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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)

**(I) PLACING OF NEW SHARES UNDER GENERAL MANDATE;
AND
(II) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

Placing Agent



VC Brokerage Limited

(I) THE PLACING

On 20 October 2023 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 400,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected with the Company and its connected persons.

As at the date of this announcement, the Company has 2,026,214,324 Shares in issue. The maximum of 400,000,000 Placing Shares represent (i) approximately 19.74% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 16.49% of the issued share capital of the Company as enlarged by the allotment and issue of the 400,000,000 Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date); and (iii) approximately 13.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date).

The Placing Price of HK\$0.10 represents (i) a premium of approximately 8.70% over the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 6.38% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The maximum gross proceeds from the Placing will be HK\$40 million. The maximum net proceeds from the Placing (after deducting the placing commission for the Placing) will amount to approximately HK\$39.20 million. The maximum net price raised per Placing Share upon the completion of the Placing will be approximately HK\$0.098 per Placing Share. The Group proposes to use the net proceeds of (i) approximately HK\$19.00 million for repayment of outstanding liabilities; and (ii) approximately HK\$20.20 million for provision of general working capital.

The Placing is conditional upon, among other things, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate and therefore the allotment and issue of the Placing Shares will not be subject to any Shareholders' approval.

LISTING RULES IMPLICATIONS OF THE PLACING

As at the date of the Placing Agreement, VCIAM, the investment manager of Anli Greater China which is interested in 12.08% of the existing issued Shares, is entitled to exercise, or control the exercise of, 10% or more of the voting power of the Company. As such, VCIAM is regarded as the substantial Shareholder of the Company under the Listing Rules. In addition to the appointment of the Placing Agent, the Company has also appointed VC Capital as the financial adviser to the Placing and the Subscription. As VCIAM, the Placing Agent and VC Capital are all indirectly wholly-owned subsidiaries of VCH, the Placing Agent and VC Capital are regarded as associates of VCIAM under the Listing Rules. Accordingly, the appointment of the Placing Agent and the appointment of VC Capital as the financial adviser constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Placing Commission and the financial advisory fee shall be aggregated as if they were one transaction as they were all entered into within a 12-month period. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration of the aggregate of the placing commission and the financial advisory fee is less than HK\$3,000,000, the transactions fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and therefore the transactions are fully exempt from reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

(II) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION

The Board is pleased to announce that on 20 October 2023 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has contemplated to allot and issue, and the Subscriber is desirous of subscribing for, 500,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

As at the date of this announcement, the Company has 2,026,214,324 Shares in issue. The 500,000,000 Subscription Shares represent (i) approximately 24.68% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.79% of the issued share capital of the Company as enlarged by the allotment and issue of the 500,000,000 Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Subscription Completion Date, and that no Shares are issued pursuant to the Placing); and (iii) approximately 17.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date).

The Subscription Price of HK\$0.10 represents (i) a premium of approximately 8.70% over the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 6.38% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The gross proceeds from the Subscription will be HK\$50 million. The net proceeds from the Subscription (after deduction of relevant expenses of the Subscription) will amount to approximately HK\$49.50 million. The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.099 per Subscription Share. The Company intends to apply the net proceeds of (i) approximately HK\$37 million for existing projects' business development; and (ii) approximately HK\$12.50 million for future possible investment opportunities.

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

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

LISTING RULES IMPLICATIONS OF THE SUBSCRIPTION

As at the date of the Subscription Agreement, the Subscriber is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director. As such, the Subscriber is an associate of Mr. Wong and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders' approval by way of poll at the EGM. As Mr. Wong is considered to have material interest in the Subscription, he had abstained from voting on the Board resolutions of the Company in relation to the Subscription Agreement and the transactions contemplated thereunder. Any Shareholder who has a material interest in the Subscription must abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transactions contemplated thereunder.

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

GENERAL

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

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

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

A circular containing, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 13 November 2023.

(I) THE PLACING

On 20 October 2023 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, maximum of 400,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be third parties independent of the Company and not connected with the Company and its connected persons.

THE PLACING AGREEMENT

Date

20 October 2023 (after trading hours)

Issuer

The Company

Placing Agent

As at the date of this announcement, to the best of the Director's knowledge, the Placing Agent is an indirect wholly-owned subsidiary of VCH and is also the sole legal and beneficial owner of 19,338,000 Shares, representing approximately 0.95% of the existing total number of issued Shares and VCH is the sole legal and beneficial owner of 155,334,000 Shares and convertible bonds in the principal amount of HK\$10 million convertible into 66,844,919 Shares, representing approximately 7.67% and 3.30% of the existing total number of issued Shares respectively. VCIAM, an indirect wholly-owned subsidiary of VCH, is the investment manager of Anli Greater China which is interested in 244,788,887 Shares, representing approximately 12.08% of the existing total number of issued Shares.

Placees

The Placing Agent will act as agent of the Company to procure not less than six (6) Placee(s) to subscribe for the Placing Shares at the Placing Price during the Placing Period on terms and conditions set out in the Placing Agreement on a best effort basis. The Placee(s) shall be any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) an Independent Third Party, and (ii) independent of and not parties acting in concert with any persons, other Placee(s) or Shareholders to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement. The Placing Agent shall use its best endeavours to ensure that each and every Placee is an Independent Third Party and no Placee shall become a substantial shareholder (as defined in the Listing Rules) of the Company forthwith upon completion of the Placing.

Number of Placing Shares

As at the date of this announcement, the Company has 2,026,214,324 Shares in issue. The maximum of 400,000,000 Placing Shares represent (i) approximately 19.74% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 16.49% of the issued share capital of the Company as enlarged by the allotment and issue of the 400,000,000 Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date); and (iii) approximately 13.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date). The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$4,000,000.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and/or distributions declared, made or paid on or after completion of the Placing.

Placing Price

The Placing Price of HK\$0.10 represents (i) a premium of approximately 8.70% over the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 6.38% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent has conditionally agreed to place a maximum of 400,000,000 Placing Shares on a best effort basis and the Company shall pay to the Placing Agent a placing commission, in HKD, which shall be equivalent to 2% of the aggregate amount of the Placing Price multiplied by the number of Placing Shares placed by the Placing Agent during the Placing Period. Having considered the Placing Price, the number of Placing Shares, the terms of the Placing Agreement and the current market conditions, the Directors are of the view that the placing commission of 2% is fair and reasonable.

General Mandate

The maximum of 400,000,000 Placing Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares will not be subject to the approval of the Shareholders. Under the General Mandate, the Directors were granted authority to issue up to 404,954,864 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Up to the date of this announcement, no Shares have been issued under the General Mandate. Therefore, the General Mandate is sufficient for the issue and allotment of the Placing Shares and the allotment and issue of the Placing Shares is not subject to Shareholders' approval.

Conditions precedent of the Placing

Completion of the Placing shall be conditional upon the satisfaction or fulfilment of the conditions precedent below:

- (a) the Company having complied with, and procured for the compliance with, all law as well as all conditions (if any) imposed by the Stock Exchange or by any other competent authority for issuance and allotment of the Placing Shares as well as the listing of and permission to deal in the Placing Shares and ensure the continued compliance thereof;
- (b) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Closing Date; and
- (c) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate in all material respects and not misleading up to the completion of the Placing.

The conditions precedent (a) to (b) above cannot be waived by the Company and the Placing Agent. The Placing Agent (but not the Company) may at any time prior to the Closing Date unilaterally waive the condition precedent (c) above. As soon as practicable after the execution of the Placing Agreement and in any event by the Closing Date, the Company shall use its best endeavours to procure the satisfaction of the conditions precedent (a) to (b) as well as the condition precedent (c) above (in case the condition precedent (c) above has not been waived by the Placing Agent pursuant to this paragraph).

If any one or more of the conditions precedent (save and except the condition precedent (c) above if it has been waived by the Placing Agent) shall not have been satisfied or fulfilled by the Closing Date or any of the event as set out in the section headed "**Force majeure**" below shall have occurred, subject to the Placing Agreement, all obligations and responsibilities of the Placing Agent and those of the Company thereunder shall cease and determine forthwith and none of the Company and the Placing Agent shall have any claim whatsoever against each other in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each of the Company and the Placing Agent.

Force majeure

If at any time between the execution of the Placing Agreement and at 5:00 p.m. on the Business Day immediately prior to the Placing Completion Date, there occurs:

1. the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
2. the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
3. any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
4. the Company commits any material breach of or omits or fails to observe any of its obligations or undertakings under the Placing Agreement; or
5. any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing,

then the Placing Agent may upon giving written notice to the Company terminate the Placing Agreement with immediate effect. If the Placing Agreement shall be terminated pursuant to the above, the obligations of the Placing Agent shall cease and determine, and the Company shall not be liable to pay any commission, and the Placing Agreement shall forthwith cease and determine and none of the Company and the Placing Agent shall, save as provided in this section, have any claim against each other for compensation, costs, damages or otherwise.

Completion of the Placing

Completion of the Placing shall take place on the Placing Completion Date.

REASONS FOR AND BENEFITS OF THE PLACING

The Directors consider that the Placing represents a good opportunity for the Company to raise additional capital for the Group's operation and business development. In particular, it is expected that the proceeds from the Placing will be used for the purposes as set out in the section headed "USE OF PROCEEDS FROM THE PLACING" below.

The Directors (including all the independent non-executive Directors) consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE PLACING

The maximum gross proceeds from the Placing will be HK\$40 million. The maximum net proceeds from the Placing (after deducting the placing commission for the Placing) will amount to approximately HK\$39.20 million. The maximum net price raised per Placing Share upon the completion of the Placing will be approximately HK\$0.098 per Placing Share. The Group proposes to use the net proceeds of (i) approximately HK\$19.00 million for repayment of outstanding liabilities; and (ii) approximately HK\$20.20 million for provision of general working capital.

LISTING RULES IMPLICATIONS OF THE PLACING

As at the date of the Placing Agreement, VCIAM, the investment manager of Anli Greater China which is interested in 12.08% of the existing issued Shares, is entitled to exercise, or control the exercise of, 10% or more of the voting power of the Company. As such, VCIAM is regarded as the substantial Shareholder of the Company under the Listing Rules. In addition to the appointment of the Placing Agent, the Company has also appointed VC Capital as the financial adviser to the Placing and the Subscription. As VCIAM, the Placing Agent and VC Capital are all indirectly wholly-owned subsidiaries of VCH, the Placing Agent and VC Capital are regarded as associates of VCIAM under the Listing Rules. Accordingly, the appointment of the Placing Agent and the appointment of VC Capital as the financial adviser constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the Placing Commission and the financial advisory fee shall be aggregated as if they were one transaction as they were all entered into within a 12-month period. As all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration of the aggregate of the placing commission and the financial advisory fee is less than HK\$3,000,000, the transactions fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and therefore the transactions are fully exempt from reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

(II) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION

The Board is pleased to announce that on 20 October 2023 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has contemplated to allot and issue, and the Subscriber is desirous of subscribing for, 500,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Date

20 October 2023 (after trading hours)

Issuer

The Company

Subscriber

The Subscriber

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

Number of Subscription Shares

As at the date of this announcement, the Company has 2,026,214,324 Shares in issue. The 500,000,000 Subscription Shares represent (i) approximately 24.68% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 19.79% of the issued share capital of the Company as enlarged by the allotment and issue of the 500,000,000 Subscription Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Subscription Completion Date, and that no Shares are issued pursuant to the Placing); and (iii) approximately 17.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Placing Shares (assuming no other change in the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date). The aggregate nominal value of the Subscription Shares will be HK\$5,000,000.

Subscription Price

The Subscription Price of HK\$0.10 represents (i) a premium of approximately 8.70% over the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 6.38% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

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

Conditions precedent of the Subscription

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

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

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

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

Completion of the Subscription

Completion of the Subscription will take place on the Subscription Completion Date (or such other time as the Subscription Parties may otherwise agree in writing) when each Subscription Party shall perform its respective obligations pursuant to the Subscription Agreement.

Ranking of the Subscription Shares

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

Specific Mandate

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

Listing Application

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

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. As at the date of the Subscription Agreement, the Subscriber is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director, and therefore the Subscriber is an associate of Mr. Wong and hence a connected person of the Company under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription reflects the confidence and support for the development of the Company by the Subscriber. The Subscription will further strengthen the capital base and financial position of the Company and lay down a more solid foundation for the future business development. In particular, it is expected that the proceeds from the Subscription will be used for the purposes as set out in the paragraph headed “**USE OF PROCEEDS FROM THE SUBSCRIPTION**” below.

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

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds from the Subscription will be HK\$50 million. The net proceeds from the Subscription (after deduction of relevant expenses of the Subscription) will amount to approximately HK\$49.50 million. The net price per Subscription Share upon the completion of the Subscription will be approximately HK\$0.099 per Subscription Share. The Company intends to apply the net proceeds of (i) approximately HK\$37 million for existing projects’ business development; and (ii) approximately HK\$12.50 million for future possible investment opportunities.

LISTING RULES IMPLICATIONS OF THE SUBSCRIPTION

As at the date of the Subscription Agreement, the Subscriber is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong who is an executive Director. As such, the Subscriber is an associate of Mr. Wong and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to Independent Shareholders’ approval by way of poll at the EGM. As Mr. Wong is considered to have material interest in the Subscription, he had abstained from voting on the Board resolutions of the Company in relation to the Subscription Agreement and the transactions contemplated thereunder. Any Shareholder who has a material interest in the Subscription must abstain from voting at the EGM on the resolution in respect of the Subscription Agreement and the transaction contemplated thereunder.

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

INFORMATION ON THE GROUP

The Group is principally engaged in (i) design, manufacture and trading of apparel; (ii) provision of money lending business; and (iii) IP application and products business.

EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

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

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of the net proceeds	Actual use of proceeds
30 June 2023 and 14 July 2023	Placing of new shares under general mandate	Nil	(i) approximately HK\$12 million for repayment of outstanding liabilities; (ii) approximately HK\$25 million for provision of general working capital; and (iii) approximately HK\$22 million for possible investment in entertainment project(s)	The placing agreement was lapsed as announced by the Company on 14 July 2023

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

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Placing Shares only; (iii) immediately upon the allotment and issue of the Subscription Shares only; and (iv) immediately upon the allotment and issue of the Placing Shares and the Subscription Shares (assuming there is no other change to the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date).

	(i) As at the date of this announcement		(ii) Immediately upon the allotment and issue of the Placing Shares only		(iii) Immediately upon the allotment and issue of the Subscription Shares only		(iv) Immediately upon the allotment and issue of the Placing Shares and the Subscription Shares (assuming there is no other change to the number of the issued share capital of the Company from the date of this announcement to the Placing Completion Date and the Subscription Completion Date)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
Directors								
Tang Shu Pui Simon (Note 1)	5,000,000	0.25%	5,000,000	0.21%	5,000,000	0.20%	5,000,000	0.17%
Chan Ming Leung Terence (Note 2)	15,840,000	0.78%	15,840,000	0.65%	15,840,000	0.63%	15,840,000	0.54%
Substantial Shareholders								
World Field Industries Limited (Note 3)	283,994,000	14.02%	283,994,000	11.71%	283,994,000	11.24%	283,994,000	9.71%
Anli Greater China (Note 4)	244,788,887	12.08%	244,788,887	10.09%	244,788,887	9.69%	244,788,887	8.37%
Public Shareholders								
Placees	-	-	400,000,000	16.49%	-	-	400,000,000	13.67%
The Subscriber	-	-	-	-	500,000,000	19.79%	500,000,000	17.09%
Other public Shareholders	1,476,591,437	72.87%	1,476,591,437	60.85%	1,476,591,437	58.45%	1,476,591,437	50.45%
Total	2,026,214,324	100.00%	2,426,214,324	100.00%	2,526,214,324	100.00%	2,926,214,324	100.00%

Notes:

1. These 5,000,000 Shares are beneficially owned by Tang Shu Pui Simon, an independent non-executive Director. He is also the beneficial owner of 2,000,000 options of the Company.
2. These 15,840,000 Shares are beneficially owned by Chan Ming Leung Terence (“**Mr. Chan**”), an executive Director. He was granted 2,000,000 options and 15,900,000 options of the Company on 8 December 2021 and 19 April 2022 respectively. On 27 April 2023, he exercised 7,200,000 options of the Company. On 31 May 2023, he exercised another 7,200,000 options of the Company. On 31 August 2023, he exercised another 1,440,000 options of the Company. Hence, a total of 15,840,000 Shares were issued to Mr. Chan. Based on his disclosure of interests forms filed on 19 May 2023, 20 June 2023 and 12 September 2023 respectively, Mr. Chan has provided an interest in the 15,840,000 Shares as security to a person other than a qualified lender. He continues to be the beneficial owner of the remaining balance of 2,060,000 of options of the Company.
3. Based on the disclosure of interests forms filed on 19 July 2022, World Field Industries Limited is owned as to 100% by Green Astute Limited, which is in turn owned as to 100% by Hao Tian Media & Culture Holdings Limited, which is in turn owned as to 100% by Aceso Life Science Group Limited (“**Aceso**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474.HK). Based on the disclosure of interest forms in relation to Aceso filed on 25 March 2022 and 24 August 2021 respectively, Aceso is owned as to 46.19% by Asia Link Capital Investment Holdings Ltd. (“**Asia Link**”) and as to 10.83% by Century Golden Resources Investment Co., Ltd (“**Century Golden**”). Asia Link is owned as to 100% by Li Shao Yu (李少宇). Century Golden is owned as to 50% by Huang Tao (黃濤) and as to 40% by Huang Shiying (黃世熒).
4. For details, please refer to paragraph headed “**Placing Agent**” of this announcement.

GENERAL

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

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

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

A circular containing, among other things, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 13 November 2023.

TERMS AND DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“AGM”	the annual general meeting of the Company held on 9 June 2023
“Anli Greater China”	Anli Investment Fund SPC – Anli Greater China Opportunity Fund Segregated Portfolio
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm warning signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business throughout their normal business hours
“Closing Date”	any Business Day not later than 17 November 2023, being the date on which all the conditions precedent to the Placing Agreement have been satisfied or fulfilled, and the Company and the Placing Agent may agree in writing to have the Closing Date postponed to any subsequent date which shall be a Business Day
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department of the Hong Kong Government in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“General Mandate”	the general mandate granted by the Shareholders at the AGM of the Company held on 9 June 2023 to the Board to allot, issue and deal with up to 404,954,864 new Shares to be issued and allotted by the Company
“Group”	the Company and its subsidiaries
“HK\$ or HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising of all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting at the EGM for the resolution to approve the Subscription Agreement and the transactions contemplated thereunder
“Independent Third Party”	a party which is not a connected person (as defined in the Listing Rules) of the Company

“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2024
“Mr. Wong”	Mr. Wong Wai Kai Richard, an executive Director
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) an Independent Third Party, and (ii) independent of and not parties acting in concert with any persons, other placee(s) or Shareholders to the effect that the Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations thereunder
“Placing”	the placing of the Placing Shares under and in accordance with the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 20 October 2023 in relation to the Placing
“Placing Commission”	the placing commission payable by the Company to the Placing Agent in respect of the Placing pursuant to the Placing Agreement
“Placing Completion Date”	the date of completion of the Placing, which shall be any Business Day falling within five (5) Business Days of the Closing Date
“Placing Period”	the period commencing forthwith upon the execution of the Placing Agreement and expiring at 5:00 p.m. on 10 November 2023, or on such later date as the Company and the Placing Agent may agree in writing
“Placing Price”	HK\$0.10 per Placing Share

“Placing Share(s)”	up to 400,000,000 new Shares to be allotted and issued by the Company under the General Mandate and pursuant to the Placing Agreement on the Placing Completion Date, and the Placing Shares shall rank <i>pari passu</i> in all respects with the existing Shares then in issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be considered, approved and granted to the Board by the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	King Castle Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the issuing by the Company and the subscription by the Subscriber of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber dated 20 October 2023 in relation to the Subscription
“Subscription Completion Date”	any Business Day within a period of ten (10) Business Days after the fulfilment and/or satisfaction (or waiver, as appropriate) of the conditions precedent of the Subscription Agreement
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Share(s)”	the 500,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement under the Specific Mandate
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong

“VC Capital”	VC Capital Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, which is an indirect wholly-owned subsidiary of VCH and the financial adviser of the Company to the Placing and the Subscription
“VCIAM”	VC International Asset Management Limited (formerly known as Anli Asset Management Limited), a company incorporated in Hong Kong with limited liability and licensed by the Securities and Futures Commission of Hong Kong to carry on regulated activity Type 9 (asset management), which is a wholly-owned subsidiary of VCH
“VCH”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability and having its issued ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 821), and the holding company of the Placing Agent, VC Capital and VCIAM
“%”	per cent

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

Hong Kong, 20 October 2023

As at the date of this announcement, the executive Directors are 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.