



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)

Executive Directors:

Mr. Ando Shokei (*Chairman*)

Mrs. Ando Eri

Mr. Katsu Bunkai

Mr. Sun Hongyue

Registered office:

Room 2601, 26/F Wing On Centre

No. 111 Connaught Road Central

Hong Kong

Independent non-executive Directors:

Mr. Chung Kwok Mo John

Ms. Lam Suk Ling Shirley

Mr. Chun Chi Man

*Head office and principal place of
business in Japan:*

2/F and 3/F Kyobashi-Square

3-7-5 Kyobashi Chuo-ku

Tokyo Japan

30 May 2025

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
LEGO SECURITIES LIMITED AND
FORTUNE ORIGIN SECURITIES LIMITED
FOR AND ON BEHALF OF
ESSA FINANCIAL GROUP LTD
TO ACQUIRE ALL THE ISSUED SHARES IN
TOKYO CHUO AUCTION HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR TO BE ACQUIRED BY
ESSA FINANCIAL GROUP LTD, THE OTHER PURCHASERS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM) AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF
TOKYO CHUO AUCTION HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the Sale and Purchase Agreement and the Offers. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

As disclosed in the Joint Announcement, on 25 April 2025, the Vendor, the Offeror and the Other Purchasers entered into the Sale and Purchase Agreement pursuant to which the Vendor has agreed to sell and the Offeror and the Other Purchasers have agreed to purchase an aggregate of 374,967,278 Sale Shares, representing approximately 74.99% of the total issued share capital of the Company as at the date of the Joint Announcement. The total consideration for the Sale Shares is HK\$164,985,602.32, which is equivalent to HK\$0.44 per Sale Share. Completion took place on 25 April 2025.

Upon Completion, the Offeror, the Other Purchasers and the parties acting in concert with any of them were interested in a total of 374,967,278 Shares, representing approximately 74.99% of the total issued share capital of the Company.

Pursuant to Rules 13 and 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offers for all the issued Shares (other than those already owned or to be acquired by the Offeror, the Other Purchasers and the parties acting in concert with any of them) and to cancel all the outstanding Share Options.

The purpose of this Composite Document is to provide you with, among others, details of the Offers, the recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders, and the advice from the Joint Independent Financial Advisers in respect of the Offers, together with the Form(s) of Acceptance.

INDEPENDENT BOARD COMMITTEE AND JOINT INDEPENDENT FINANCIAL ADVISERS

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chung Kwok Mo John, Ms. Lam Suk Ling Shirley and Mr. Chun Chi Man, has been established by the Board to advise the Independent Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

The Joint Independent Financial Advisers have been appointed to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to acceptance of the Offers. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders and the Optionholders, the “Letter from the Joint Independent Financial Advisers” and the additional information contained in the appendices to this Composite Document before taking any actions in respect of the Offers.

MANDATORY UNCONDITIONAL CASH OFFERS

Immediately prior to Completion, save for 374,967,278 Sale Shares held by the Vendor, none of the Offeror, the Other Purchasers and the parties acting in concert with any of them held, owned, controlled or had the right of direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Upon Completion, the Offeror, the Other Purchasers and the parties acting in concert with any of them are interested in a total of 374,967,278 Shares, representing approximately 74.99% of the total issued share capital of the Company.

Pursuant to Rules 13 and 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offers for all the issued Shares (other than those already owned or to be acquired by the Offeror, the Other Purchasers and the parties acting in concert with any of them) and to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company has 500,000,000 Shares in issue and 48,000,000 outstanding Share Options which entitle the holders thereof to subscribe for 48,000,000 new Shares at an exercise price of HK\$0.80 per Share. Save for the Shares and 48,000,000 outstanding Share Options, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Principal terms of the Offers

Lego Securities and Fortune Origin Securities, for and on behalf of the Offeror, are jointly making the Offers in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.44 in cash

The Share Offer Price of HK\$0.44 per Offer Share is equal to the price per Sale Share paid by the Offeror and the Other Purchasers under the Sale and Purchase Agreement.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions.

The Option Offer

For cancellation of each Share Option with
exercise price of HK\$0.8 per Share HK\$0.0001 in cash

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders for the cancellation of the Share Options. The Option Offer Price would normally be the see-through price which represents the amount by which the Share Offer Price per Offer Share exceeds the exercise price of each Share Option. Under the Option Offer, as the exercise price of all outstanding Share Options exceeds the Share Offer Price, the “see-through” price is negative and the Option Offer Price is at the nominal

amount of HK\$0.0001 per Share Option. Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Offers are unconditional in all aspects when being made.

Comparison of Value

The Share Offer Price of HK\$0.44 per Offer Share represents:

- (i) a discount of approximately 63.33% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 70.67% to the closing price of HK\$1.50 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 34.91% to the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.676 per Share;
- (iv) a discount of approximately 7.95% to the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.478 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 March 2024, being the date to which the latest published audited annual financial results of the Group were made up; and
- (v) a discount of approximately 9.28% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.485 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 September 2024, being the date to which the latest published unaudited interim financial results of the Group were made up.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$1.50 per Share (on 22 April 2025 and 12 May 2025) and HK\$0.42 per Share (on 11, 12, 13, 14, 17, 18, 19, 20 and 21 March 2025), respectively.

Value of the Offers

Your attention is drawn to the section headed “Value of the Offers” in the Letter from Lego Securities and Fortune Origin Securities” contained in this Composite Document which sets out the value of the Offers.

INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, the issued Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 1939). The Group is principally engaged in the provision of auction and related services as well as artwork sales in Hong Kong and Japan.

Your attention is drawn to Appendices II and III to this Composite Document which contain financial information and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Completion; and (ii) immediately following the Completion and as at the Latest Practicable Date:

Shareholders	Immediately prior to the Completion		Immediately after the Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
The Offeror and parties acting in concert with it	374,967,278	74.99	374,967,278	74.99
Vendor (<i>Note 1</i>)	374,967,278	74.99	—	—
Offeror (<i>Note 2</i>)	—	—	329,967,278	65.99
Ruihe Data (<i>Note 3</i>)	—	—	15,000,000	3.00
Mr. Li	—	—	15,000,000	3.00
Mr. Zheng	—	—	15,000,000	3.00
Other Shareholders	<u>125,032,722</u>	<u>25.01</u>	<u>125,032,722</u>	<u>25.01</u>
Total	<u>500,000,000</u>	<u>100.00</u>	<u>500,000,000</u>	<u>100.00</u>

Notes:

1. The Vendor is an executive Director and the chairman of the Board. Mrs. Ando Eri, an executive Director, is the spouse of the Vendor. Under the SFO, Mrs. Ando Eri is taken to be interested in the same number of Shares in which the Vendor is interested. Given that part of the consideration for the Sale Shares payable by the Offeror to the Vendor were settled by the issue of the Promissory Note I, the Promissory Note II and the Promissory Note III, the Vendor and the Offeror are presumed parties acting in concert by virtue of class (9) of the definition of “acting in concert” under the Takeovers Code.
2. The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Huang.
3. Ruihe Data is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3680).

4. Save for the Vendor who held 374,967,278 Shares before Completion, none of the other Directors hold any Shares.

INFORMATION ON THE OFFEROR, MR. HUANG AND THE OTHER PURCHASERS

Your attention is drawn to the section headed “INFORMATION ON THE OFFEROR, MR. HUANG AND THE OTHER PURCHASERS” in the “Letter from Lego Securities and Fortune Origin Securities” contained in, and Appendix IV to, this Composite Document.

INTENTION OF THE OFFEROR ON THE COMPANY

Your attention is drawn to the section headed “INTENTION OF THE OFFEROR ON THE COMPANY” in the “Letter from Lego Securities and Fortune Origin Securities” contained in, and Appendix IV to, this Composite Document.

The Board is aware of the intention of the Offeror in relation to the Company and is willing to co-operate with the Offeror and acts in the best interests of the Company and the Shareholders as a whole. The Board understands that: (i) the Offeror has no intention to discontinue the employment of the employees or to dispose (other than the change in proposed change of the Board composition as detailed below) of or re-deploy the assets of the Group other than those in its ordinary course of business or to downsize, cease or dispose of any of the existing businesses, operations and assets of the Group; (ii) the Offeror will continue the existing principal business of the Group immediately following Completion, it is currently intended that, subject to the review by the Offeror from time to time, current directors of the Group’s subsidiary who are necessary to participate in the Group’s ongoing operations will remain as directors at the relevant Group company following Completion; (iii) Mr. Huang will leverage his personal background, management experience, extensive network and business connections in the PRC to explore with the Group regarding the possibilities of tapping into the auction and related services market in the Guangdong-Hong Kong-Macao Greater Bay Area in the future. The Offeror also intends to provide values to the Group in exploring 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; (iv) the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group; (v) subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth; and (vi) as at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

Your attention is drawn to the section headed “PROPOSED CHANGE OF BOARD COMPOSITION” in the “Letter from Lego Securities and Fortune Origin Securities” contained in this Composite Document.

It was intended that all of the executive Directors and independent non-executive Directors would resign with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate new Directors for appointment to the Board with effect from the earliest time permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules.

As disclosed in the “Letter from Lego Securities and Fortune Origin Securities” as set out in this Composite Document, the Offeror has nominated Mr. Huang as an executive Director and chairman of the Board and Mr. Huang SF, Ms. Qian and Mr. Tong as executive Directors, Mr. Li and Mr. Zheng as non-executive Directors, and Professor He, Professor Hu and Mr. Leung as independent non-executive Directors. The appointment of the Directors will take effect after the posting of this Composite Document. The change of the chairman of the Board will take effect from the first Closing Date. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed “MAINTAINING THE LISTING STATUS OF THE COMPANY” in the “Letter from Lego Securities and Fortune Origin Securities” contained in this Composite Document.

The Board notes that the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offers. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offers. The sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company for this purpose.

RECOMMENDATIONS

Your attention is drawn to the “Letter from the Independent Board Committee” and the “Letter from the Joint Independent Financial Advisers” in this Composite Document, which contain, among others, the advice of the Joint Independent Financial Advisers and the Independent Board Committee in relation to the Offers and the principal factors considered by them in arriving at their recommendations, and in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

ADDITIONAL INFORMATION

You attention is drawn to additional information set out in the appendices to this Composite Document. You are also recommended to read carefully the “Letter from Lego Securities and Fortune Origin Securities” in, and Appendix I to this Composite Document as well as and the accompanying Forms of Acceptance.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

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



Ando Shokei
Chairman