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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Virtual Mind Holding Company Limited** (the “**Company**”), you should at once hand this circular together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

### PROPOSALS FOR **(I) GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES; (II) RE-ELECTION OF RETIRING DIRECTORS; (III) ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME; AND NOTICE OF ANNUAL GENERAL MEETING**

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Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A notice convening the AGM to be held at Room 2511-15, 25/F, Peninsula Tower, 538 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 11:00 a.m. on Friday, 9 June 2023, in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the government of Hong Kong at or any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong, at the same time and place on the second Business Day after 9 June 2023 or any adjournment thereof, is set out on pages 40 to 45 of this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

17 May 2023

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Room 2511-15, 25/F, Peninsula Tower, 538 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 11:00 a.m. on Friday, 9 June 2023, or in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the government of Hong Kong at or any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong, at the same time and place on the second Business Day after 9 June 2023 or any adjournment thereof, a notice of which is set out on pages 40 to 45 of this circular
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the government of Hong Kong at any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong; and on which banks in Hong Kong are generally open for business
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participants”	has the meaning as defined in “Appendix III – Summary of the Principal Terms of the New Share Option Scheme – New Share Option Scheme – 2. Who may join” in this circular

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## DEFINITIONS

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“Existing Share Option Scheme”	the share option scheme adopted by the Company on 22 November 2013
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“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 PRC
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with additional Shares up to 20% of the total number of the issued shares of the Company as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	11 May 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Shareholders at the AGM
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Option(s)”	option(s) to subscribe for Shares pursuant to the New Share Option Scheme
“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to repurchase the Shares not exceeding 10% of the total number of the issued shares of the Company as at the date of passing of the relevant resolution at the AGM
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. LI Yang (*Chairman*)  
Ms. TIN Yat Yu Carol  
Mr. CHEUNG Ka Lung  
Mr. CHAN Ming Leung Terence  
Mr. GONG Xiaohan

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. TANG Shu Pui Simon  
Mr. HON Ming Sang  
Ms. LO Wing Sze *BBS, JP*

*Head office and principal place  
of business in Hong Kong:*

Room 2511-15, 25/F,  
Peninsula Tower,  
538 Castle Peak Road,  
Cheung Sha Wan,  
Kowloon, Hong Kong

17 May 2023

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
(I) GRANT OF GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES;  
(II) RE-ELECTION OF RETIRING DIRECTORS;  
(III) ADOPTION OF NEW SHARE OPTION SCHEME  
AND TERMINATION OF EXISTING SHARE OPTION SCHEME;  
AND NOTICE OF ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the AGM which include, among other matters, the approval of the (i) grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (ii) re-election of the retiring Directors; and (iii) adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme; and to give you notice of the AGM.

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## LETTER FROM THE BOARD

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### 2. PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 21 June 2022, the Directors were granted a general mandate to allot, issue and deal with additional Shares and a general mandate to repurchase Shares. These mandates will expire at the conclusion of the AGM. At the AGM, among other businesses, resolutions will be proposed to grant the Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors.

The Directors believe that the renewal of these mandates is in the interests of the Company and the Shareholders as a whole.

Accordingly, the following ordinary resolutions will be proposed at the AGM for the Shareholders to consider and approve:-

- (a) the granting of the Issue Mandate (resolution numbered 5) so that the Directors will be able to allot, issue and deal with additional Shares up to 20% of the total number of the issued shares of the Company as at the date of the AGM;
- (b) the granting of the Repurchase Mandate (resolution numbered 6) so that the Directors are authorised to purchase Shares on the Stock Exchange up to 10% of the total number of the issued shares of the Company as at the date of the AGM; and
- (c) the granting of the Extension Mandate (resolution numbered 7) so that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares, which may be allotted and issued under the Issue Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the end of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; and (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of AGM, the Directors will be authorised to issue up to a maximum of 403,514,864 Shares pursuant to the Issue Mandate based on 2,017,574,324 Shares in issue as at the Latest Practicable Date.

An explanatory statement, giving certain information regarding the Repurchase Mandate, is set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### 3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 84 of the Articles, the following persons shall retire by rotation at the AGM and, being eligible, offer themselves for re-election as Directors at the AGM:-

***Executive Director:***

Mr. LI Yang

***Independent non-executive Executive Directors:***

Mr. HON Ming Sang

Ms. LO Wing Sze

**Recommendation of the Nomination Committee**

On 30 March 2023, the Nomination Committee of the Company (the “**Nomination Committee**”) having reviewed the Board’s composition with reference to the nomination policy (the “**Nomination Policy**”) laid down by the Board, nominated Mr. LI Yang, Mr. HON Ming Sang and Ms. LO Wing Sze to the Board for it to recommend to Shareholders for re-election at the AGM. The Nomination Committee was satisfied with the independence of each of Mr. HON Ming Sang and Ms. LO Wing Sze with reference to the criteria as set out under Rule 3.13 of the Listing Rules.

Mr. LI Yang and Mr. HON Ming Sang, who are members of the Nomination Committee, abstained from discussing and voting on the nomination when each of them was being considered. The nominations were made in accordance with the Nomination Policy and the diversity aspects (including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge), as set out under the board diversity policy of the Company, were considered.

On 30 March 2023, the Board accepted Nomination Committee’s nominations and recommended them to stand for re-election by Shareholders at the AGM. The Board considers that the re-election of above-named Directors is in the best interests of the Company and Shareholders as a whole. Mr. LI Yang, Mr. HON Ming Sang and Ms. LO Wing Sze abstained from discussion and voting at the Board meeting regarding their respective nominations.

Brief biographical details of the above retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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#### 4. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

##### Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 22 November 2013 for the purpose of enabling the Company to grant options to the eligible participants as incentives or rewards for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants of the Group under the Existing Share Option Scheme include any employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary of the Company (including any director of the company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, have contributed or may contribute to the Group.

The Existing Share Option Scheme is valid and effective for a period of 10 years from 22 November 2013. Pursuant to the terms of the Existing Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the Existing Share Option Scheme and any other share option scheme(s) adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not in aggregate exceed 10% of the aggregate number of Shares initially in issue as at the date of approval of the adoption of the Existing Share Option Scheme, which was equivalent to 60,000,000 Shares.

On 8 December 2021, the Company for the first time granted 60,000,000 options, resulting that the initial scheme mandate limit was fully utilised. At the extraordinary general meeting of the Company held on 25 March 2022, such initial scheme mandate limit was refreshed pursuant to which the Company was authorised to grant options to subscribe for up to a maximum number of 179,026,737 Shares, representing 10% of the number of Shares then in issue. On 19 April 2022, the Company further granted 87,100,000 options. At the annual general meeting of the Company held on 21 June 2022, the aforesaid refreshed scheme mandate limit was refreshed again pursuant to which the Company was authorised to grant options to subscribe for up to a maximum number of 179,026,737 Shares, representing 10% of the number of Shares then in issue. On 17 January 2023, the Company further granted 168,850,000 options.

As at the Latest Practicable Date, the Company granted options relating to 315,950,000 underlying Shares to eligible participants of the Group under the Existing Share Option Scheme, representing approximately 15.66% of the total issued Shares as at the Latest Practicable Date. 7,200,000 options had been exercised and 19,000,000 options had been lapsed. As at the Latest Practicable Date, options relating to 289,750,000 underlying Shares are valid and outstanding, and remain valid under the Existing Share Option Scheme after the Existing Share Option Scheme is terminated.

## LETTER FROM THE BOARD

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

Category of Grantees	Date of grant	Validity period of the options	Vesting period of the options	Exercise Price	Balance at the Latest Practicable Date
<b>Directors</b>					
Li Yang	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	16,900,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	19,800,000
Tin Yat Yu Carol	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	16,900,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	19,800,000
Cheung Ka Lung	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	2,000,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	3,000,000
Chan Ming Leung Terence	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	2,000,000
	19/04/2022	19/04/2022-18/04/2027	19/04/2022-18/04/2027	HK\$0.278	8,700,000
Gong Xiaohan	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	16,900,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	19,800,000
Tang Shu Pui Simon	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	1,000,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	1,000,000
Hon Ming Sang	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	1,000,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	1,000,000
Lo Wing Sze	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	1,000,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	1,000,000
<b>Employees and personnel of the Group</b>	08/12/2021	08/12/2021-07/12/2026	08/12/2021-07/12/2026	HK\$0.155	2,250,000
	19/04/2022	19/04/2022-18/04/2027	19/04/2022-18/04/2027	HK\$0.278	16,450,000
	17/01/2023	17/01/2023-16/01/2033	17/01/2024-16/01/2033	HK\$0.230	103,450,000
<b>Consultant</b> <sup>Notes 1, 3</sup>	19/04/2022	19/04/2022-18/04/2027	19/04/2022-18/04/2027	HK\$0.278	17,900,000
<b>Service provider</b> <sup>Notes 2, 3</sup>	19/04/2022	19/04/2022-18/04/2027	19/04/2022-18/04/2027	HK\$0.278	17,900,000
<b>Total:</b>					<b>289,750,000</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. The consultant was granted with Options in lieu of any cash payment as remuneration for her service as a consultant to the Board. She provides her expertise to bring the Company into a specialised market and assists the Company to expand its business network to China more extensively and Europe.
2. The service provider in rendering its services to the Company, offered a special rate of monthly retainer fee less than its usual rate in exchange for the grant of the Options. It helps the Company to formulate business plans, organise marketing campaigns, solicit potential business partners and customers in Middle East etc.
3. The grant to the consultant and the service provider would align their interests with that of the Group, incentivising them to provide better services to the Group and/or contribute to the success of the Group in the long run while the Group would be able to preserve its cash resources.

The Board confirms that it will not grant any further options under the Existing Share Option Scheme prior to the AGM. Save as aforesaid, there were no outstanding options which entitle the holders to subscribe for Shares as at the Latest Practicable Date.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the termination of the Existing Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that have already been granted under the Existing Share Option Scheme and the above outstanding options granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme.

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

### **New Share Option Scheme**

In view of the amendments to the Listing Rules in relation to share option scheme with effect from 1 January 2023, the Board proposes to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme. An ordinary resolution will be proposed at the AGM for approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. So far as the Directors are aware, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting on the said resolution.

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## LETTER FROM THE BOARD

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The purposes of the New 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.

**(a) Scope of Eligible Participants**

Eligible Participants under the New Share Option Scheme will include any person belonging to the following classes of participants:

- **Employee Participant**, being an employee, director or officer of the Group (including a person who is granted Options under the New Share Option Scheme as an inducement to enter into employment contract with the Company or the relevant member(s) of the Group);
- **Related Entity Participant**, being an employee, director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate” of the Company (as defined in the Listing Rules); and
- **Service Provider Participant**, being a person (including an entity) that falls under one of the below sub-categories and that 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 as determined by the Board:

	<b>Category</b>	<b>Eligibility</b>
(i)	Consultants	person (as independent contractor, consultant, advisor or otherwise), that provides support or any advisory, consultancy, professional or other services to any members of the Group on a regular or recurring basis, who are not engaged as employees of the Group, and have specialties or expertise in areas that supplement the Group’s operations (for example, consultants in the areas of intellectual property (“IP”) application, media and promotion, strategic or commercial planning)
(ii)	Suppliers	supplier of goods or services to any member of the Group on a regular or recurring basis (for example, retailers that the Group collaborates with for its IP application and product commercialisation), with which the Group would consider important to maintain a close business relationship on an ongoing basis

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## LETTER FROM THE BOARD

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Category	Eligibility
(iii) Business partners	business partner, including joint venture partner, franchisee, contractor, agent or other contractual party, of any members of the Group that work with the Group on a regular or recurring basis (for example, long-term business promoters and collaborators), with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis

For the avoidance of doubt, (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers (such as the auditors or valuers) who provide assurance or are required to perform their services with impartiality and objectivity, are excluded.

### **Eligibility criteria**

In assessing the eligibility of Employee Participants, the Board will consider, among other things, their work performance, time commitment (full-time or part-time), length of service within the Group, work experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard.

In assessing the eligibility of Related Entity Participants, the Board will consider, among other things, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

In assessing the eligibility of Service Provider Participants, the Board will consider, among other things, their experience and expertise, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group and contribution or potential contribution to the long-term growth of the Group with reference to, among other metrics, revenue generation, sales volume, acquisition of new target customers, the design or development or delivery of products/services provided by the Group, whether from a financial, business or operational perspective. In assessing whether the service provider provides services to the Group on a continuing or recurring basis, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, and will benchmark such metrics against the performance of the employees, officers and directors of the Group to whom the Group provides equity incentives, while taking into account the purpose of the New Share Option Scheme and the objectives in engaging the service provider. In assessing whether the service provider provides services to the Group in the Company's ordinary and usual course of business, the Board or the remuneration committee of the Board shall take into consideration the nature of the services provided to the Group by the service provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's financial reports.

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## LETTER FROM THE BOARD

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Considering the Company's hiring practices and organisational structures and that Related Entity Participants and Service Provider Participants have contributed to the long-term growth of the Company's businesses, the Board is of the view that it would be in the Company's interest to also have the flexibility to grant Options to the Related Entity Participants and Service Provider Participants in recognition of their contribution to the Company. The Directors (including the independent non-executive Directors) also consider that it is beneficial to include the Related Entity Participants and Service Provider Participants since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Options to these non-employee participants will align their interests with that of the Group, incentivizing them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run.

More specifically, the Board (including the independent non-executive Directors) is of the view that:

- (i) 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 projects or other business engagements relating to or having connections with the Group's businesses. As such, certain Related Entity Participants may have joint involvement in work projects from time to time. Given the mix of workload, the Company feels that it is important to recognize the contribution or future contribution of such Related Entity Participants by giving them incentive through their participation in the New Share Option Scheme.
- (ii) The Group has collaborated with consultants, independent contractors or agents who have provided advisory services, consultancy services, sales and marketing services, technology services, and/or administrative services to the Group (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) and they have played significant roles in the Group's business development by contributing their specialized skills in fields such as research and development, product commercialization, marketing, strategic/commercial planning, investor relations in investment environment of the Company and other areas in relation to the Group's business operation, financial and management advisory and consulting. Such consultants, independent contractors or agents may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. For example, these service providers may prefer to be employed in their own field which is in line with industry norm, and the Company may need to outsource such functions and procure services from external vendors or suppliers, or is unable to turn to internal resources for these kinds of specialized support due to various restraints.

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## LETTER FROM THE BOARD

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Therefore, the Board (including independent non-executive Directors) consider that the proposed categories of the Related Entity Participants and the Service Provider Participants are in line with the Company's business needs and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group. Through the grant of the Options, such Eligible Participants and the Group will have a common goal in the growth and development of the Group's business, and they could participate in the future prospect of the Group and share the additional reward through their sustainable contribution.

**(b) *Scheme Mandate Limit and Service Provider Sublimit***

As at the Latest Practicable Date, there were 2,017,574,324 Shares in issue. Assuming no changes to the issued share capital of the Company from the Latest Practicable Date to the date of approval of the New Share Option Scheme, (a) the maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the New Share Option Scheme and any other share scheme(s) ("**Scheme Mandate Limit**") shall not exceed 10% of the number of Shares in issue as at the date of approval of the New Share Option Scheme, being 201,757,432 Shares; and (b) the sublimit (under the Scheme Mandate Limit) on the total number of Shares that may be issued in respect of all Options to be granted to Service Provider Participants under the New Share Option Scheme and any other share scheme(s) adopted by the Group ("**Service Provider Sublimit**") shall not exceed 10%, being 20,175,743 Shares, of the Scheme Mandate Limit.

The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Provider Participants, (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting the Shareholders from the dilution effect from granting a substantial amount of Options to the Service Provider Participants, (iii) the extent of use of service providers in the Group's businesses, the current cash payment and/or non-cash settlement arrangement (by way of grant of options) with the service providers, and (iv) the expected contribution to the development and growth of the Company, on areas relating to, or ancillary to, the Group's principal businesses which may help to maintain or enhance the competitiveness of the Group, that may be attributable to the Service Provider Participants.

Given the above, the Board considers that a Service Provider Sublimit would not lead to an excessive dilution of shareholding of the existing Shareholders. The Board is of the view that the Service Provider Sublimit is appropriate and reasonable given that such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is (i) in the interests of the Company and its shareholders as a whole; and (ii) in line with the Company's business need and industry norm.

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## LETTER FROM THE BOARD

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*(c) Vesting Period*

The vesting period for Options under the New Share Option Scheme shall not be less than 12 months from the date of acceptance of the Offer.

To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board and its remuneration committee are of the view that there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the holders of the Options, as set out in the paragraph headed “7. Vesting period” in the Appendix III to this circular.

It is considered that there is a need for the Company to retain flexibility in such instances to provide a competitive remuneration package in order to attract and retain individuals to provide services to the Group, to provide for succession planning or for effective transition of employee responsibilities or to reward exceptional performers with accelerated vesting schedule where justified. The Company should also be given discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Hence, the Board and its remuneration committee are of the view that the shorter vesting period prescribed in the paragraph headed “7. Vesting period” in the Appendix III to this circular is in line with the market practice and is appropriate and aligns with the purpose of the New Share Option Scheme.

It is considered that with the flexibility of having a shorter vesting period, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the New Share Option Scheme.

*(d) Basis of determining the exercise price of the Options*

Grantees to whom Options shall be granted, are entitled to subscribe for the number of Shares at a price (the “**Subscription Price**”) as determined on the Offer Date. The basis for determining the Subscription Price is specified in the rules of the New Share Option Scheme, which is summarized under paragraph headed “9. Subscription for Shares and consideration for the Option” in the Appendix III to this circular. The Directors consider that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

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## LETTER FROM THE BOARD

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**(e) *Performance target and clawback mechanism***

Unless otherwise determined by the Board and specified in the Offer letter to a grantee, there is no performance target that needs to be achieved by the grantee before an Option can be exercised nor subject to clawback mechanism specified under the New Share Option Scheme to clawback such number of Options granted or extend the vesting period in relation to the Options from any grantee in the event of, among others, a material misstatement in the Company's financial statements, serious misconduct or other circumstances.

**Conditions precedent of the New Share Option Scheme**

The adoption of the New Share Option Scheme is conditional upon:

- (A) the passing of an ordinary resolution to approve and adopt the New Share Option Scheme and terminate the Existing Share Option Scheme by the Shareholders in the AGM; and
- (B) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

The New Share Option Scheme will become effective immediately upon the fulfillment of all the conditions for adoption of the New Share Option Scheme as referred to in the above.

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options that may be granted under the New Share Option Scheme.

A copy of the rules of the New Share Option Scheme will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.vmh.com.hk](http://www.vmh.com.hk) for display for a period of not less than 14 days before the date of the AGM and the New Share Option Scheme will be made available for inspection at the AGM.

**5. AGM**

The notice of AGM is set out on pages 40 to 45 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

At the AGM, resolutions will be proposed to approve, among other matters, (i) the grant of the Repurchase Mandate and the Extension Mandate to the Directors; (ii) the grant of the Issue Mandate to the Directors; (iii) the re-election of retiring Directors; and (iv) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme, by way of poll. An announcement on the poll results will be published by the Company after the AGM.

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## LETTER FROM THE BOARD

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None of the Shareholders is required to abstain from voting to approve any of the resolutions to be proposed at the AGM.

A form of proxy for the AGM is despatched to the Shareholders with this circular. Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and, in any event not later than 48 hours before the time appointed for holding of the AGM or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

### 6. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 June 2023 to Friday, 9 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

### 7. 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.

### 8. RECOMMENDATION

The Directors (including independent non-executive Directors) are of the opinion that all the proposed resolutions are in the best interests of the Company and the Shareholders as a whole and so recommend you to vote in favour of all the resolutions to be proposed at the AGM.

Your faithfully,  
By order of the Board  
**Virtual Mind Holding Company Limited**  
**Li Yang**  
*Chairman and Executive Director*

*This Appendix serves as an explanatory statement, as required by rule 10.06(1)(b) of 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 listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange 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 repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 2,017,574,324 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no outstanding Options are exercised and no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 201,757,432 Shares.

## **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 repurchase 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 as a whole.

## **4. SOURCE OF FUNDS**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Act and other applicable laws of the Cayman Islands. A listed company shall not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Act, repurchases by the company may only be made out of profits of the company or out of the proceeds of a fresh issue of shares of the company made for the purpose, or out of capital if immediately following the date on which the payment out of capital is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. Any premium payable on a purchase over the par value of the shares of the company to be purchased must be provided for out of profits of the company or out of the company's share premium account.

## 5. IMPACT OF THE REPURCHASE

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 December 2022, being the date of its latest published audited consolidated financial statements. However, the Directors do not intend to make any repurchase 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.

## 6. THE DIRECTORS, THEIR CLOSE ASSOCIATES AND THE CORE CONNECTED PERSON OF THE COMPANY

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 or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders at the AGM and exercised.

No core connected person of the Company has notified the Company that he/she has present intention to sell any Shares to the Company or its subsidiaries nor has any such core connected person undertaken not to do so in the event that the Repurchase Mandate is granted.

## 7. THE TAKEOVERS CODE

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 purpose of Rule 32 of Hong Kong Code on Takeovers and Mergers (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 becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

The Directors are not aware of any consequences which would give rise to an obligation for it to make a mandatory offer under Rule 26 of the Takeovers Code. As at the Latest Practicable Date, none of the Shareholders or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage required under the Listing Rules.

**8. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2022</b>		
May	0.280	0.225
June	0.250	0.192
July	0.275	0.218
August	0.245	0.200
September	0.260	0.200
October	0.246	0.196
November	0.237	0.202
December	0.240	0.179
<b>2023</b>		
January	0.240	0.213
February	0.250	0.204
March	0.241	0.191
April	0.213	0.184
May (up to the Latest Practicable Date)	0.405	0.195

**9. SHARE REPURCHASE MADE BY THE COMPANY**

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

**10. UNDERTAKING OF THE DIRECTORS**

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, the Articles and the applicable laws of the Cayman Islands.

*Brief biographical details of the retiring Directors eligible for re-election at the AGM are set out below.*

**EXECUTIVE DIRECTOR:****Mr. LI Yang***Qualifications and experience*

Mr. LI Yang, aged 51, was appointed as an executive director of the Company, the chairman of the Board, the chairman of the Nomination Committee, the chairman of the Corporate Governance Committee, a member of the Remuneration Committee and an authorised representative of the Company on 19 January 2022. Mr. Li provides leadership for the Board. Mr. Li acts as a consultant to the Board with effect from 8 December 2021.

Mr. Li obtained a diploma from Shenzhen University in 1992 and a Master of Business Administration from Shenzhen Economic and Management Institute in 2000. Mr. Li also completed a Master's degree programme in 2001 at the Graduate School of Chinese Academy of Social Sciences, majoring in World Economics.

Mr. Li has over 20 years of experience in investment activities and business management. He has held directorships in several companies listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and a public company listed on the mainland stock market. From September 2014 to June 2018, Mr. Li acted as the deputy chairman and an executive director of China Best Group Holding Limited (stock code: 370.HK). From July 2015 to September 2016, he acted as the chairman and a director of Guanghe Landscape Culture Communication Co., Ltd., Shanxi\*, shares of which are listed on the Shanghai Stock Exchange (stock code: 600234.SS). From February 2017 to December 2018, he also served as an independent non-executive director of Sino Haijing Holdings Limited (stock code: 1106.HK). From November 2018 to December 2020, he acted as the deputy chairman and an executive director of Leyou Technologies Holdings Limited (stock code: 1089.HK). Such company was privatized by way of a scheme of arrangement under the Companies Act of its place of incorporation and its listing was withdrawn on 24 December 2020. From August 2020 to February 2021, he also acted as an executive director of CT Environmental Group Limited (stock code: 1363.HK), the listing of which was cancelled under Rule 6.01A of the Rules Governing the Listing of Securities on the Stock Exchange. For further information of the above companies, please refer to their respective public disclosures.

Mr. Li is currently as an executive director and deputy chairman of IBO Technology Company Limited as well as an independent non-executive director of HG Semiconductor Limited, all being listed public companies in Hong Kong.

Mr. Li has held various senior management positions in a number of capital investment and entity enterprises, and has extensive industry experience in fashion apparel, trendy brand promotion, information technology and other businesses.

***Interests in Shares***

As at the Latest Practicable Date, Mr. Li has interests in 36,700,000 options to subscribe for Shares. Save as disclosed herein, he has no other interests in the Shares within the meaning of Part XV of the SFO.

***Others***

The Company has entered into a service agreement with Mr. Li for a term of three years commencing from 19 January 2022 and continues thereafter until terminated by not less than three months' notice in writing served by either party on the other, and is subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles. Mr. Li is entitled to a monthly salary of HK\$238,000 and a year end discretionary bonus, which was determined with reference to his duties and responsibilities with the Company. The Remuneration Committee will also regularly review his salary and then make recommendation to the Board.

Save as disclosed above, as at the Latest Practicable Date, Mr. Li (i) does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or controlling Shareholders; and (ii) has not held any directorship in other public listed companies in the past three years.

Save as disclosed above, as at the Latest Practicable Date, the Board was not aware of any other matters relating to Mr. Li that need to be brought to the attention of the Shareholders in relation to his re-election as a Director and any other information in relation to Mr. Li required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**INDEPENDENT NON-EXECUTIVE DIRECTOR:****Mr. HON Ming Sang*****Qualifications and experience***

Mr. HON Ming Sang, aged 44, Committee Member of the 11th Luoding Committee of the Chinese People's Political Consultative Conference, was appointed as an independent non-executive director of the Company on 2 November 2016. He is the chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and also a member of the Corporate Governance Committee of the Company.

Mr. Hon obtained an honor degree of Professional Accountancy in the School of Accountancy from The Chinese University of Hong Kong. He is a CFA charterholder. He is also a member of The Hong Kong Society of Financial Analysts, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

Mr. Hon has previously worked in an international audit firm and has over 14 years of working experience in listed companies and financial institutions. He has extensive experience in corporate finance, merger and acquisition, investment and financial management and compliance services.

Mr. Hon is currently the chief financial officer and company secretary of China Gas Industry Investment Holdings Co. Ltd., a company whose shares are listed on the Stock Exchange (stock code: 1940.HK).

From 7 February 2017 to 15 August 2022, Mr. Hon was an executive director and company secretary of SFund International Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1367.HK).

Mr. Hon is currently an independent non-executive director of InvesTech Holdings Limited, Finsoft Financial Investment Holdings Limited and Asia Energy Logistics Group Limited, all being listed public companies in Hong Kong.

### ***Interests in Shares***

As at the Latest Practicable Date, Mr. Hon has interests in 2,000,000 options to subscribe for Shares. Save as disclosed herein, he has no other interests in the Shares within the meaning of Part XV of the SFO.

### ***Others***

Mr. Hon entered into a letter of appointment with the Company for a term of three years commencing on 2 November 2016 and continues thereafter until terminated by not less than one month's notice in writing served by either party on the other, and is subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles. He is entitled to a monthly director's fee of HK\$20,000 which was determined with reference to his duties and responsibilities with the Company. The Remuneration Committee will also regularly review his director's fee and then make recommendation to the Board.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hon (i) does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or controlling Shareholders; and (ii) has not held any directorship in other public listed companies in the past three years.

Save as disclosed above, as at the Latest Practicable Date, the Board was not aware of any other matters relating to Mr. Hon that need to be brought to the attention of the Shareholders in relation to his re-election as a Director and any other information in relation to Mr. Hon required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**INDEPENDENT NON-EXECUTIVE DIRECTOR:**

**Ms. LO Wing Sze BBS, JP,**

***Qualifications and experience***

Ms. LO Wing Sze BBS, JP, aged 51, was appointed as an independent non-executive director of the Company on 22 January 2021. She is a member of the Audit Committee of the Company.

Ms. Lo holds a degree of Bachelor of Economics from the University of Sydney in Australia and a degree of Master of Commerce in Finance from the University of New South Wales in Australia.

Ms. Lo is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia. She is the general manager and financial director of Million Tour Limited and the founder and financial director of M1 Hotel Group.

Ms. Lo was appointed as a Justice of the Peace in 2017 and awarded the Bronze Bauhinia Star in 2020 by the Government of the Hong Kong Special Administrative Region. She is a member of the Election Committee 2021 (The Fourth Sector) and was a member of the Election Committee for the Fifth Government of the Hong Kong Special Administrative Region (Tourism subsector). Ms. Lo is a member of the Social Workers Registration Board, the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials, the Advisory Committee on Admission of Quality Migrants and Professionals and the District Fire Safety Committee (Wan Chai District). She is also an Honorary Court Member of the Lingnan University.

Ms. Lo is currently an independent non-executive director of New World Development Company Limited, Goldlion Holdings Limited and Finsoft Financial Investment Holdings Limited, all being listed public companies in Hong Kong.

***Interests in Shares***

As at the Latest Practicable Date, Ms. Lo has interests in 2,000,000 options to subscribe for Shares. Save as disclosed herein, she has no other interests in the Shares within the meaning of Part XV of the SFO.

***Others***

Ms. Lo entered into a letter of appointment with the Company for a term of three years commencing on 22 January 2021 and continues thereafter until terminated by not less than one month's notice in writing served by either party on the other, and is subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles. She is entitled to a monthly director's fee of HK\$20,000 which was determined with reference to her duties and responsibilities with the Company. The Remuneration Committee will also regularly review her director's fee and then make recommendation to the Board.

Save as disclosed above, as at the Latest Practicable Date, Ms. Lo (i) does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or controlling Shareholders; and (ii) has not held any directorship in other public listed companies in the past three years.

Save as disclosed above, as at the Latest Practicable Date, the Board was not aware of any other matters relating to Ms. Lo that need to be brought to the attention of the Shareholders in relation to her re-election as a Director and any other information in relation to Ms. Lo required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

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

## **NEW SHARE OPTION SCHEME**

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

### **1. Purpose of the scheme**

The purposes of the New 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.

### **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) Scope of Eligible Participants**

Eligible Participants under the New Share Option Scheme will include any person belonging to the following classes of participants:

- **Employee Participant**, being an employee, director or officer of the Group (including a person who is granted Options under the New Share Option Scheme as an inducement to enter into employment contract with the Company or the relevant member(s) of the Group);
- **Related Entity Participant**, being an employee, director or officer of the following: a “holding company” of the Company (as defined in the SFO); a “subsidiary” of a holding company of the Company (as defined in the SFO) other than the Group; or an “associate” of the Company (as defined in the Listing Rules); and

- **Service Provider Participant**, being a person (including an entity) that falls under one of the below sub-categories and that 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 as determined by the Board:

<b>Category</b>	<b>Eligibility</b>
(i) Consultants	person (as independent contractor, consultant, advisor or otherwise), that provides support or any advisory, consultancy, professional or other services to any members of the Group on a regular or recurring basis, who are not engaged as employees of the Group, and have specialties or expertise in areas that supplement the Group’s operations (for example, consultants in the areas of intellectual property (“IP”) application, media and promotion, strategic or commercial planning)
(ii) Suppliers	supplier of goods or services to any member of the Group on a regular or recurring basis (for example, retailers that the Group collaborates with for its IP application and product commercialisation), with which the Group would consider important to maintain a close business relationship on an ongoing basis
(iii) Business partners	business partner, including joint venture partner, franchisee, contractor, agent or other contractual party, of any members of the Group that work with the Group on a regular or recurring basis (for example, long-term business promoters and collaborators), with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis

For the avoidance of doubt, (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers (such as the auditors or valuers) who provide assurance or are required to perform their services with impartiality and objectivity, are excluded.

For 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 New 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/her/its 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 to be granted under the New Share Option Scheme and any other share scheme(s) ("**Scheme Mandate Limit**") shall not exceed 10% of the number of Shares in issue as at the date of approval of the New Share Option Scheme, being 201,757,432 Shares (assuming no changes to the issued share capital of the Company from the Latest Practicable Date to the date of approval of the New Share Option Scheme). Unless expressly approved by the Shareholders in general meeting and expressly allowed by the Stock Exchange, no Option may be granted under the New Share Option Scheme or any other share scheme if the grant of such Option 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 to be granted to Service Provider Participants under the New Share Option Scheme and any other share scheme(s) adopted by the Group ("**Service Provider Sublimit**") shall not exceed 10%, being 20,175,743 Shares (assuming no changes to the issued share capital of the Company from the Latest Practicable Date to the date of approval of the New Share Option Scheme), 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 New Share Option Scheme, provided that:
  - (i) the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New 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 lapsed in accordance with the terms of the New 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 New 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 New 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 New 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 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 New Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Options granted and proposed to be granted to such person (excluding any Options lapsed in accordance with the terms of the New Share Option Scheme or the other share scheme(s) under the New 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 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). 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 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 granted (excluding any Options lapsed in accordance with the terms of the New 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 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). 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.

- (c) Any change in the terms of Options 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 requires such approval (except where the changes take effect automatically under the existing terms of the New 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).

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.

#### **6. Time of acceptance and exercise of Option**

An Option may be accepted by the Eligible Participant within 21 days from the date of the Offer.

An Option may be exercised in accordance with the terms of the New 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 New Share Option Scheme for the holding of an Option before it can be exercised.

#### **7. Vesting period**

- (a) 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; or
- (e) grants of Options with a mixed or accelerated vesting 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 Service Provider Participant, which may be based on financial, business and/or operational performances, in each case as specified by the Directors (or, as the case may be, the remuneration committee of the Board) in their sole discretion.

#### 9. Subscription for Shares and consideration for the Option

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 the 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.

A nominal consideration of HK\$1 is payable on acceptance of the Offer and shall be 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 Offer.

#### 10. Ranking of Shares

- (a) Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles 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 and issued 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 any sub-division, consolidation, re-classification or re-construction 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 New Share Option Scheme**

The New Share Option Scheme will remain in force for a period of 10 years commencing the date of its adoption.

**13. Rights on ceasing employment**

If the grantee of an Option is an Employee Participant and ceases to be an Employee Participant 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 New 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 Employee Participant and ceases to be an Employee Participant 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 New 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 Employee Participant and ceases to be an Employee Participant by reason of termination of his employment on the grounds that he has been guilty of fraud or 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 Employee Participant.

**16. Rights on breach of contract**

In respect of a grantee other than an Employee Participant, 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 New 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 New 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 terminate 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 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 New 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 Participant 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 New 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 (3) (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 the grantee the same proportion of the number 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 New Share Option Scheme**

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the New 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 New 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 New 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 New 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 New 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. Others**

- (a) The New Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any Options in accordance with the terms and conditions of the New Share Option Scheme, such number representing the Scheme Mandate Limit.
- (b) The terms and conditions of the New Share Option Scheme relating to the matters govern 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 in general meeting.
- (c) Any alterations to the terms and conditions of the New 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 Options granted to a grantee shall be approved by the Directors, the remuneration committee of the Board, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) in accordance with the terms of the New Share Option Scheme and Chapter 17 of the Listing Rules, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (e) The terms of the New Share Option Scheme and/or the Options amended shall comply with the applicable requirements under Chapter 17 of the Listing Rules.
- (f) Any change to the authority of the Directors or the administrators of the New Share Option Scheme to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the “**AGM**”) of Virtual Mind Holding Company Limited (the “**Company**”) will be held at Room 2511-15, 25/F, Peninsula Tower, 538 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 11:00 a.m. on Friday, 9 June 2023, or in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the government of Hong Kong at any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong, at the same time and place on the second Business Day (as defined in Note 1 below) after 9 June 2023 or any adjournment, to consider and, if thought fit, transact the following businesses:

#### **ORDINARY BUSINESS**

#### **ORDINARY RESOLUTIONS**

1. To receive the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) and the reports of the directors (the “**Directors**”) of the Company and the auditor of the Company (the “**Auditor**”) for the year ended 31 December 2022;
2. To re-elect, each as a separate resolution, the following retiring Directors:
  - 2.1 Mr. LI Yang as an executive Director;
  - 2.2 Mr. HON Ming Sang as an independent non-executive Director;
  - 2.3 Ms. LO Wing Sze as an independent non-executive Director;
3. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remunerations;
4. To re-appoint BDO Limited as the Auditor and to authorise the Board to fix its remuneration;  
and

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## NOTICE OF ANNUAL GENERAL MEETING

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5. To consider and, if thought fit, pass the following resolutions as an ordinary resolution (with or without modification):

**“THAT:**

- (a) subject to paragraph (c) below, pursuant to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Listing Rules”**), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of Company to allot, issue and deal with the unissued shares of HK\$0.01 each (each, the **“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 (as defined in paragraph (d) below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined in paragraph (d) below);
- (c) the total number of the shares of the Company allotted and issued or agreed conditionally to be allotted and issued (whether pursuant to share 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 share 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 (the **“Articles”**) 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 20% of the total number of the issued shares of the Company as at the date of the passing of this resolution; and
- (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 (the **“Next AGM”**);
- (ii) the expiration of the period within which the Next AGM is required by the Articles or the applicable laws of the Cayman Islands to be held; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution by the shareholders of the Company (the “**Shareholders**”) 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 Shareholders on the 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 deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under 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 obligation 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).”

- 6. To consider and, if thought fit, pass the following resolutions as an ordinary resolution (with or without modification):

“**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 repurchase Shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**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, the Stock Exchange, the Companies Act of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the total number of the issued shares of the Company which may be repurchased or agreed to be repurchased by the Company pursuant to the approval on paragraph (a) during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10% of the total number of the issued shares of the Company as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (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 AGM;
- (ii) the expiration of the period within which the Next AGM is required by the Articles or the applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”

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## NOTICE OF ANNUAL GENERAL MEETING

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7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 5 above be and is hereby extended by the addition to the total number of the Shares 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 total number of the issued shares of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

### SPECIAL BUSINESS

#### ORDINARY RESOLUTION

8. To consider as special business and, if thought fit, pass the following resolution as an ordinary resolution (with or without modification):

A. “**THAT:**

- (a) (i) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of options to be granted under the rules of the new share option scheme of the Company (“**New Share Option Scheme**”, a copy of which having been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification and a summary of the principal terms of which are set out in the circular of the Company dated 17 May 2023); and (ii) with effect from the close of business of the day on which this resolution is passed, the New Share Option Scheme be and is hereby approved and adopted as the share option scheme of the Company and that the Directors be and are hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and at the Director’s absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the New Share Option Scheme and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme;
- (b) the Scheme Mandate Limit (as defined in the New Share Option Scheme) 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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- (c) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 22 November 2013 (the “**Existing Share Option Scheme**”) be and is hereby terminated upon the New Share Option Scheme coming into effect (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date of the passing of this resolution).”
- B. “**THAT** conditional upon the passing of resolution numbered 8(A), the Service Provider Sublimit (as defined in the New Share Option Scheme, and which includes grants to Service Provider Participants (as defined in the New Share Option Scheme) under any other share schemes of the Company) of 1% of the total issued and outstanding Shares as at the date of the Shareholders’ approval of the New Share Option Scheme be and is hereby approved and adopted.”

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

Hong Kong, 17 May 2023

As at the date hereof, the Board comprised the following Directors:

*Executive Directors*

Mr. LI Yang (*Chairman*)  
Ms. TIN Yat Yu Carol  
Mr. CHEUNG Ka Lung  
Mr. CHAN Ming Leung Terence  
Mr. GONG Xiaohan

*Independent non-executive Directors*

Mr. TANG Shu Pui Simon  
Mr. HON Ming Sang  
Ms. LO Wing Sze *BBS, JP*

*Head office and principal place of  
business in Hong Kong:*

Room 2511-15, 25/F, Peninsula Tower,  
538 Castle Peak Road,  
Cheung Sha Wan, Kowloon,  
Hong Kong

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*Notes:*

1. Business Day means any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the government of Hong Kong at any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong; and on which banks in Hong Kong are generally open for business. In the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the government of Hong Kong at any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong, the AGM will not be held on that day but will be held at the same time and place on the second Business Day after 9 June 2023 or any adjournment thereof.
2. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the AGM arrangements at short notice. Shareholders are advised to check the websites of the Company ([www.vmh.com.hk](http://www.vmh.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the latest announcement(s) and information on the AGM arrangements.
3. For ascertaining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Friday, 9 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.
4. Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or, if he/she is the holder of two or more Shares, more than one proxy to attend and vote on his/her behalf in accordance with the Articles. A proxy need not be a Shareholder.
5. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in any event not later than 11:00 a.m. on Wednesday, 7 June 2023.
6. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the AGM or any adjournment thereof and in such case, the form of proxy previously submitted 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 was solely entitled thereto but if more than one of such joint holders are present at the AGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand first in the register of members in respect of the joint holding.