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Takung Provides Overview of 2017 Achievements, Announces Write-Off, And Forecasts Strong Earnings for 2018

HONG KONG, CHINA / ACCESSWIRE / February 21, 2018 / Takung Art Co., Ltd. (NYSE American: TKAT), the operator of three online fine art and collectables platforms, today announced a preliminary overview of 2017 achievement, a write-off of approximately \$1.8 million uncollected receivables in the fourth quarter, and a forecast of strong performance for 2018.

2017 Improvements

Historically, Takung's flagship Unit ownership and trading platform classified its traders into two categories: VIP traders, who pay a fixed monthly trading commission for the right to make unlimited trades and constitute the majority of all platform trading volume, and retail traders who pay a commission equal to 0.02% on each trade. VIP traders are an essential part of the Takung business model because they bring liquidity and stability to the trading on the platform.

However, greater participation from Takung's tens of thousands of retail traders has the potential to significantly enhance trading volumes, commission fee revenue, and new offering subscriptions. To do so, Takung must satisfy retail traders' desires to invest in high quality portfolios comprised of artworks by recognized artists. Therefore, in 2017, Takung retrained its authorized agents (entities whose prime function is to bring new art listings to the platform) to focus on higher-quality portfolios, strengthened its criteria for admitting new authorized agents, created the "A" tier top-performing portfolio designation to help new and retail traders identify existing high quality portfolios, and reduced or stopped new listings of lower-quality portfolios.

Takung's authorized agent retraining program took longer than anticipated, and while it resulted in a more skilled authorized agent team, several long-time agents who were unable to adapt to the new model were removed from the platform. The number of high-quality portfolios increased, but the number of total listings and listing revenue for the year did not reach 2016 levels. However, the Company believes the program is beneficial for its long-term growth, as reflected by an art listing in January 2018, which attracted a record amount of subscriptions and cash deposits from retail traders in anticipation of the offering and significantly higher participation by retail traders in the subsequent secondary market trading.

Also in 2017, seeking to expand its overall business offerings and bring new retail traders with different backgrounds and interests to the platform, Takung introduced two new asset

classes, Collectibles and Sports Memorabilia. The first Collectibles offering, reproductions of China's oldest active newspaper, and the initial Sports Memorabilia offering, replica jerseys of European soccer star Steven Gerrard, produced an overwhelming positive response and was quickly followed by offerings of signed replica jerseys from soccer stars Lionel Messi and Cristiano Ronaldo, demonstrating the powerful demand in China for ownership of items with historical value. Trading for the Gerrard portfolio had exceeded \$650,000 by January 16, 2018, with a turnover ratio of more than 30%.

Takung continued to invest in technology in 2017 by initiating development of an application of Blockchain technology to facilitate unit ownership registration. This new technology is well suited to Takung's business model since it provides a shared, immutable ledger for recording the history of transactions. In the future, Takung expects this technology will help to establish trust, accountability, and transparency for the billions of monthly transactions executed on the platform.

Write-Off in Q4 17

Due to the higher portfolio listing criteria mentioned above, certain authorized agents were unable to continue to work with the Company and some of the VIP traders associated with these agents became delinquent in paying their fixed monthly trading commissions. While Takung was able to receive promises of payment from the majority of VIP traders, toward year-end 2017, uncollected receivables had grown to roughly \$1.8 million, all of which, according to accepted accounting protocols, were recognized upon billing and included in total revenue figures in previous quarters.

In light of the above, the Company has decided to write off about \$1.8 million in uncollectible receivables for the fourth quarter of 2017 and has terminated all connections with the aforementioned debtors going forward. Moreover, in order to prevent future write-offs, effective January 1, 2018, management instituted a change to its recognition of fixed commission revenue from VIP traders. Company policy regarding commission revenue from its retail traders -- which is recognized upon collection -- remains unchanged.

As a result of the write-off, Takung anticipates that its full year 2017 will show a loss.

Outlook for 2018

Takung is seeing strong initial results for 2018. Listing fee revenue in January increased by more than 160% to \$790,000 compared to \$294,230 in January of 2017 due to the launch of eight new art portfolios with an average listing value of \$220,000 as well as the listing of the Lionel Messi and Cristiano Ronaldo sports memorabilia portfolios. Trading commission revenue gained from retail investors increased by 163% in January 2018 compared to the same period in 2017. Client cash, a leading indicator of strong interest in future new listings from traders, grew dramatically in January compared to the same month last year.

The company also started the year with a strong balance sheet. Takung's cash and cash equivalents, at approximately \$11.7 million as of December 31, 2017, are expected to be more than sufficient to support its 2018 operations and initiatives.

Based on the above trends and on other current data, total revenue for Q1 2018 expects to exceed \$4.0 million compared to \$2.3 million in Q4 2017. The quarter is also expected to be profitable, and the momentum provided by the business model refinements of 2017 are expected to carry into the remainder of 2018 with substantial improvements in both the top and bottom lines compared to 2017.

Growth is expected to be further driven by new initiatives including listing an important work by a western artist. The Company is also considering launching Takung Online, its ecommerce platform, in the U.S. for U.S. consumers. Takung believes that many of the 125 artists now selling through Takung Online in China will find a ready market in the U.S., where they have received little or no prior exposure.

Takung will continue proactively communicating to investors worldwide in 2018. These plans include participation at investment conferences in California, New York, and Toronto and non-deal road shows in the U.S. and Europe.

"Clearly, 2017 was a year of transition for us," said Takung CEO Mr. Di Xiao, "That being said, we are enthusiastic about the abundance of new initiatives, and we are confident that Takung will be in a position to announce a consistent series of positive announcements for the remainder of 2018 that will have a positive impact on shareholder value. We will continue our work from 2017 and focus on increasing the number of high-quality portfolio listings, expanding the number of retail traders, improving participation from retail traders, attracting knowledgeable authorized agents focused on providing top-quality portfolios, growing revenue from our two recently launched businesses, Unit+ and Takung Online, further diversifying our product verticals, and launching a series of strategic new business initiatives,"

"As always," concluded Mr. Xiao, "we thank our shareholders for their loyal support."

About Takung Art Co., Ltd.

Takung Art Co., Ltd. enables China's growing middle class to invest in fine art and collectibles through three proprietary online platforms: Takung Unit, which facilitates trading and shared ownership of Asian and international fine art; Unit+, which facilitates trading and shared ownership of Asian and international collectibles; and Takung Online, an e-commerce platform enabling artists to promote and sell entire pieces of artwork directly to buyers. Takung is headquartered in Hong Kong and operates primarily in Hong Kong through its direct wholly-owned subsidiary Hong Kong Takung Art Company Limited and its two wholly-owned subsidiaries in Shanghai and Tianjin that facilitate service and support to its PRC-based traders on the Company's platform. For more information, please visit the Company's website: <http://ir.takungart.com/>. The Company routinely posts important information on its website.

Forward-Looking Statements

This press release may contain projections or other forward-looking statements regarding future events or our future financial performance. All statements other than present and historical facts and conditions contained in this release, including any statements regarding our future results of operations and financial positions, business strategy, plans

and our objectives for future operations, are forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These statements are only predictions and reflect our current beliefs and expectations with respect to future events and are based on assumptions and subject to risk and uncertainties and subject to change at any time. We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

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