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Virtual Mind Holding Company Limited **天機控股有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

CONNECTED TRANSACTIONS IN RELATION TO **(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND** **(2) SALE AND PURCHASE OF SHARES**

THE SUBSCRIPTION

The Board is pleased to announce that on 10 October 2024 (after trading hours), the Company and King Castle (as the subscriber) entered into the Subscription Agreement, pursuant to which the Company contemplates to allot and issue, and King Castle is desirous of subscribing for, up to 100,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

As at the date of this announcement, the Company has 2,495,276,324 Shares in issue. The 100,000,000 Subscription Shares represent (i) approximately 4.01% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the 100,000,000 Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Subscription Completion Date).

The Subscription Price of HK\$0.10 represents (i) a premium of approximately 13.64% over the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 38.89% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The gross proceeds from the Subscription will be up to HK\$10,000,000. The net proceeds from the Subscription (after deduction of relevant expenses of the Subscription) will amount to approximately up to HK\$9.85 million. The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.0985 per Subscription Share. The Company intends to apply the net proceeds as general working capital of the Group.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

THE SALE AND PURCHASE OF SHARES

The Board is also pleased to announce that on 10 October 2024 (after trading hours), the Company and King Castle (as the purchaser) entered into the Shares Transfer Agreement, pursuant to which the Company shall sell and King Castle shall purchase 60,000,000 Sale Shares at the Sale Price of HK\$0.088 per Sale Share.

As disclosed in the interim report of the Company for the six months ended 30 June 2024, the Company repurchased 60,000,000 Shares at nil consideration on 11 July 2024 pursuant to the escrow arrangement in respect of the acquisition of Dreamtoys Group which were put in the reserves of the Company for future uses, including, but not limited to (i) disposal to finance the funding needs of the Group; (ii) as shares incentives for the employees; or (iii) settlement of consideration for any possible merger and acquisition. The Company intends to dispose the said 60,000,000 Shares pursuant to the Shares Transfer Agreement.

As at the date of this announcement, the Company has 2,495,276,324 Shares in issue. The 60,000,000 Sale Shares represent approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement.

The Sale Price of HK\$0.088 (i) is equal to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the date of the Shares Transfer Agreement; and (ii) represents a premium of approximately 22.22% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Shares Transfer Agreement.

The gross proceeds from the Shares Transfer will be HK\$5,280,000. The net proceeds from the Shares Transfer (after deduction of relevant expenses of the Shares Transfer) will amount to approximately HK\$5.13 million. The Company intends to apply the net proceeds as general working capital of the Group.

The Shares Transfer will be subject to the approval to be sought from the Independent Shareholders at the EGM.

LISTING RULES IMPLICATIONS

As at the date of the Subscription Agreement and the Shares Transfer Agreement, King Castle

is a substantial shareholder of the Company holding 330,000,000 Shares, representing approximately 13.22% of the total issued Shares, and is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director. As such, King Castle is an associate of Mr. Wong and regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription and the Shares Transfer respectively constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to Independent Shareholders' approval by way of poll at the EGM. As Mr. Wong is considered to have material interest in the Subscription and the Shares Transfer, he had abstained from voting on the Board resolutions of the Company in relation to the Subscription, the Shares Transfer and the transactions contemplated thereunder. Any Shareholder who has a material interest in the Subscription and the Shares Transfer must abstain from voting at the EGM on the resolutions in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

Shareholders who are interested in the Subscription and/or the Shares Transfer will be required to abstain from voting in respect of the relevant resolution(s) to approve (i) the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement and the transaction contemplated under the Subscription Agreement; and (ii) the Shares Transfer pursuant to the Shares Transfer Agreement at the EGM.

King Castle and its associates (including Mr. Wong) (to the extent they have an existing interest in the Shares) will abstain from voting at the EGM on the resolutions in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforementioned, as at the date of this announcement, no other Shareholder is required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Subscription Agreement, the Shares Transfer Agreement and

the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 1 November 2024.

As the completion of the respective Subscription and the Shares Transfer is subject to the satisfaction of the conditions precedent set out in the respective Subscription Agreement and the Shares Transfer Agreement, the Subscription and/or the Shares Transfer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION

The Board is pleased to announce that on 10 October 2024 (after trading hours), the Company and King Castle (as the subscriber) entered into the Subscription Agreement, pursuant to which the Company contemplates to allot and issue, and King Castle is desirous of subscribing for, up to 100,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

The Subscription Agreement

Principal terms of the Subscription Agreement are as follows:

Date: 10 October 2024 (after trading hours)

Issuer: The Company

Subscriber: King Castle

(each a “**Subscription Party**” and collectively, the “**Subscription Parties**”)

Number of Subscription Shares

As at the date of this announcement, the Company has 2,495,276,324 Shares in issue. The 100,000,000 Subscription Shares represent (i) approximately 4.01% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.85% of the issued share capital of the Company as enlarged by the allotment and issue of the 100,000,000 Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Subscription Completion Date). The aggregate nominal value of the maximum number of the Subscription Shares under the Subscription will be HK\$1,000,000.

Subscription Price

The Subscription Price of HK\$0.10 represents (i) a premium of approximately 13.64% over the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 38.89% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and King Castle. The Directors (excluding Mr. Wong who abstained since he is considered to have material interest in the Subscription as described in the paragraph headed **"INFORMATION ON KING CASTLE"** and the independent non-executive Directors who will give their view on the Subscription Agreement and the transaction contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent of the Subscription

Completion of the Subscription shall be subject to the satisfaction and/or fulfilment of such conditions precedent as set out in the Subscription Agreement:

- (a) the Company having obtained all necessary consent and approval in respect of the Specific Mandate and the Subscription;
- (b) the Company having obtained from the Listing Committee the approval for the listing of, and permission to deal in, the Subscription Shares, and such permission remaining valid until the completion of the Subscription;
- (c) King Castle having obtained all necessary consent and approval in respect of the Subscription;
- (d) listing status of the Shares not having been revoked, cancelled, withdrawn or suspended, or further or in the alternative, threatened with any revocation, cancellation, withdrawal or suspension at any time prior to completion of the Subscription;
- (e) all the representations and warranties of the Company pursuant to the Subscription Agreement having remained true, accurate and not misleading in all material aspects, and remaining so until the completion of the Subscription; and
- (f) all the representations and warranties of King Castle pursuant to the Subscription Agreement having remained true, accurate and not misleading in all material aspects, and remaining so until the completion of the Subscription.

Save and except that such condition precedent (e) above which may be waived by King Castle unilaterally at any time prior to the Subscription Longstop Date by notice in writing to the Company, and that such condition precedent (f) above which may be waived by the Company unilaterally at any time prior to the Subscription Longstop Date by notice in writing to King Castle, no other conditions precedent can be waived by any Subscription Party, and the Company shall use its best endeavour to ensure that the conditions precedent (a), (b), (d) and (e) above (in case such condition precedent (e) above have not been waived by King Castle in accordance with the Subscription Agreement) shall be fulfilled and satisfied as soon as possible after the execution of the Subscription Agreement, and in any event, no later than the Subscription Longstop Date, and likewise, King Castle shall use its best endeavour to ensure that such conditions precedent (c) and (f) above (in case such condition precedent (f) above have not been waived by the Company in accordance with the Subscription Agreement) shall be fulfilled and satisfied as soon as possible after the execution of the Subscription Agreement, and in any event, no later than the Subscription Longstop Date.

Save as otherwise stated, if any of the conditions precedent (a) to (f) above (save and except such conditions precedent having been waived in accordance with the above paragraph) shall not have been fulfilled by 5:00 p.m. on the Subscription Longstop Date, the Subscription Agreement shall, unless the Subscription Parties agree in writing to postpone the Subscription Longstop Date to a subsequent Business Day, automatically terminate and cease to be of any effect except for certain clauses in the Subscription Agreement which shall remain in force, and none of the Subscription Parties shall have any claim of any nature or liabilities thereunder whatsoever against the other Subscription Party save for any antecedent breaches of the terms thereof.

Completion of the Subscription

Completion of the Subscription shall take place at 4:00 p.m. on the Subscription Completion Date (or such other time as the Subscription Parties may otherwise agree) when each Subscription Party shall perform its respective obligations pursuant to the Subscription Agreement.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Ranking of the Subscription Shares

The Subscription Shares will be issued fully paid up and ranking *pari passu* in all respects, including as to the right to receive all dividends and other distributions which may be declared, made or paid after completion of the Subscription and will be issued free and clear of all encumbrances.

Listing Application

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

THE SHARES TRANSFER

The Board is also pleased to announce that on 10 October 2024 (after trading hours), the Company and King Castle entered into the Shares Transfer Agreement, pursuant to which the Company shall sell and King Castle shall purchase 60,000,000 Sale Shares at the Sale Price of HK\$0.088 per Sale Share.

The Shares Transfer Agreement

Principal terms of the Shares Transfer Agreement are as follows:

Date: 10 October 2024 (after trading hours)

Vendor: The Company

Purchaser: King Castle

(each a “**Transfer Party**” and collectively, the “**Transfer Parties**”)

Number of Sale Shares

As disclosed in the interim report of the Company for the six months ended 30 June 2024, the Company repurchased 60,000,000 Shares at nil consideration on 11 July 2024 pursuant to the escrow arrangement in respect of the acquisition of Dreamtoys Group which were put in the reserves of the Company for future uses, including, but not limited, to (i) disposal to finance the funding needs of the Group; (ii) as shares incentives for the employees; or (iii) settlement of consideration for any possible merger and acquisition. The Company intends to dispose the said 60,000,000 Shares pursuant to the Shares Transfer Agreement.

As at the date of this announcement, the Company has 2,495,276,324 Shares in issue. The 60,000,000 Sale Shares represent approximately 2.41% of the existing issued share capital of the Company as at the date of this announcement.

Sale Price

The Sale Price of HK\$0.088 (i) is equal to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the date of the Shares Transfer Agreement; and (ii) represents a premium of approximately 22.22% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Shares Transfer Agreement.

Upon signing of the Shares Transfer Agreement, King Castle has paid to the Company a deposit in the amount of HK\$528,000, being 10% of the total consideration of the Sale Shares. The deposit shall be refunded to King Castle if the Shares Transfer Agreement was terminated pursuant to the terms of the Shares Transfer Agreement.

The Sale Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and King Castle. The Directors (excluding Mr. Wong who abstained since he is considered to have material interest in the Shares Transfer as described in the paragraph headed "**INFORMATION ON KING CASTLE**") and the independent non-executive Directors who will give their view on the Shares Transfer Agreement and the transaction contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Shares Transfer Agreement (including the Sale Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent of the Shares Transfer

Completion shall be subject to the satisfaction and/or fulfilment of the following conditions precedent:

- (a) the Company having obtained all necessary consent and approval in respect of the Shares Transfer Agreement and the transaction contemplated thereunder;
- (b) King Castle having obtained all necessary consent and approval in respect of the Shares Transfer;
- (c) listing status of the Shares not having been revoked, cancelled, withdrawn or suspended, or further or in the alternative, threatened with any revocation, cancellation, withdrawal or suspension at any time prior to the Shares Transfer Completion;
- (d) all Company's warranties having remained true, accurate and not misleading in all material aspects, and remaining so until the Shares Transfer Completion; and
- (e) all King Castle's warranties having remained true, accurate and not misleading in all material aspects, and remaining so until the Shares Transfer Completion.

Save and except that such condition precedent (d) above which may be waived by King Castle unilaterally at any time prior to the Shares Transfer Longstop Date by notice in writing to the Company, and that such condition precedent (e) which may be waived by the Company unilaterally at any time prior to the Shares Transfer Longstop Date by notice in writing to King Castle, no other conditions precedent can be waived by any Transfer Party.

Save as otherwise stated, if any of the above conditions precedent (save and except such conditions precedent having been waived in accordance with the above paragraph) shall not have been fulfilled by 5:00 p.m. on the Shares Transfer Longstop Date, the Shares Transfer Agreement shall, unless the Transfer Parties agree in writing to postpone the Shares Transfer Longstop Date to a subsequent Business Day, automatically terminate and cease to be of any effect except for certain clauses in the Shares Transfer Agreement which shall remain in force,

and none of the Transfer Parties shall have any claim of any nature or liabilities thereunder whatsoever against the other Transfer Party save for any antecedent breaches of the terms thereof.

Completion of the Shares Transfer

Completion of the Shares Transfer shall take place at 4:00 p.m. on the Shares Transfer Completion Date (or such other time as the Transfer Parties may otherwise agree) when each Transfer Party shall perform its respective obligations pursuant to the Shares Transfer Agreement.

The Shares Transfer will be subject to the approval to be sought from the Independent Shareholders at the EGM.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE SHARES TRANSFER

The Subscription and the Shares Transfer reflect the confidence and support for the development of the Company by King Castle. The Subscription and the Shares Transfer will further strengthen the capital base and financial position of the Company. In particular, it is expected that the proceeds from the Subscription and the Shares Transfer will be used for the purpose as set out in the paragraph headed “**USE OF PROCEEDS FROM THE SUBSCRIPTION AND THE SHARES TRANSFER**” below.

The Directors (excluding Mr. Wong who abstained since he is considered to have material interest in the Subscription and the Shares Transfer as described in the paragraph headed “**INFORMATION ON KING CASTLE**” and the independent non-executive Directors who will give their view on the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the respective Subscription Agreement and the Shares Transfer Agreement is on normal commercial terms, the terms of the Subscription Agreement (including the Subscription Price) and the Shares Transfer Agreement (including the Sale Price) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Completion of the Subscription Agreement and the Shares Transfer Agreement is not inter-conditional upon each other.

USE OF PROCEEDS FROM THE SUBSCRIPTION AND THE SHARES TRANSFER

The gross proceeds from the Subscription will be up to HK\$10,000,000. The net proceeds from the Subscription (after deduction of relevant expenses of the Subscription) will amount to approximately up to HK\$9.85 million. The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.0985 per Subscription Share. The Company intends to apply the net proceeds as general working capital of the Group.

The gross proceeds from the Shares Transfer will be HK\$5,280,000. The net proceeds from the Shares Transfer (after deduction of relevant expenses of the Shares Transfer) will amount to approximately HK\$5.13 million. The Company intends to apply the net proceeds as general working capital of the Group.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) design, manufacturing and trading of apparels; (ii) provision of money lending business; and (iii) sale of trendy and cultural products business.

INFORMATION ON KING CASTLE

King Castle is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of the Subscription Agreement and the Shares Transfer Agreement, King Castle is a substantial shareholder of the Company holding 330,000,000 Shares as at the date of this announcement, representing approximately 13.22% of the total issued Shares, and is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director, and therefore King Castle is an associate of Mr. Wong and hence a connected person of the Company under Chapter 14A of the Listing Rules.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is a summary of the equity fund raising activities of the Company during the past 12 months immediately before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds
29 November 2023, 18 January 2024 and 4 March 2024	Issue of new shares under general mandate by way of subscription	approximately HK\$3.45 million	approximately HK\$3.45 million for provision of general working capital of the Group	Used the net proceeds of approximately HK\$3.45 million for provision of general working capital of the Group
20 October 2023, 10 November 2023, 13 November 2023, 5 December 2023, 5 January 2024 and 2 February 2024	(I) Placing of new shares under general mandate; and	approximately HK\$10.9 million	(i) approximately HK\$19 million for repayment of outstanding liabilities; and (ii) approximately HK\$20.2 million for provision of general working capital	Used the net proceeds of HK\$9.1 million for repayment of outstanding liabilities and the balance of HK\$1.8 million as general working capital

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds
	(II) Previous Subscription	Nil	(i) approximately HK\$37 million for existing projects' business development; and (ii) approximately HK\$12.5 million for future possible investment opportunities	The subscription agreement was lapsed on 31 January 2024
2 February 2024, 27 February 2024, 8 April 2024, 16 May 2024 and 30 May 2024	(I) Issue of new shares under specific mandate by way of subscription; and	Nil	(i) approximately HK\$9.79 million for repayment of outstanding liabilities; (ii) approximately HK\$11.88 million for provision of general working capital; and (iii) approximately HK\$18.05 million for existing projects' business development	The conditions precedent of the subscription agreement were not fulfilled, satisfied and/or waived, and the subscription was not completed on 30 May 2024
	(II) Connected transaction in relation to the issue of new shares under specific mandate by way of subscription	approximately HK\$32.4 million	(i) approximately HK\$9.79 million for repayment of outstanding liabilities; (ii) approximately HK\$11.88 million for provision of general working capital; and (iii) approximately HK\$18.05 million for existing projects' business development	Used the net proceeds of (i) approximately HK\$5.4 million for repayment of outstanding liabilities; (ii) approximately HK\$10.6 million for provision of general working capital; and (iii) approximately HK\$16.4 million for existing projects' business development

Save as disclosed above, the Company has not carried out any other equity fund raising activities in the past 12 months immediately before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming immediately upon the allotment and issue of the maximum of 100,000,000 Subscription Shares (assuming there is no other change to the number of the issued Shares from the date of this announcement to the Subscription Completion Date); (iii) assuming immediately upon the completion of the Shares Transfer (assuming there is no other change to the number of the issued Shares from the date of this announcement to the Shares Transfer Completion Date); and (iv) assuming immediately upon the allotment and issue of the maximum of 100,000,000 Subscription Shares and the completion of the Shares Transfer (assuming there is no other change to the number of the issued Shares from the date of this announcement to the Subscription Completion Date and the Shares Transfer Completion Date).

	(i) As at the date of this announcement		(ii) Assuming immediately after completion of the Subscription		(iii) Assuming immediately after completion of the Shares Transfer		(iv) Assuming immediately after completion of the Subscription and the Shares Transfer	
	<i>Number of Shares</i>	<i>Approx.</i>	<i>Number of Shares</i>	<i>Approx.</i>	<i>Number of Shares</i>	<i>Approx.</i>	<i>Number of Shares</i>	<i>Approx.</i>
Directors								
Mei Weiyi	15,000,000	0.60%	15,000,000	0.58%	15,000,000	0.60%	15,000,000	0.58%
Tang Shu Pui Simon (Note 1)	5,000,000	0.20%	5,000,000	0.19%	5,000,000	0.20%	5,000,000	0.19%
Chan Ming Leung Terrence (Note 2)	15,840,000	0.64%	15,840,000	0.61%	15,840,000	0.64%	15,840,000	0.61%
Substantial Shareholders								
King Castle	330,000,000	13.22%	430,000,000	16.57%	390,000,000	15.63%	490,000,000	18.88%
World Field Industries Limited	283,994,000	11.38%	283,994,000	10.94%	283,994,000	11.38%	283,994,000	10.94%
Others								
Treasury Shares	60,000,000	2.41%	60,000,000	2.31%	-	-	-	-
Public Shareholders	1,785,442,324	71.55%	1,785,442,324	68.80%	1,785,442,324	71.55%	1,785,442,324	68.80%
Total	<u>2,495,276,324</u>	<u>100.00%</u>	<u>2,595,276,324</u>	<u>100.00%</u>	<u>2,495,276,324</u>	<u>100.00%</u>	<u>2,595,276,324</u>	<u>100.00%</u>

Notes:

1. These 5,000,000 Shares are beneficially owned by Tang Shu Pui Simon, an independent non-executive Director. He is also the beneficial owner of 2,000,000 options of the Company.
2. These 15,840,000 Shares are beneficially owned by Chan Ming Leung Terence, an executive Director. He is also the beneficial owner of 2,060,000 options of the Company.
3. Based on the disclosure of interests forms filed on 19 July 2022, World Field Industries Limited is owned as to 100% by Green Astute Limited, which is in turn owned as to 100% by Hao Tian Media & Culture Holdings Limited, which is in turn owned as to 100% by Aceso Life Science Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474).

LISTING RULES IMPLICATIONS

As at the date of the Subscription Agreement and the Shares Transfer Agreement, King Castle is a substantial shareholder of the Company holding 330,000,000 Shares, representing approximately 13.22% of the total issued Shares, and is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director. As such, King Castle is an associate of Mr. Wong and regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription and the Shares Transfer respectively constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to Independent Shareholders' approval by way of poll at the EGM. As Mr. Wong is considered to have material interest in the Subscription and the Shares Transfer, he had abstained from voting on the Board resolutions of the Company in relation to the Subscription and the Shares Transfer and the transactions contemplated thereunder. Any Shareholder who has a material interest in the Subscription and the Shares Transfer must abstain from voting at the EGM on the resolutions in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

Shareholders who are interested in the Subscription and/or the Shares Transfer will be required to abstain from voting in respect of the relevant resolution(s) to approve (i) the grant of the Specific Mandate to allot and issue the Subscription Shares pursuant to the Subscription Agreement and the transaction contemplated under the Subscription Agreement; and (ii) the Shares Transfer pursuant to the Shares Transfer Agreement at the EGM.

King Castle and its associates (including Mr. Wong) (to the extent they have an existing interest in the Shares) will abstain from voting at the EGM on the resolutions in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the aforementioned, as at the date of this announcement, no other Shareholder is required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 1 November 2024.

As the completion of the respective Subscription and the Shares Transfer is subject to the satisfaction of the conditions precedent set out in the respective Subscription Agreement and the Shares Transfer Agreement, the Subscription and/or the Shares Transfer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

TERMS AND DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm warning signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dreamtoys Group”	Dreamtoys Inc. and its subsidiaries
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and, if thought fit, approving the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department of the Hong Kong Government in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising of all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder

“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting at the EGM for the resolutions to approve the Subscription Agreement, the Shares Transfer Agreement and the transactions contemplated thereunder
“King Castle”	King Castle Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Wai Kai Richard, an executive Director
“Previous Subscription”	the connected transaction in relation to subscription of new shares under specific mandate pursuant to the the conditional subscription agreement entered into between the Company and King Castle dated 20 October 2023 in relation to the subscription of 500,000,000 Shares, details of which were set out in the announcements of the Company dated 20 October 2023, 10 November 2023, 13 November 2023, 5 January 2024 and 2 February 2024
“Sale Price”	HK\$0.088 per Sale Share
“Sale Shares” or “Treasury Shares”	60,000,000 Shares held under the reserves of the Company
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shares Transfer”	the transfer of Sale Shares to King Castle pursuant to the Shares Transfer Agreement
“Shares Transfer Agreement”	the conditional shares transfer agreement entered into between the Company and King Castle dated 10 October 2024 in relation to the Shares Transfer
“Shares Transfer Completion”	Completion of the Shares Transfer

“Shares Transfer Completion Date”	any Business Day within a period of ten (10) Business Days after the fulfilment and/or satisfaction (or waiver, as appropriate) of the conditions precedent of the Shares Transfer Agreement
“Shares Transfer Longstop Date”	31 December 2024
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Board by the Independent Shareholders at the EGM for the allotment and issuance of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the issuing by the Company and the subscription by King Castle of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and King Castle dated 10 October 2024 in relation to the Subscription
“Subscription Completion Date”	any Business Day within a period of ten (10) Business Days after the fulfilment and/or satisfaction (or waiver, as appropriate) of the conditions precedent of the Subscription Agreement
“Subscription Longstop Date”	31 December 2024
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Shares”	up to 100,000,000 new Shares to be allotted and issued by the Company to King Castle pursuant to the Subscription Agreement under the Specific Mandate
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

By order of the Board
Virtual Mind Holding Company Limited
Li Yang
Executive Director

Hong Kong, 10 October 2024

As at the date of this announcement, the executive Directors are Mr. Mei Weiyi, Mr. Li Yang, Ms. Tin Yat Yu Carol, Mr. Chan Ming Leung Terence, Mr. Gong Xiaohan and Mr. Wong Wai Kai Richard; and the independent non-executive Directors are Mr. Tang Shu Pui Simon, Mr. Hon Ming Sang and Ms. Lo Wing Sze BBS, JP.