital of the Company. The total consideration for the Sale Shares is HK\$164,985,602.32, which is equivalent to HK\$0.44 per Sale Share. For details, please refer to the joint announcements dated 2 May 2025, 23 May 2025, 30 May 2025, and 20 June 2025 (the “**Joint Announcements**”) and circular dated 30 May 2025 (the “**Circular**”).

PROPOSED FINAL DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 March 2025 and 2024.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group had no any material capital commitment (as at 31 March 2024: Nil). As at the date of this announcement, the Group had no plan for material investment or capital assets.

CONTINGENT LIABILITIES AND GUARANTEES

As at 31 March 2025, the Group did not provide any guarantees for any third party and had no significant contingent liabilities (as at 31 March 2024: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not hold any material investments, nor did the Group make any material acquisition and disposal of subsidiaries or associates companies of the Company during the Reporting Period.

TREASURY POLICY

The Group adopted a prudent strategy towards the treasury and funding policies, and attached high importance to the risk control and transactions directly related to the Group's principal business. Funds, primarily denominated in Japanese Yen and Hong Kong Dollar, are normally placed with banks in short or medium term deposits for working capital of the Group.

CAPITAL STRUCTURE AND FOREIGN CURRENCY EXPOSURE

During the Reporting Period, the Group's operation was mainly financed by funds generated from its operation, borrowings and net proceeds from the Listing. As at 31 March 2025, the borrowings were mainly denominated in Hong Kong Dollar and Japanese Yen, while the cash and cash equivalents held by the Group were mainly denominated in Japanese Yen and Hong Kong Dollar. All of the Group's borrowings were floating rate borrowings and were pledged by bank deposits of approximately HK\$4.0 million to secure such bank facilities during the Reporting Period. The Group's revenue is mainly denominated in Japanese Yen and Hong Kong Dollar, while its costs and expenses are also mainly denominated in Japanese Yen and Hong Kong Dollar. As the majority of the Group's assets, liabilities, revenues and payments during the Reporting Period were denominated in either Japanese Yen or Hong Kong Dollar, and in view of the prevailing macro-economic environment, the Group may be exposed to the foreign exchange rate risk. The Group will closely monitor the volatility of foreign exchange rate and apply the appropriate hedging strategy as and when appropriate.

CHARGE ON ASSETS

As at 31 March 2025, bank deposits amounting to HK\$4.0 million (2024: HK\$4.0 million) were pledged to a bank to secure general banking facilities granted to the Group.

Other than the aforesaid pledged bank deposits, there was no other charge on assets of the Group as at 31 March 2025 (2024: Nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 March 2025, the Group had 21, 9, 2 and 1 full-time staff based in Japan, Hong Kong, Taiwan and the PRC respectively. The Group regularly reviews compensation and benefit policies accordingly to industry benchmark as well as the individual performance of employees. Other fringe benefits, mandatory provident fund and share options are provided to retain loyal employees with the aim to form a professional staff and management team that can bring the Group to different levels of success.

The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with applicable laws and regulations in Japan, Taiwan and the PRC respectively.

SHARE OPTION SCHEME

Details of the share option movements during the Reporting Period under the 2018 Share Option Scheme are as follows:

Holder of Share Options	Date of Grant	Exercise period	Exercise price per Share (HK\$)	Number of share options				Outstanding as at 31 March 2025
				Outstanding as at 1 April 2024	Grant during the year ended 31 March 2025	Exercised during the year ended 31 March 2025	Lapsed/ cancelled during the year ended 31 March 2025	
Executive Directors								
Katsu Bunkai	24 April 2023	24.4.2024 to 23.4.2029	0.80	5,000,000	—	—	—	5,000,000
Employees								
Employees	24 April 2023	24.4.2024 to 23.4.2029	0.80	43,000,000	—	—	—	43,000,000
Total				48,000,000	—	—	—	48,000,000

Note:

The closing price of the Company's share immediately before the date (23 April 2023) on which the share options were granted was HK\$0.76.

Katsu Bunkai resigned as executive Director on 20 June 2025.

48,000,000 share options had been tendered for cancellation under the option offer on 20 June 2025. For details, please refer to the Joint Announcements and the Circular.

USE OF PROCEEDS

From the Global Offering

The Company's shares were listed on the Stock Exchange on 11 October 2018 and the Company received net proceeds (the "Net Proceeds") (after deduction of underwriting commission and related costs and expenses) from the global offering of approximately HK\$110.0 million. On 26 March 2021, the Company has resolved to change the use of the unutilised net proceeds of approximately HK\$27.3 million (the "Reallocation"). For details, please refer to the prospectus (the "Prospectus") of the Company dated 27 September 2018 in relation to the global offering and the announcement of the Company dated 26 March 2021 (the "Announcement").

As at 31 March 2025, the Net Proceeds had been fully utilised by the Company and applied for as follows:

	Planned use of Net Proceeds as disclosed in the Prospectus (HK\$ million)	Amount of Reallocation as disclosed in the Announcement (HK\$ million)	Amount utilised as at 1 April 2024 (HK\$ million)	Amount utilised during the year ended 31 March 2025 (HK\$ million)	Amount utilised as at 31 March 2025 (HK\$ million)	Unutilised Net Proceeds as at 31 March 2025 (HK\$ million)
(i) Strengthening and expanding existing auction business	62.7	(22.8)	(39.9)	—	(39.9)	—
(ii) Enhancing marketing and promotional activities	22.0	—	(22.0)	—	(22.0)	—
(iii) Recruiting high-calibre managers and experts	8.8	—	(8.8)	—	(8.8)	—
(iv) Developing the Group's ERP system	5.5	(4.5)	(1.0)	—	(1.0)	—
(v) Supplementing the Group's working capital and for general corporate purposes	11.0	—	(11.0)	—	(11.0)	—
(vi) Developing an artwork business for online trading and information platform	—	27.3	(15.8)	(11.5)	(27.3)	—
	<u>110.0</u>	<u>—</u>	<u>(98.5)</u>	<u>(11.5)</u>	<u>(110.0)</u>	<u>—</u>

PROSPECTS AND FUTURE PLAN

In view of the global economy and the financial markets in Hong Kong, Japan and the People's Republic of China (the “**PRC**”) are being uncertain, the Board considered that such significant impact on the global economy and financial markets had adversely affected the market of Chinese and Japanese artworks, specific for unpredictability in the market demand, value and conditions for artworks and development of art auction market in general. We are aspiring to diversify our business scope into the field of contemporary artworks and jewelry. The Group also seized the opportunity to accelerate the formation of its online system and online auction platform, so as to keep up with the current developing trend, integrate platforms and upgrade its technology to bring new experience of multi-scenario auction for all collectors. The development of online trading and information platform and diversifying our business scope by venturing into the field of contemporary artwork and jewelry allow the Group to expand its current business and provide more flexibility to cope with the economic uncertainty in the near future.

Moreover, Mr. Huang Shikun (“**Mr. Huang**”), an executive director was appointed by the Company on 30 May 2025 and the Group is exploring the possibilities of tapping into the auction and related services market in the Guangdong-Hong Kong-Macao Greater Bay Area in the future. By leveraging Mr. Huang's personal background, management experience, extensive network and business connections in the PRC, the Group will explore continuous business development in the auction and related services sector and other potential business opportunities that will be synergised with the Group's current businesses. In the future, the Group will aim at keeping stable growth and development, and continuously uphold its principle of sourcing excellent artworks for art enthusiasts in the artwork auction market. The Group will constantly enrich the categories of auction lots to fulfill the diversified preferences of the collectors. At the same time, the management will also keep an eye on the opportunities to cooperate with other auction companies with a view to developing our business more rapidly.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 March 2025, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group in all material respects.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 to the Listing Rules. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules. As at the date of this announcement, it currently comprises of one non-executive Director, namely Mr. Li Jiefeng; and two independent non-executive Directors, namely Professor He Jia and Mr. Leung Ting Yuk.

The audit committee has reviewed with the management of the Group the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the Company's annual results for the Reporting Period.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of other comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this announcement.

DISCLOSURE UNDER SECTION 436 OF THE HONG KONG COMPANIES ORDINANCE

The financial information relating to the year ended 31 March 2025 and the financial information relating to the year ended 31 March 2024 included in this preliminary announcement of annual results for the year ended 31 March 2025 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2024, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The financial statements for the year ended 31 March 2025 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 March 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 March 2024. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.chuo-auction.com.hk. The annual report for the Reporting Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and will be published on the aforesaid websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to express appreciation to our colleagues for their hard work and dedication in the past year. We will remain committed to achieving better results and maximising returns to our shareholders.

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

Hong Kong, 30 June 2025

As at the date of this announcement, the executive Directors are Mr. Huang Shikun, Mr. Huang Shifeng, Ms. Qian Yuanyuan and Mr. Tong Jun; the non-executive Directors are Mr. Li Jiefeng and Mr. Zheng Haoran; and the independent non-executive Directors are Professor He Jia, Professor Hu Zuohao and Mr. Leung Ting Yuk.