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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)

**PROPOSED SHARE CONSOLIDATION AND
SUPPLEMENTAL AGREEMENTS FOR THE CONNECTED
TRANSACTIONS IN RELATION TO
(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND
(2) SALE AND PURCHASE OF SHARES**

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every four (4) issued and unissued Existing Shares with par value of HK\$0.01 each be consolidated into one (1) Consolidated Share with par value of HK\$0.04 each.

As at the date of this announcement, the authorized share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares with par value of HK\$0.01 each, of which 2,501,965,820 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorized share capital of the Company will become HK\$100,000,000 divided into 2,500,000,000 Consolidated Shares with par value of HK\$0.04 each, of which 625,491,455 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

The Share Consolidation is conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Share Consolidation” in this announcement.

THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT

The Board announces as the implementation of the proposed Share Consolidation, the Company (as the issuer) and King Castle (as the subscriber) entered into the Supplemental Subscription Agreement on 23 October 2024, pursuant to which the number of Subscription Shares have been adjusted from up to 100,000,000 Existing Shares to up to 25,000,000 Consolidated Shares, and the Subscription Price has been adjusted from HK\$0.10 to HK\$0.40 per Subscription Share.

The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.394 per Subscription Share.

THE SUPPLEMENTAL SHARES TRANSFER AGREEMENT

The Board also announces as the implementation of the proposed Share Consolidation, the Company (as the vendor) and King Castle (as the purchaser) entered into the Supplemental Shares Transfer Agreement on 23 October 2024, pursuant to which the number of Sale Shares will be adjusted from 60,000,000 Existing Shares to 15,000,000 Consolidated Shares, and the Sale Price will be adjusted from HK\$0.088 to HK\$0.352 per Sale Share upon the Share Consolidation becoming effective, as the case may be.

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

Reference is made to the announcement of Virtual Mind Holding Company Limited (the “**Company**”) dated 10 October 2024 relating to, among others, the Subscription and the Shares Transfer (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall bear the same meanings as those defined in the Announcement.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the consolidation of shares (“**Share Consolidation**”) on the basis that every four (4) issued and unissued Shares with par value of HK\$0.01 each (the “**Existing Shares**”) be consolidated into one (1) consolidated share with par value of HK\$0.04 each (the “**Consolidated Shares**”).

As at the date of this announcement, the authorized share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares with par value of HK\$0.01 each, of which 2,501,965,820 Existing Shares have been issued and are fully paid or credited as fully paid.

Effect of the Share Consolidation

Upon the Share Consolidation becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorized share capital of the Company will become HK\$100,000,000 divided into 2,500,000,000 Consolidated Shares with par value of HK\$0.04 each, of which 625,491,455 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank *pari passu* in all respects with each other.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Group and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled thereto.

As at the date of this announcement, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months.

Conditions of the Share Consolidation

The Share Consolidation is conditional on the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and

- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 20 November 2024, being the second Business Day immediately after the date of the EGM.

As at the date of this announcement, none of the above conditions has been fulfilled.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are (i) outstanding 255,804,995 options exercisable into 255,804,995 Existing Shares, and (ii) convertible bonds in the outstanding principal amount of HK\$13,000,000 convertible into 86,898,395 Existing Shares at the conversion price of HK\$0.1496 per Existing Share. The Company will make further announcement regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Existing Shares or Consolidated Shares, as the case may be.

Fractional entitlement to the Consolidated Shares

Any fractional Consolidated Share arising from the Share Consolidation, if any, will be aggregated and, if possible, sold for the benefit of the Company and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be issued by the Company.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Wednesday, 20 November 2024 to Tuesday, 31 December 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the existing share certificates in blue colour.

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS") with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated in June 2024) has further stated that (i) market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the most of the recent trading price of the Shares at a level below HK\$0.10 and the value per board lot being substantially less than HK\$2,000, the Board considers that upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.352 per Consolidated Share (based on the closing price of HK\$0.088 per Existing Share as at the date of this announcement); and with a board lot size of 6,000 Consolidated Shares, the new board lot value would be HK\$2,112, which would enable the Company to comply with the trading requirements under the Listing Rules. Further, it is expected that the Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

The Share Consolidation will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Event	Time and Date
Despatch of circular and notice of EGM	Friday, 1 November 2024
Latest time for lodging share transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Monday, 11 November 2024
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Tuesday, 12 November 2024 to Monday, 18 November 2024
Latest time for lodging forms of proxy for the EGM	11:00 a.m. on Saturday, 16 November 2024
Date and time of the EGM	11:00 a.m. on Monday, 18 November 2024
Announcement of voting results of the EGM	Monday, 18 November 2024
Register of members re-opens	Tuesday, 19 November 2024
 The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation	
Effective date of the Share Consolidation	Wednesday, 20 November 2024
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 20 November 2024
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 20 November 2024

Original counter for trading in the Existing Shares in board lots of 6,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 20 November 2024
Temporary counter for trading in the Consolidated Shares in board lots of 1,500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 20 November 2024
Original counter for trading in the Consolidated Shares in board lot of 6,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 4 December 2024
Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) commences	9:00 a.m. on Wednesday, 4 December 2024
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 4 December 2024
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Friday, 27 December 2024
Temporary counter for trading in the Consolidated Shares in temporary board lot of 1,500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 27 December 2024
Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) ends	4:10 p.m. on Friday, 27 December 2024
Last day for free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares	Tuesday, 31 December 2024

THE SUPPLEMENTAL SUBSCRIPTION AGREEMENT

The Board announces as the implementation of the proposed Share Consolidation, the Company (as the issuer) and King Castle (as the subscriber) entered into the supplemental agreement to the Subscription Agreement (the “**Supplemental Subscription Agreement**”) on 23 October 2024, pursuant to which the number of Subscription Shares have been adjusted from up to 100,000,000 Existing Shares to up to 25,000,000 Consolidated Shares, and the Subscription Price has been adjusted from HK\$0.10 to HK\$0.40 per Subscription Share.

The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.394 per Subscription Share.

Save as varied above, all other terms and conditions of the Subscription Agreement remain valid and effective.

THE SUPPLEMENTAL SHARES TRANSFER AGREEMENT

The Board also announces as the implementation of the proposed Share Consolidation, the Company (as the vendor) and King Castle (as the purchaser) entered into the supplemental agreement to the Shares Transfer Agreement (the “**Supplemental Shares Transfer Agreement**”) on 23 October 2024, pursuant to which the number of Sale Shares will be adjusted from 60,000,000 Existing Shares to 15,000,000 Consolidated Shares, and the Sale Price will be adjusted from HK\$0.088 to HK\$0.352 per Sale Share upon the Share Consolidation becoming effective, as the case may be.

Save as varied above, all other terms and conditions of the Shares Transfer Agreement remain valid and effective.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming immediately upon the Share Consolidation becoming effective; (iii) assuming immediately upon the allotment and issue of the maximum of 25,000,000 Subscription Shares (assuming the Share Consolidation becoming effective and there is no other change to the number of the issued Shares from the date of this announcement to the Subscription Completion Date); (iv) assuming immediately upon the Shares Transfer Completion (assuming the Share Consolidation becoming effective and there is no other change to the number of the issued Shares from the date of this announcement to the Shares Transfer Completion Date); and (v) assuming immediately upon the allotment and issue of the maximum of 25,000,000 Subscription Shares and the Shares Transfer Completion (assuming the Share Consolidation becoming effective and there is no other change to the number of the issued Shares from the date of this announcement to the Subscription Completion Date and the Shares Transfer Completion Date).

	(i) As at the date of this announcement		(ii) Assuming immediately upon the Share Consolidation becoming effective		(iii) Assuming immediately after completion of the Subscription		(iv) Assuming immediately after the Shares Transfer Completion		(v) Assuming immediately after completion of the Subscription and the Shares Transfer Completion	
	Number of Existing Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %
Directors										
Mei Weiyi	15,000,000	0.60	3,750,000	0.60	3,750,000	0.58	3,750,000	0.60	3,750,000	0.58
Tang Shu Pui Simon (Note 1)	5,000,000	0.20	1,250,000	0.20	1,250,000	0.19	1,250,000	0.20	1,250,000	0.19
Chan Ming Leung Terrence (Note 2)	15,840,000	0.63	3,960,000	0.63	3,960,000	0.61	3,960,000	0.63	3,960,000	0.61
Substantial Shareholders										
King Castle	330,000,000	13.19	82,500,000	13.19	107,500,000	16.53	97,500,000	15.59	122,500,000	18.83
World Field Industries Limited	283,994,000	11.35	70,998,500	11.35	70,998,500	10.91	70,998,500	11.35	70,998,500	10.91
Others										
Treasury Shares	60,000,000	2.40	15,000,000	2.40	15,000,000	2.30	-	-	-	-
Public Shareholders	1,792,131,820	71.63	448,032,955	71.63	448,032,955	68.88	448,032,955	71.63	448,032,955	68.88
Total	<u>2,501,965,820</u>	<u>100.00</u>	<u>625,491,455</u>	<u>100.00</u>	<u>650,491,455</u>	<u>100.00</u>	<u>625,491,455</u>	<u>100.00</u>	<u>650,491,455</u>	<u>100.00</u>

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Share Consolidation, the Subscription Agreement (as supplemented by the Supplemental Subscription Agreement), the Shares Transfer Agreement (as supplemented by the Supplemental Shares Transfer Agreement) and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

As no Shareholders have a material interest in the Share Consolidation, no Shareholders will be required to abstain from voting on the resolution to approve the Share Consolidation.

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

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 12 November 2024 to Monday, 18 November 2024 (both days inclusive), during which period no transfer of Existing Shares will be registered. In order to be entitled to attend and vote at the EGM, 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 Monday, 11 November 2024.

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

Hong Kong, 23 October 2024

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