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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

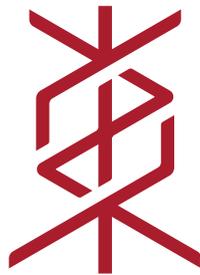
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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Tokyo Chuo Auction Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSED**  
**(1) GRANT OF GENERAL**  
**MANDATES TO ISSUE AND REPURCHASE SHARES,**  
**(2) RE-ELECTION OF DIRECTORS,**  
**(3) TERMINATION OF THE 2018 SHARE OPTION SCHEME,**  
**(4) ADOPTION OF THE 2023 SHARE OPTION SCHEME**  
**AND**  
**(5) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting to be held at 11:30 a.m. at Room 2601, 26/F., Wing On Centre, No. 111 Connaught Road Central, Hong Kong on Monday, 4 September 2023 is set out on pages 39 to 45 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting (i.e. by 11:30 a.m. on Saturday, 2 September 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

28 July 2023

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“2018 Share Option Scheme”	the share option scheme of the Company adopted on 13 September 2018
“2023 Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in Appendix III to this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at 11:30 a.m. at Room 2601, 26/F., Wing On Centre, No. 111 Connaught Road Central, Hong Kong on Monday, 4 September 2023, the notice of which is set out on pages 39 to 45 of this circular, and any adjournment thereof
“Adoption Date”	4 September 2023, being the date on which the 2023 Share Option Scheme is proposed to be adopted by the Company at the Annual General Meeting
“Articles”	the articles of association of the Company, as amended from time to time
“Award”	award of Share(s) granted or to be granted under any share award scheme adopted and to be adopted by the Company from time to time
“Board”	the board of Directors
“close associates”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	Tokyo Chuo Auction Holdings Limited (東京中央拍賣控股有限公司), a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“core connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Eligible Participant(s)”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (2) Who may join” in this circular
“Employee Participant(s)”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (2) Who may join” in this circular
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	25 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made in accordance with the terms of the 2023 Share Option Scheme
“Option(s)”	option(s) to subscribe for the Shares granted pursuant to the 2023 Share Option Scheme
“Related Entity Participant(s)”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (2) Who may join” in this circular

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## DEFINITIONS

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“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them exercise all powers of the Company to repurchase the Shares, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, the aggregate number of which shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Scheme Mandate Limit”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (3) Maximum number of Shares” in this circular
“Senior Manager”	a senior manager disclosed in the Company’s annual report as required under paragraph 12 of Appendix 16 to the Listing Rules (as may be amended from time to time)
“Service Provider(s)”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (2) Who may join” in this circular
“Service Provider Sublimit”	has the meaning as defined in “Appendix III — Summary of the principal terms of the 2023 Share Option Scheme — 2023 Share Option Scheme — (3) Maximum number of Shares” in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Scheme(s)”	share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the 2023 Share Option Scheme
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with the terms of the 2023 Share Option Scheme
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs

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## DEFINITIONS

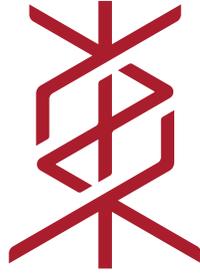
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“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“JPY” Japanese Yen, the official currency of Japan

“%” per cent.

\* *for identification purpose only*



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  
Mrs. Ando Eri  
Mr. Katsu Bunkai  
Mr. Sun Hongyue

*Registered office:*

Room 2601, 26/F  
Wing On Centre  
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

28 July 2023

*To the Shareholders*

Dear Sir/Madam

**PROPOSED**  
**(1) GRANT OF GENERAL**  
**MANDATES TO ISSUE AND REPURCHASE SHARES,**  
**(2) RE-ELECTION OF DIRECTORS,**  
**(3) TERMINATION OF THE 2018 SHARE OPTION SCHEME,**  
**(4) ADOPTION OF THE 2023 SHARE OPTION SCHEME**  
**AND**  
**(5) NOTICE OF ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting, including, *inter alia*: ordinary resolution relating to (a) the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (b) the proposed re-election of the Directors; (c) the proposed the termination of the 2018 Share Option Scheme; (d) the proposed adoption of the 2023 Share Option Scheme, and to give you notice of the Annual General Meeting.

### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate, i.e. a general and unconditional mandate to exercise the powers of the Company to allot, issue, or otherwise deal with new Shares with an aggregate not exceeding 20% of the total Shares in issue as at the date of passing of the relevant resolution at the Annual General Meeting.

As at the Latest Practicable Date, a total of 500,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Share will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 100,000,000 Shares.

### REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed to grant the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution at the Annual General Meeting.

As at the Latest Practicable Date, a total of 500,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate to the Directors and on the basis that no Share will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 50,000,000 Shares.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to authorise the Director to increase the total number of new Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate.

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## LETTER FROM THE BOARD

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The Repurchase Mandate and the Issue Mandate will continue to be in force until the conclusion of the next annual general meeting of the Company, unless it is renewed at such meeting or until revoked or varied by ordinary resolutions of the Shareholders in general meeting held prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in the Appendix I to this circular.

### RE-ELECTION OF DIRECTORS

According to Article 120(a) of the Articles, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to and is at least one-third, shall retire from office by rotation. A retiring Director shall be eligible for re-election.

According to Article 120(b) of the Articles, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

By virtue of Articles 120(a) and 120(b) of the Articles, Mrs. Ando Eri (“**Mrs. Ando**”) and Mr. Sun Hongyue (“**Mr. Sun**”) will retire as executive Directors and Ms. Lam Suk Ling Shirley (“**Ms. Lam**”) will retire as independent non-executive Director at the Annual General Meeting, and they, being eligible, will offer themselves for re-election at the Annual General Meeting.

The nomination committee of the Company (“**Nomination Committee**”) has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the board diversity policy of the Company, nomination policy of the Company, the corporate strategy of the Company and the independence of the independent non-executive Directors. Ms. Lam Suk Ling Shirley, the retiring independent non-executive Director, has confirmed her independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The aforesaid independent non-executive Directors also demonstrated the ability to provide an independent, balanced and objective view to the Company’s matters. The Nomination Committee and the Board thus considered that the retiring independent non-executive Director is independent in accordance with the independence guidelines set out in the Listing Rules. Besides, the Nomination Committee and the Board believed that all the retiring Directors will continue to make contributions to the Board and is satisfied with all the retiring Directors’ contributions to the Company, which will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. The Nomination Committee and the Board therefore recommended the re-election of all the retiring Directors, including the aforesaid independent non-executive Director, who are due to retire at the Annual General Meeting.

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## LETTER FROM THE BOARD

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Particulars of Mrs. Ando, Mr. Sun and Ms. Lam are set out in Appendix II to this circular.

### TERMINATION OF THE 2018 SHARE OPTION SCHEME AND ADOPTION OF THE 2023 SHARE OPTION SCHEME

In light of the amendments of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Company proposes to terminate the 2018 Share Option Scheme and adopt the 2023 Share Option Scheme for the purpose of, among other things, reflecting the latest changes and requirements under Chapter 17 of the Listing Rules.

#### Termination of the 2018 Share Option Scheme

The Company has adopted the 2018 Share Option Scheme on 13 September 2018. Apart from the 2018 Share Option Scheme, the Company has no other share option scheme currently in force.

Pursuant to the 2018 Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted thereunder is 50,000,000 Shares. Since the adoption of the 2018 Share Option Scheme and up to the Latest Practicable Date, the Company has granted options relating to 48,000,000 Shares under the 2018 Share Option Scheme representing approximately 9.6% of the total issued Shares as at the Latest Practicable Date, of which options relating to 48,000,000 Shares are valid and outstanding.

The follow table sets out information of the Company's outstanding options as at the Latest Practicable Date:

Name and category of participant	Date of grant	Exercise period	Exercise price per Share	Balance as at the Latest Practicable Date
Mr. Katsu Bunkai, Executive Director	24 April 2023	24 April 2024 to 23 April 2029	HK\$0.80	5,000,000
Employees	24 April 2023	24 April 2024 to 23 April 2029	HK\$0.80	43,000,000

The Company has no intention to grant any additional options under the 2018 Share Option Scheme from the Latest Practicable Date to the date of the Annual General Meeting.

Pursuant to the terms of the 2018 Share Option Scheme, the Board may at any time terminate the operation of the 2018 Share Option Scheme, and in such event, no further options will be offered but the provisions of the 2018 Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of the options granted prior to the termination.

The Company does not have any share option or share award plan other than the 2018 Share Option Scheme.

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## LETTER FROM THE BOARD

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### **Proposed adoption of the 2023 Share Option Scheme**

A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix III to this circular.

#### ***Purposes***

The purpose of the 2023 Share Option Scheme are (i) to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

#### ***Conditions***

The 2023 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders in the Annual General Meeting to approve the adoption of the 2023 Share Option Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, Shares to be issued pursuant to the exercise of Options granted under the 2023 Share Option Scheme.

#### ***Eligible Participants and basis of eligibility***

Eligible Participants under the 2023 Share Option Scheme include any Employee Participant, Related Entity Participant and Service Provider. The Eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group, taking into account the experience of the Eligible Participants on the Group's business, the length of service of the Eligible Participants with the Group, the amount of contribution the Eligible Participants has made or is likely to make towards the success of the Group and such other factors as the Board may at its discretion consider appropriate.

Under the 2023 Share Option Scheme, Eligible Participants also include Service Providers, who falls under the following category or categories or who may meet with the eligibility criteria below:

- (i) suppliers and service providers, including sale and marketing agents, technical service providers and other agents or service providers with expertise in artwork sourcing, research, development, production and/or business development in new markets or business segments. When considering eligibility of, and terms of Grant

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## LETTER FROM THE BOARD

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to the Service Providers under this category, the Board will consider, among other things: (i) the nature, scope and frequency of products and/or services supplied; (ii) the reliability and quality of products and/or services supplied; and (iii) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period); or

- (ii) business partners that collaborate with the Group on a continuing basis or in discrete consulting projects to, among other things, jointly organise and hold auction events, exhibition or other specific projects or events to promote the brand of the Group. When considering eligibility of, and terms of Grant to the Service Providers under this category, the Board will consider, among other things: (a) the nature, scope and frequency of products and/or services supplied; (b) the reliability and quality of products and/or services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration, the contract value and the number or variety of deliverables produced from such engagement for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period),

who are, or anticipated to be going forward, significant suppliers of products or services or business partners, or otherwise significant to the Group's business. Such persons may be remunerated with equity incentives to align the long-term interests of such persons with the Group. The Board will also consider whether the frequency of the services provided by a Service Provider is akin to that of its regular employees taking into account the following factors:

- (i) the type(s) of services the Service Provider had performed for the Group in the past;
- (ii) the industry experience of the Service Provider;
- (iii) the period of engagement of the Service Provider; and
- (iv) the Service Provider's contribution and/or future contribution to the development and growth of the Group with reference to, among other metrics, research and development, engineering or technical contribution, the design, development, manufacturing or distribution of products/services provided by the Group, or otherwise will contribute significantly to the growth of the Group's financial or business performance, based on quantitative performance indicators to be determined by the Board or the remuneration committee on a case-by-case basis.

The Group's success is attributable to the high quality of services provided by such persons and entities.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors) consider that the inclusion each of the Related Entity Participants and proposed categories of Service Providers in the 2023 Share Option Scheme are in line with the Company's business needs and the purpose of the 2023 Share Option Scheme, is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the criteria for the election of Eligible Participants align with the purpose of the 2023 Share Option Scheme, based on the following reasons:

- (a) the Grant of Options to Related Entity Participants and Service Providers would strengthen their loyalty to the Group and provide incentives for a higher degree of their participation and involvement in promoting the business of the Group and maintaining a stable and long-term relationship with the Group. Through the grant of options and/or awards, the interest of such Related Entity Participants and Service Providers will be aligned with that of the Group in promoting the growth and development of the Group's business;
- (b) in respect of the Related Entity Participants, the Company and the Related Entity Participants have always had a close working relationship. Despite that Related Entity Participants may not be directly appointed and employed by the members of the Group, such Related Entity Participants are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships. They may be involved in business engagements relating to or having connections with the Group's businesses. Therefore, it is important to recognise the contribution or future contribution of such Related Entity Participants by giving them incentive through their participation in the 2023 Share Option Scheme;
- (c) in respect of the Service Providers, the Group has, in its ordinary and usual course of business, collaborated with independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group). It is believed that the Group's success is attributable to the high quality of goods and services provided by such persons, entities and suppliers. These Service Providers are closely connected to and crucial to the Group's day-to-day operations, and their contribution directly impacts the result of operations of the Group. Such Service Providers contribute to the long-term growth of the Group by advising or consulting on a set of specialized skills and knowledge in the business activities of the Group. As these service providers possess industry-specific knowledge or expertise and often have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, market trends and artworks' source management as well as marketing. Therefore, the Company considers that, by including the Service Providers as Eligible Participants under the 2023 Share Option Scheme would allow more flexibility to the Group to recognize and incentivise the contributions of these Service Providers.

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## LETTER FROM THE BOARD

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### *Scheme Limit and Service Provider Limit*

The maximum total number of new Shares which may be issued upon exercise of all options and Awards to be granted under the 2023 Share Option Scheme and other Share Schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. As at the Latest Practicable Date, there were an aggregate of 500,000,000 Shares in issue. Assuming there is no issue or repurchase of Shares from the Latest Practicable Date to the date of the Annual General Meeting on which the 2023 Share Option Scheme is expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued upon exercise of the options and Awards granted under the 2023 Share Option Scheme and other Share Schemes is 50,000,000 Shares, representing 10% of the Shares in issue.

The Board has also proposed to adopt the Service Provider Sublimit in respect of the total number of new Shares which may be issued in respect of all options and Awards to be granted to the Service Providers under the 2023 Share Option Scheme and other Share Schemes within the Scheme Mandate Limit, to be 1% of the total number of Shares in issue on the Adoption Date. Assuming there is no issue or repurchase of Shares from the Latest Practicable Date to the date of the Annual General Meeting on which the 2023 Share Option Scheme are expected to be conditionally approved and adopted by the Shareholders, the maximum number of Shares that can be issued under the Service Provider Sublimit upon exercise of the options and Awards granted under the 2023 Share Option Scheme and other Share Schemes is 5,000,000 Shares, representing 1% of the Shares in issue.

The basis for determining the Service Provider Sublimit (namely, 1% of the total number of Shares in issue on the Adoption Date) includes (i) the potential dilution effect arising from Grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the 2023 Share Option Scheme and protecting the Shareholders from the dilution effect from granting a substantial amount of options and awarded shares to the Service Providers; (iii) the extent of use of Service Providers in the Group's businesses, the current payment and/or settlement arrangement with the Service Providers; (iv) the expected contribution to the development and growth of the Company attributable to the Service Providers; and (v) the fact that the Company expects that a majority of Share Options will be granted to the Employee Participants and as such there is a need to reserve a larger portion of the Scheme Limit for Grants to the Employee Participants. Given the above, the Board considers that a Service Provider Sublimit of 1% would not lead to an excessive dilution of shareholding of the existing Shareholders and is appropriate and reasonable. Further, taking into account that (i) the Company has no other Share Schemes other than the 2023 Share Option Scheme; and (ii) the assessment criteria for the selection of Service Providers as disclosed in the paragraph headed "Eligible Participants and basis of eligibility" above, which allows the flexibility for the Board to consider and evaluate a variety of factors at its discretion to ensure the grant of Options are to eligible Service Providers, the Board (including the independent non-executive Directors) is of the view that, the Service Provider Sublimit is in line with the Company's business needs, and aligns with the purpose of the Scheme and the long term interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

### *Vesting Period*

Pursuant to the 2023 Share Option Scheme, the relevant vesting period shall not be less than twelve (12) months.

There could be a shorter vesting period at the discretion of the Board or the remuneration committee (as the case maybe) under each of the following circumstances in relation to Grant to the Employee Participants:

1. grants of “make-whole” rewards to new Employee Participants to replace the share awards they forfeited when leaving the previous employers;
2. grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event;
3. grants with performance-based vesting conditions in lieu of time-based vesting criteria;
4. grants that are made in batches during a year for administrative and compliance reasons which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the vesting date may be adjusted to take account of the time from which the options/awards would have been granted if not for such administrative or compliance requirements; and
5. grants with a mixed or accelerated vesting schedule such as where the Options vest evenly over a period of twelve (12) months.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; and (ii) attract talents or reward exceptional performers with accelerated vesting. These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period as set out in the Consultation Conclusions. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the purpose of the 2023 Share Option Scheme.

### *Performance target and clawback mechanism*

The 2023 Share Option Scheme does not prescribe specific performance targets that must be met before an Option can be exercised or the clawback mechanism to recover or withhold any remuneration to any Eligible Participants. However, the rules of the 2023 Share Option Scheme will give the Board discretion to impose such conditions on the Options or prescribe such clawback mechanism where appropriate.

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## LETTER FROM THE BOARD

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If performance targets are imposed, the Board may assess such performance targets against common corporate-wide or subsidiary, division, operating unit, line of business, project, geographic or individual key performance indicators, which may include cash flow; earnings; earnings per share; market value added or economic value added; profits; return on assets; return on equity; return on investment; sales; revenue; Share price; total Shareholder return; customer satisfaction metrics; reviews; and such other goals as the Board may determine from time to time.

If a clawback mechanism is imposed, the Board will take into account individual circumstances when devising such mechanism such as the role of the holder of the options/awards, the purpose of the grant (for example whether as recognition of past contribution or as incentive to motivate such holder of the options/awards to contribute to the Group in the future on an ongoing basis), whether it would be particularly burdensome and complicated to implement the clawback mechanism, whether there are any tax implications etc.

The Board believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for the Eligible Participants' contribution or potential contribution. Further, by allowing the Company to grant Options under the 2023 Share Option Scheme at a price which will be determined on a fair basis according to market value of the Shares and to impose such clawback mechanism and/or require the Eligible Participant to achieve such performance targets as may be stipulated in the offer letter on a case by case basis, the Company may be in a better position to retain such Eligible Participants to continue serving the Company whilst at the same time providing these Eligible Participants further incentive in achieving the goals of the Group, and therefore aligns with the purpose of the 2023 Share Option Scheme.

### *Exercise price*

The Exercise Price for any Share under the 2023 Share Option Scheme shall be a price determined by the Board at its absolute discretion and notified to each Grantee and shall not be less than the highest of: (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a Business Day; and (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant of the relevant option. The Directors consider that such basis will serve to preserve the value of the Company and at the same time encourage the Eligible Participants to acquire proprietary interests in the Company.

### *General*

No trustee has been appointed under the 2023 Share Option Scheme. No Director has a material interest and is required to abstain from voting for the resolutions to approve the adoption of the 2023 Share Option Scheme. None of the Shareholders is required to abstain from voting for such resolutions at the Annual General Meeting pursuant to the Listing Rules and/or the Articles.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Board had not identified any specific grantee or made any immediate plan to make grants of Options.

### DOCUMENT ON DISPLAY

A copy of the rules of the 2023 Share Option Scheme will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.chuo-auction.com.hk](http://www.chuo-auction.com.hk) for display for a period of not less than 14 days before the date of the Annual General Meeting and the 2023 Share Option Scheme will be made available for inspection at the Annual General Meeting.

### ACTIONS TO BE TAKEN

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the Issue Mandate, Repurchase Mandate and Extension Mandate;
- (b) the proposed re-election of Directors; and
- (c) the proposed termination of the 2018 Share Option Scheme and the proposed adoption of the 2023 Share Option Scheme.

A form of proxy for use at the Annual General Meeting is enclosed herewith and published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.chuo-auction.com.hk](http://www.chuo-auction.com.hk). Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time for the Annual General Meeting (i.e. by 11:30 a.m. on Saturday, 2 September 2023) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the Annual General Meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Article 77 of the Articles. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Board considers that the ordinary resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

### CLOSURE OF REGISTER OF MEMBERS

For determination of the entitlement to attend and vote at the Annual General Meeting, the register of members will be closed from Tuesday, 29 August 2023 to Monday, 4 September 2023 (both days inclusive) during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 28 August 2023.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board of  
**Tokyo Chuo Auction Holdings Limited**  
東京中央拍賣控股有限公司  
**Ando Shokei**  
*Chairman*

*This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.*

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at Latest Practicable Date, there were a total of 500,000,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 50,000,000 Shares which represents 10% of the aggregate number of Shares in issue as at the date of passing such resolution.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

## **4. FUNDING OF REPURCHASES**

In repurchasing the Company's securities, the Company may only apply funds legally available for the purpose in accordance with the Articles, the Companies Ordinance and the laws of Hong Kong and/or other applicable laws, as the case may be.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 March 2023, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date were as follows:

	<b>Highest price HK\$</b>	<b>Lowest price HK\$</b>
July 2022	0.730	0.700
August 2022	0.790	0.660
September 2022	0.770	0.670
October 2022	0.770	0.750
November 2022	0.720	0.610
December 2022	0.770	0.485
January 2023	0.720	0.540
February 2023	0.810	0.760
March 2023	0.800	0.770
April 2023	0.770	0.760
May 2023	0.760	0.710
June 2023	0.730	0.720
July 2023 (up to the Latest Practicable Date)	0.750	0.600

## 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

On the basis of the shareholding held by Mr. Ando Shokei ("**Mr. Ando**") as at the Latest Practicable Date as set out below, the exercise in full of the Repurchase Mandate will not result in Mr. Ando being obliged to make a mandatory offer under Rule 26 of the Takeovers Code. In addition, the Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any buy backs pursuant to the Repurchase Mandate.

<b>Name</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing shareholding</b>	<b>Approximate percentage of shareholding if the Repurchase Mandate is exercised in full</b>
Mr. Ando	374,967,278 Shares	75.00%	83.33%

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%. The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

#### **7. SHARE REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

#### **8. GENERAL**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No core connected person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

*The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:*

## EXECUTIVE DIRECTORS

### **Mrs. Ando Eri (安藤恵理) (alias Feng Huijin (馮慧瑾)), aged 45**

Mrs. Ando is an executive Director and the vice chairlady of the Board, and is responsible for client management, promotion of branding and marketing of the Group. She was appointed as an executive Director on 25 May 2018.

Mrs. Ando has over 10 years of experience in operation and management of auction. Mrs. Ando joined the Group in January 2011 as a managing director, and she was involved in establishing and managing client relationships. She was promoted to director of the board of TCA Japan in December 2011, and since then she has been principally responsible for conducting marketing events, overseeing and reviewing the auction catalogs and media publications, as well as the overall management of auctions held by the Group. Prior to joining the Group, Mrs. Ando worked at a catering company in the PRC, from 2000 to 2005 as general manager, responsible for overall management and operations of such company. She completed a course in foreign secretary at the Adult Higher Education, School of Continuing Education, Shanghai Jiao Tong University\* (上海交通大學夜大學) in July 2000. Mrs. Ando is also a director of TCA Japan. Mrs. Ando is the spouse of Mr. Ando Shokei, an executive Director.

Mrs. Ando has entered into a service contract with the Company pursuant to which she agreed to act as executive Director for an initial term of three years with effect from 13 September 2018 which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term and may be terminated by either party by giving not less than three months' written notice. During the term of the service contract, she is entitled to a basic salary (subject to an annual increment after 1 April 2020 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase) and a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. As at the Latest Practicable Date, she has also entered into an employment contract with TCA Japan, for a term commencing from 13 September 2018 until terminated by either party by giving not less than 30 days' written notice. The total basic monthly salary of Mrs. Ando under her employment contracts with the Company and TCA Japan is JPY1.75 million. Mrs. Ando's emolument was determined by the Board with reference to her duties and responsibilities.

As at the Latest Practicable Date, Mrs. Ando was deemed to be interested in 374,967,278 Shares held by Mr. Ando Shokei under Part XV of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, Mrs. Ando did not have any interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was she related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. She did not hold directorship in other listed public companies in the last three years.

**Mr. Sun Hongyue (孫鴻月), aged 58**

Mr. Sun is an executive Director. He was appointed as an executive Director on 25 May 2018.

Mr. Sun is responsible for overall business development of the Group. He has over 30 years of experience in artwork trading and over 20 years of experience in auction. Mr. Sun joined the Group in December 2015. He has been the general manager of the calligraphy and painting department of TCA Japan since December 2015, where he was involved in authenticating artworks for auction, visiting consignors and approaching potential consignors for auction of artworks, and providing consultation to potential bidders and buyers of artwork.

Prior to joining the Group, Mr. Sun worked at Beijing Hanhai Auction Co., Ltd.\* (北京翰海拍賣有限公司), an auction company, from 1994 to 2015 and gained his experience in calligraphy and painting, auction and artwork trading. Prior to such, Mr. Sun worked at Beijing Antique Company\* (北京市文物公司) from 1984 to 1994 and was mainly responsible for sourcing and sale of artworks. He was an apprentice of Mr. Qin Gong (秦公), a renowned Chinese stone rubbing calligraphy expert, and trained his skills of authentication and valuation of paintings and calligraphies at Qing Yun Tang (慶雲堂), a reputable store in Beijing engaging in the sale of Chinese calligraphies from 1984 to 1994. In 1986, Mr. Sun completed a course in cultural relics authentication and valuation organized by State Administration of Cultural Heritage of PRC (中國國家文物局) in Xi'an, Shaanxi Province, the PRC. From 1989 to 1991, he completed a three-year program in museology at a sub-school of Peking University.

Mr. Sun has entered into a service contract with the Company pursuant to which he agreed to act as executive Director for an initial term of three years with effect from 13 September 2018 which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term and may be terminated by either party by giving not less than three months' written notice. During the term of the service contract, he is entitled to a basics salary of JPY1.2 million (subject to an annual increment after 1 April 2019 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase) and a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the Shareholders (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. Pursuant to the service contract of Mr. Sun, an apartment in Japan will be

provided for Mr. Sun as staff dormitory by the Group, and Mr. Sun will bear half of the monthly rental of such apartment. As at the Latest Practicable Date, Mr. Sun has also entered into an employment contract with TCA Japan for a term commencing on 13 September 2018 until terminated by either party by giving not less than 30 days' written notice.

As at the Latest Practicable Date, Mr. Sun did not have any interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was he related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He did not hold directorship in other listed public companies in the last three years.

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

##### **Ms. Lam Suk Ling Shirley (林淑玲), aged 56**

Ms. Lam is an independent non-executive Director. She was appointed as an independent non-executive Director on 13 September 2018.

Ms. Lam has over 20 years of experience in auditing, accounting and financial management. Ms. Lam has been appointed as the chief financial officer of Chinlink International Holdings Limited (“**Chinlink**”), a company listed on the Main Board of the Stock Exchange (stock code: 0997), since January 2012. She was the executive director and company secretary of Chinlink from February 2012 and January 2012, respectively, to April 2019; the executive director of Jackin International Holdings Limited (currently known as AMCO United Holding Limited), a company listed on the Main Board of the Stock Exchange (stock code: 630) from February 2010 to December 2011. Ms. Lam held several management position in private companies, including vice president of finance and accounting manager, between June 1999 to February 2006 and between July 2006 to March 2007. She also held positions in various international audit firms between May 1993 and April 1999.

Ms. Lam has entered into an appointment letter with the Company pursuant to which she agreed to act as independent non-executive Director for an initial term of three years with effect from 13 September 2018 which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term and may be terminated by either party by giving not less than three months' written notice.

Ms. Lam is entitled to a director's fee of HK\$240,000 per annum during the term of her appointment as an independent non-executive Director pursuant to the appointment letter entered into by her with the Company. The emoluments of Directors are determined by the Board having regard to the recommendation of the remuneration committee of the Company and with reference to the Director's contributions, experience and relevant duties and responsibilities within the Company and the prevailing market condition.

As at the Latest Practicable Date, Ms. Lam did not have any interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was she related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Save as disclosed herein, she did not hold directorship in other listed public companies in the last three years.

**GENERAL**

Save as disclosed herein, there are no other matters concerning any of the above Directors that need to be brought to the attention of the Shareholders in relation to their re-election and there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

*This appendix summaries the principal terms of the 2023 Share Option Scheme and does not form, nor is intended to be, part of the 2023 Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the 2023 Share Option Scheme.*

## 2023 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2023 Share Option Scheme proposed to be approved and adopted by an ordinary resolution of the Shareholders at the Annual General Meeting.

### 1. Purpose of the scheme

The purpose of the 2023 Share Option Scheme is to (i) enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the Shareholders to promote the long-term financial and business performance of the Company.

### 2. Who may join

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up Options to subscribe for Shares:

- (a) any employee (whether full-time or part-time, including any executive director, but excluding any non-executive director) of the Company or any of its subsidiaries (and including persons who are granted options or awards under the 2023 Share Option Scheme as an inducement to enter into employment contracts with these companies) (“**Employee Participant(s)**”);
- (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries;
- (c) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company (“**Related Entity Participant(s)**”);
- (d) any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions, (ii) professional service providers (such as auditors or valuers) who

provide assurance, or are required to perform their services with impartiality and objectivity (“**Service Provider(s)**”), who falls under the following category or categories or who may meet with the eligibility criteria below:

- (i) suppliers and service providers, including sale and marketing agents, technical service providers and other agents or service providers with expertise in the artwork sourcing, research, development, production and/or business development in new markets or business segments. When considering eligibility of, and terms of grant to the Service Providers under this category, the Board will consider, among other things: (i) the nature, scope and frequency of products and/or services supplied; (ii) the reliability and quality of products and/or services supplied; and (iii) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period); or
- (ii) business partners that collaborate with the Group on a continuing basis or in discrete consulting projects to, among other things, jointly organise and hold auction events, exhibition or other specific projects or events to promote the brand of the Group. When considering eligibility of, and terms of grant to the Service Providers under this category, the Board will consider, among other things: (a) the nature, scope and frequency of products and/or services supplied; (b) the reliability and quality of products and/or services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration, the contract value and the number or variety of deliverables produced from such engagement for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period),

who are, or anticipated to be going forward, significant suppliers of products or services or business partners, or otherwise significant to the Group’s business. Such persons may be remunerated with equity incentives to align the long-term interests of such persons with the Group. The Board will also consider whether the frequency of the services provided by a Service Provider is akin to that of its regular employees taking into account the following factors:

- (i) the type(s) of services the Service Provider had performed for the Group in the past;
- (ii) the industry experience of the Service Provider;
- (iii) the period of engagement of the Service Provider; and

- (iv) the Service Provider's contribution and/or future contribution to the development and growth of the Group with reference to, among other metrics, research and development, engineering or technical contribution, the design, development, manufacturing or distribution of products/services provided by the Group, or otherwise will contribute significantly to the growth of the Group's financial or business performance, based on quantitative performance indicators to be determined by the Board or the remuneration committee on a case-by-case basis.

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Option under the 2023 Share Option Scheme.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

### 3. Maximum number of Shares

- (a) The maximum number of Shares which may be allotted and issued in respect of all options and Awards to be granted under the 2023 Share Option Scheme and any other Share Schemes ("**Scheme Mandate Limit**") shall not exceed 10% of the number of Shares in issue as at the date of approval of the 2023 Share Option Scheme. Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no option or Award may be granted under the 2023 Share Option Scheme or any other Share Scheme if the grant of such option or Award will result in the limit referred to in this paragraph being exceeded.
- (b) The sublimit (under the Scheme Mandate Limit) on the total number of Shares that may be issued in respect of all options and Awards to be granted to Service Providers under the 2023 Share Option Scheme and any other Share Schemes adopted by the Group ("**Service Provider Sublimit**") shall not exceed 10% of the Scheme Mandate Limit.
- (c) Subject to paragraph 3(a) and without prejudice to paragraph 3(d), the Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit (and, where appropriate, the Service Provider Sublimit) under the 2023 Share Option Scheme, provided that:
  - (i) the total number of Shares which may be allotted and issued upon exercise of all Options and Awards to be granted under the 2023 Share Option Scheme and any other Share Scheme must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit, and for the purpose of calculating

the refreshed Scheme Mandate Limit (and the Service Provider Sublimit), options or Awards lapsed in accordance with the terms of the 2023 Share Option Scheme and any other Share Scheme will not be regarded as utilized;

- (ii) where the refreshment of the Scheme Mandate Limit (and the Service Provider Sublimit) is sought:
  - (A) within three years from the date of shareholders approval for the last refreshment (or, as the case may be, the date of adoption of the 2023 Share Option Scheme): (1) at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and (2) the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing), provided that the requirements under this paragraph 3(c)(ii)(A) do not apply if the refreshment is made immediately after an issue of securities by the issuer to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and
  - (B) after three years from the date of shareholders approval for the last refreshment (or, as the case may be, the date of adoption of the 2023 Share Option Scheme), the requirements under paragraph 3(c)(ii)(A) shall not be applicable.
- (d) Subject to paragraph 3(a) and without prejudice to paragraph 3(c), the Company may seek separate shareholders' approval in general meeting to grant Options under the 2023 Share Option Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed limit referred to in paragraph 3(c) to Eligible Participants specifically identified by the Company before such approval is sought. The number and terms of Options or Awards to be granted to such participant must be fixed before shareholders' approval. In respect of any Options to be granted, the date of the board meeting for proposing such Grant should be taken as the date of Grant for the purpose of calculating the Subscription Price.

#### 4. Maximum entitlement of each participant

Subject to paragraph 5(b), where any Grant of Options to a grantee under the 2023 Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options or Awards Granted and proposed to be Granted to such person (excluding any Options and Awards lapsed in accordance with the terms of the 2023 Share Option Scheme or the other Share Scheme) under the 2023 Share Option Scheme and any other Share Scheme in the 12-month period up to and including the date of such further Grant representing in aggregate over 1% of the total number of Shares in issue (“**1% Individual Limit**”), such Grant must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting. The number and terms of Options or Awards to be granted to such participant must be fixed before shareholders’ approval. In respect of any Options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

For the purpose of seeking the approval of the Shareholders under this paragraph, the Company must send a circular to the Shareholders containing, among others, the identity of such participant, the number and the terms of the Options to be granted (and options previously granted to such participant in the 12-month period) and such other information required under the Listing Rules.

#### 5. Grant of Options to connected persons

- (a) Without prejudice to paragraph 4 above, the making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the Options or Awards). The requirements for the Grant to a Director or chief executive of the Company set out in this paragraph do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of the Company.
- (b) Where any Grant of Options or Awards to an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of the 2023 Share Option Scheme or the relevant Share Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such Grant of Options or Awards must be approved by the Shareholders in general meeting (with such grantee, his associates and all core connected persons of the Company abstaining from voting in favour). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

- (c) Any change in the terms of Options or Awards granted to any grantee who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the Shareholders in general meeting (with such grantee, his associates and all core connected person of the Company abstaining from voting in favour), if the initial grant of the Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of the 2023 Share Option Scheme). In such connection, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- (d) The requirements for the Grant to a Director or chief executive of the Company set out in paragraphs 5(b) and 5(c) above do not apply where the Eligible Participant is only a proposed Director or a proposed chief executive of the Company.

For the purpose of seeking the approval of the Shareholders under this paragraph, the Company must send a circular to the Shareholders containing the information required under the Listing Rules, including but not limited to, details of the number of and terms of the Options to be granted to each grantee, which must be fixed before the Shareholders' meeting, the views of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options or awards) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the issuer and its shareholders as a whole, and their recommendation to the independent shareholders as to voting, and comply with the requirements under the Listing Rules.

## **6. Acceptance and exercise of Option**

An Offer shall have been accepted by an Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the date of the Offer).

An Option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during a period to be determined and notified by the Directors to the grantee, which period may commence from the date of Offer but shall end in any event not later than 10 years from the date of Offer of that Option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the Offer to a grantee, there is no minimum period required under the 2023 Share Option Scheme for the holding of an Option before it can be exercised.

**7. Vesting period**

The vesting period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:

- (i) an Employee Participant who is a Director or a Senior Manager specifically identified by the Company, the remuneration committee of the Board shall, or
- (ii) an Employee Participant who is not a Director nor a Senior Manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period under the following specific circumstances:
  - (a) grants of “make-whole” Options to a new Employee Participant to replace awards or options such Employee Participant forfeited when leaving his previous employer;
  - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
  - (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
  - (d) grants that are made in batches during a year for administrative and compliance reasons. Such circumstances may include Options that should have been granted earlier but had to wait for subsequent batch, in which case the vesting period may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
  - (e) grants of Options with a mixed or accelerated vesting period schedule such that the Options vest evenly over a period of 12 months.

**8. Performance target and clawback mechanism**

- (a) Unless the Directors otherwise determined and stated in the Offer to a grantee, a grantee is not required to achieve any performance targets before the exercise of an Option granted to him nor be subject to the clawback mechanism referred to in 8(c) below.
- (b) The Directors may provide in the notice of Offer that any Option prior to it being exercised may be subject to clawback or a longer vesting period if any of the clawback events stated in paragraph 8(c) below shall occur.

- (c) In respect of any Option which is performance linked, if any of the following events (“**Clawback Event**”) shall occur during an option period:
- (i) there being a material misstatement in the audited financial statements of the Company that requires a restatement; or
  - (ii) the grantee being guilty of fraud or persistent or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or
  - (iii) if a Grant or the exercise of any Option is linked to any performance targets and the Directors are of the opinion that there occur any circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner,

the Directors may (but are not obliged to) by notice in writing to the grantee concerned (aa) claw back such number of Options (to the extent not being exercised) granted as the Directors may consider appropriate; or (bb) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Directors may consider appropriate. The Options that are clawed back pursuant to this 8(c) will be regarded as cancelled and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

- (d) The term “performance targets” shall mean any one or more performance measures, or derivations of such performance measures that may be related to the individual grantee or the Group as a whole or to a subsidiary, division, department, region, function or business unit of the Company or the relevant Related Entity Participant or the relevant Service Provider, and assessed either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Directors (or, as the case may be, the remuneration committee of the Board) in their sole discretion, including, without limitation, one or more of the criteria as specified in the 2023 Share Option Scheme.

## 9. Subscription for Shares

The Subscription Price in respect of any Option will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the Offer, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of the Offer; and (iii) (where applicable) the nominal value of a Share.

**10. Ranking of Shares**

- (a) Shares allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.
- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification or reconstruction of the share capital of the Company from time to time.

**11. Restrictions on the time of grant of Options**

- (a) No Offer shall be made after inside information has come to the knowledge of the Company until (and including) the trading day after the Company has announced the information. In particular, no Offer may be made during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement; and for the avoidance of doubt, no Offer may be made during any period of delay in publishing a results announcement.
- (b) The Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

**12. Period of the 2023 Share Option Scheme**

The 2023 Share Option Scheme will remain in force for a period of 10 years commencing Adoption Date.

**13. Rights on ceasing employment**

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health, disability or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in paragraph 15 below before the exercising the Option in full, the Option (to the extent vested and not already exercised) will lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of the 2023 Share Option Scheme within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 17 or 18 occur during such period, exercise the Option pursuant to paragraph 17 or 18 respectively. For this purpose, the date of cessation or termination will be taken to be the last day on which the grantee was actually at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not. For the avoidance of doubt, all unvested Options shall be forfeited and cancelled on the date of cessation or termination of employment.

**14. Rights on death, ill-health, disability or retirement**

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health, disability or retirement in accordance with his contract of employment before exercising the Option in full:

- (a) his personal representative(s) or, as appropriate, the grantee may exercise the Option (to the extent vested and not already exercised) in whole or in part in accordance with the provisions of the 2023 Share Option Scheme within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 17 or 18 occur during such period, exercise the Option pursuant to paragraph 17 or 18 respectively;
- (b) in respect of those Options that have met the earliest vesting date as stated in the Offer but have not been vested because the performance targets stated in the Offer have not been satisfied, the Directors may, by reference to the level of attainment of the prescribed performance targets and other equitable factors, determine that the grantee or, his personal representative, may exercise such number of Options and within such time as the Directors may consider appropriate, subject to any conditions or limitations as they may impose.

For the avoidance of doubt, save as provided in the foregoing, all unvested Options shall be forfeited and cancelled on the date of cessation of employment.

**15. Right on dismissal**

If the grantee is an Eligible Employee and ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or any member of the Group into disrepute), his Option (to the extent not already exercised) will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

**16. Rights on breach of contract**

In respect of a grantee other than an Eligible Employee, if the Directors shall at their absolute discretion determine that (i) (aa) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of the Group on the other part; or (bb) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraphs (aa), (bb) and (cc) above, his Option (to the extent not already exercised) will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

**17. Rights on a general offer, a compromise or arrangement**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent vested and not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in accordance with the provisions of the 2023 Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be.

**18. Rights on winding up**

In the event of a resolution being proposed for the voluntary winding-up of the Company during the Option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the 2023 Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his Option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options (whether vested or unvested) then outstanding shall lapse and determine on the commencement of the winding-up.

**19. Grantee being a company wholly-owned by Eligible Participants**

If the grantee is a vehicle (such as a trust or a private company, “**Participant Vehicle**”) for the benefit of an Eligible Participant and any family members of such Eligible Participant (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the 2023 Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules:

- (a) paragraphs (13), (14), (15) and (16) shall apply to the grantee and to the Options granted to such grantee, *mutatis mutandis*, as if such Options had been granted to the relevant individual Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (13), (14), (15) and (16) shall occur with respect to the relevant individual Eligible Participant; and
- (b) the Options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant individual Eligible Participant(s) (or, where the grantee is originally a trust of which the relevant individual Eligible Participants is a beneficiary or discretionary object, on the date the relevant individual Eligible Participant ceases to be a beneficiary or discretionary object) provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

**20. Adjustments to the subscription price**

In the event of a capitalization issue, rights issue, consolidation or sub-division of Shares, or reduction of the share capital of the Company while an Option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to (1) the number of Shares subject to the 2023 Share Option Scheme or any Option relates (insofar as it is/they are unexercised); and/or (2) the Subscription Price of any Option; and/or (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option, provided that (aa) any such adjustment shall give a grantee the same proportion of the issued shares in the Company (round to the nearest whole share) as that to which such grantee was entitled immediately prior to such adjustment; (bb) no such adjustment may be made to the extent that a Share would be issued at less than its nominal value; (cc) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring any such adjustment; and (dd) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

**21. Cancellation of Options**

Save for any breach of the requirement under paragraphs 8 and 23 which shall entitle the Company to cancel the Option granted to the relevant grantee to the extent not already exercised and subject to Chapter 17 of the Listing Rules, any Options granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any unvested Option granted to a grantee or any vested (but not yet exercised) Option and issues new Option(s) to the same grantee, the issue of such new Option(s) may only be made with available Scheme Mandate Limit approved by the Shareholders pursuant to paragraphs 3(a), 3(b), (3)(c) or (3)(d). The Options cancelled shall be regarded as utilized for the purpose of calculating the Scheme Mandate Limit (and the Service Provider Sublimit).

**22. Termination of the 2023 Share Option Scheme**

The Company may by resolution in general meeting at any time terminate the 2023 Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and (subject to vesting in accordance with the terms of the Offer) exercisable in accordance with the 2023 Share Option Scheme.

**23. Rights are personal to the grantee**

- (a) Subject to 23(b) below, an Option shall be personal to the grantee and shall not be transferable or assignable.
- (b) Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a grantee may be allowed to be transferred to a Participant Vehicle for the benefit of the grantee and any family members of such grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the 2023 Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. The Participant Vehicle shall comply with paragraph 23(a) and other provisions of the 2023 Share Option Scheme shall apply, mutatis mutandis, to the Participant Vehicle.

**24. Lapse of Option**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period referred to in paragraph (6);
- (b) the expiry of the periods or dates referred to in paragraphs (13), (15), (16), (17), (18) and (19); and
- (c) the date on which the Directors exercise the Company's right to cancel the Option by reason of a breach of paragraph (23) above by the grantee.

**25. Alteration of the 2023 Share Option Scheme**

- (a) Subject to paragraphs 25(b) to 25(e), the 2023 Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
- (i) the provisions as to the definitions of “Eligible Participants”, “grantee”, “option period” and “termination date”;
  - (ii) the provisions relating to the matters governed by Rule 17.03 of the Listing Rules;

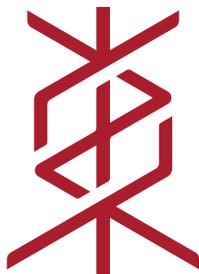
shall not be altered to the advantage of grantees or prospective grantees except with the sanction of a resolution of the Shareholders, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the bye-laws for the time being of the Company for a variation of the rights attached to the Shares.

- (b) Any change to the authority of the Directors or the administrators to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in general meeting.
- (c) Any alterations to the terms and conditions of the 2023 Share Option Scheme which are of a material nature must be approved by the Shareholders in general meeting.
- (d) Any change to the terms of any Options granted to a grantee shall be approved by the Directors, the remuneration committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme.
- (e) The terms of the 2023 Share Option Scheme and/or the Options amended shall comply with the applicable requirements of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**Annual General Meeting**”) of Tokyo Chuo Auction Holdings Limited (“**Company**”) will be held at 11:30 a.m. at Room 2601, 26/F., Wing On Centre, No. 111 Connaught Road Central, Hong Kong on Monday, 4 September 2023 to consider and, if thought fit, transact the following ordinary businesses:

### ORDINARY RESOLUTIONS

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company (the “**Directors**”) and the auditors of the Company for the year ended 31 March 2023;
2. (a) to re-elect, each as a separate resolution, the following person as a Director:
  - (i) Mrs. Ando Eri;
  - (ii) Mr. Sun Hongyue; and
  - (iii) Ms. Lam Suk Ling Shirley;(b) to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
3. to re-appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company and to authorise the Board to fix their remuneration;

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## NOTICE OF ANNUAL GENERAL MEETING

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to consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions:

4. “**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares (each, a “**Share**”) in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution; and
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance, Chapter 622 of the Laws of Hong Kong or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (each, a “**Share**”) in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Ordinance, Chapter 622 of the Laws of Hong Kong and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of Shares in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance, Chapter 622 of the Laws of Hong Kong or any applicable laws to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
  
- 6. “**THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate number of the shares (each, a “**Share**”) in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate number of Shares purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”
  
- 7. “**THAT**:
  - (a) subject to and conditional upon the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be allotted and issued pursuant to the exercise of the share options which may be granted under the new share option scheme of the Company (the “**2023 Share Option Scheme**”), a copy of which is tabled at the Annual General Meeting marked “**A**” and signed by the chairman of the Annual General Meeting for the purpose of identification, the 2023 Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the 2023 Share Option Scheme;
  
  - (b) the scheme mandate limit, being the maximum number of Shares which may be issued in respect of all options or awards to be granted under the 2023 Share Option Scheme and any other share scheme(s) of the Company, of 10% of the number of Shares in issue as at the date of passing of this resolution be and is hereby approved and adopted; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) conditional upon the 2023 Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 13 September 2018 (the “**2018 Share Option Scheme**”) be and is hereby terminated (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the 2018 Share Option Scheme prior to the date of the passing of this resolution).”
8. “**THAT**, conditional upon the passing of resolution numbered 7, the Service Provider Sublimit (as defined in the 2023 Share Option Scheme) on the total number of Shares that may be issued in respect of all share options or share awards to be granted to Service Providers (as defined in the 2023 Share Option Scheme) under the 2023 Share Option Scheme, or all other share schemes of the Company (i.e. 1% of the shares of the Company in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

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, 28 July 2023

*Registered office:*  
Room 2601, 26/F  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

*Head office and principal place of  
business in Japan:*  
2/F and 3/F  
Kyobashi-Square  
3-7-5 Kyobashi  
Chuo-ku  
Tokyo  
Japan

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## NOTICE OF ANNUAL GENERAL MEETING

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### Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time of the above meeting (i.e. by 11:30 a.m. on Saturday, 2 September 2023) or any adjourned meeting (as the case may be).
3. For the purpose of determining members who are qualified for attending the annual general meeting, the register of members of the Company will be closed from Tuesday, 29 August 2023 to Monday, 4 September 2023, both days inclusive, during which no transfer of share will be effected. In order to qualify for attending the annual general meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 28 August 2023 for registration.
4. In relation to proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders of the Company for the grant to the Directors a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors wish to state that they will exercise the powers conferred thereby to allot and issue Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole.
5. In relation to proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to the circular of which this notice of the annual general meeting forms part.
6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto to, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Share shall alone be entitled to vote in respect thereof.

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## NOTICE OF ANNUAL GENERAL MEETING

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8. References to time and dates in this notice are to Hong Kong time and dates.
9. If tropical cyclone warning signal no. 8 or above is hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force at 7:00 a.m. on Monday, 4 September 2023, the annual general meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The annual general meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the annual general meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.