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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 NEW SHARES AND
REPURCHASE SHARES;
(II) RE-ELECTION OF DIRECTORS;
(III) ADOPTION OF SHARE AWARD SCHEME; AND
NOTICE OF ANNUAL GENERAL MEETING

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 Wednesday, 26 June 2024, in the event that a black rainstorm warning is issued, or tropical cyclone warning No. 8 signal or above is hoisted, or “extreme conditions” are announced by the HKSAR Government 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 26 June 2024 or any adjournment thereof, is set out on pages 43 to 48 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.

4 June 2024

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DEFINITIONS

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

“Adoption Date”	the date on which the adoption of the Share Award Scheme is approved by the Shareholders at the AGM
“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 Wednesday, 26 June 2024, or in the event that a black rainstorm warning is issued, or tropical cyclone warning No. 8 signal or above is hoisted, or “extreme conditions” are announced by the HKSAR Government 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 26 June 2024 or any adjournment thereof, a notice of which is set out on pages 43 to 48 of this circular
“Articles”	the articles of association of the Company as amended from time to time
“Award”	an award granted under the Share Award Scheme by the Board to an Eligible Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with the Scheme Rules and the terms of the Award
“Award Shares”	the Shares granted and to be granted to an Eligible Participant in an Award
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no tropical cyclone warning No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the HKSAR Government 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

DEFINITIONS

“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 Participant(s)”	(1) any Employee Participant; and (2) any Related Entity Participants; and (3) any Service Providers
“Employee Participant(s)”	any employee (whether full time or part time) of the Company, any subsidiaries of the Company (including but not limited to officers, directors and chief executives) who are responsible for the daily management and administrative services
“Excluded Participant(s)”	any Eligible Participants who is resident in a place where (a) the award of the Award Shares or the vesting or transfer of Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place; or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participants, in each case as determined by the Board in its absolute discretion
“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 (or sold or transferred out of treasury) under the Issue Mandate
“extreme conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department of the Hong Kong Government in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSAR” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSAR Government”	the government of the HKSAR

DEFINITIONS

“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 (including any sale or transfer of treasury Shares out of treasury) up to 20% of the total number of the issued Shares (excluding treasury Shares) as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	31 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	option(s) to subscribe for Share(s) granted pursuant to the Share Option Scheme
“Performance Condition(s)”	the performance condition(s) as may be set by the Board in relation to an Award
“PRC”	the People’s Republic of China
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Eligible Participants in a single occasion pursuant to the Share Award Scheme
“Related Entity”	a company which is a holding company, fellow subsidiary or associated company of the Company
“Related Entity Participant(s)”	directors and employees of the Related Entity
“Relevant Event”	any variation in the share capital of the Company arising from capitalisation issue, rights issue, sub-division or consolidation of share capital of the Company, or reduction of capital
“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 (excluding treasury Shares) as at the date of passing of the relevant resolution at the AGM, and to determine such Shares repurchased shall be held as treasury Shares by the Company or otherwise be cancelled

DEFINITIONS

“Scheme Mandate Limit”	the scheme mandate limit granted at the annual general meeting of the Company held on 9 June 2023, being 10% of the number of Shares in issue as at the date of the meeting, representing 202,477,432 Shares, for the purpose of the Share Option Scheme and any other shares scheme(s)
“Scheme Rules”	the rules governing the Share Award Scheme
“Service Provider(s)”	refers to the categories of participants under the Share Award Scheme
“Service Provider Sublimit”	the sublimit (under the Scheme Mandate Limit) for the granting of options to Service Provider under the Share Option Scheme and any other share scheme(s) which shall not exceed 10% of the Scheme Mandate Limit
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Award Scheme”	the share award scheme proposed to be conditionally approved and adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 9 June 2023
“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
“treasury Shares”	has the meaning ascribed to it under the Listing Rules coming into effect on 11 June 2024
“Trustee”	an entity to be appointed for the sole purpose of holding the Shares underlying Awards issued on trust for Eligible Participants pursuant to the Share Award Scheme who shall be a party independent of the Company and its connected person(s)
“Trust”	the trust to be constituted by a trust deed or such other governing documents of such trust arrangements and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time

DEFINITIONS

“Trust Deed(s)”	in respect of each Trust, the trust deed to be entered into between the Company and the relevant Trustee (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administrative of the Share Award Scheme
“Vesting Date”	the date or each such date on which the Award Shares are vested
“Vesting Expenses”	all transfer fees, taxes, social security contributions and other levies associated with the vesting, release or transfer of the relevant Award Shares
“%”	per cent.

LETTER FROM THE BOARD



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. CHAN Ming Leung Terence
Mr. GONG Xiaohan
Mr. WONG Wai Kai Richard

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

4 June 2024

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR
(I) GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE SHARES;
(II) RE-ELECTION OF DIRECTORS;
(III) ADOPTION OF SHARE AWARD 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 Directors, and (iii) adoption of Share Award Scheme, and to give you notice of the AGM.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 9 June 2023, 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 (including any sale or transfer of treasury Shares out of treasury) 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 (excluding treasury Shares) 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 (or sold or transferred out of treasury) 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 499,055,264 Shares pursuant to the Issue Mandate based on 2,495,276,324 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.

LETTER FROM THE BOARD

3. RE-ELECTION OF DIRECTORS

In accordance with article 83 of the Articles, the following person shall hold the office of Director until the AGM and, being eligible, offer himself for re-election as Director at the AGM:–

Executive Director:

Mr. WONG Wai Kai Richard

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 Directors:

Mr. CHAN Ming Leung Terence

Mr. GONG Xiaohan

Independent non-executive Executive Director:

Mr. TANG Shu Pui Simon

Recommendation of the Nomination Committee

On 27 March 2024, 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. CHAN Ming Leung Terence, Mr. GONG Xiaohan, Mr. WONG Wai Kai Richard and Mr. TANG Shu Pui Simon to the Board for it to recommend to Shareholders for re-election at the AGM. The Nomination Committee was satisfied with the independence of Mr. TANG Shu Pui Simon with reference to the criteria as set out under Rule 3.13 of the Listing Rules.

Mr. TANG Shu Pui Simon, who is a member of the Nomination Committee, abstained from discussing and voting on the nomination when he 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 27 March 2024, 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. CHAN Ming Leung Terence, Mr. GONG Xiaohan, Mr. WONG Wai Kai Richard and Mr. TANG Shu Pui Simon abstained from discussion and voting at the Board meeting regarding their respective nominations.

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

LETTER FROM THE BOARD

4. ADOPTION OF SHARE AWARD SCHEME

The Board proposes to recommend to the Shareholders to approve and adopt the Share Award Scheme so that Award Shares may be granted to the Eligible Participants pursuant to the terms thereof. A summary of the principal terms of the Share Award Scheme is set out in Appendix III to this circular.

The Share Award Scheme is conditional upon:

- (1) 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 by the Company pursuant to the award of the Award Shares in accordance with the Share Award Scheme; and
- (2) the passing of an ordinary resolution to approve and adopt the Share Award Scheme by the Shareholders at the AGM.

REASONS FOR THE ADOPTION OF THE SHARE AWARD SCHEME

The Share Award Scheme will allow the Company to provide equity incentives to Eligible Participants so as to continue to serve its intended purposes of aligning the interests of Eligible Participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Participants to make contributions to the long-term growth and profits of the Group and share in the success of the Group.

In assessing to grant Award to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant(s) to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant(s) has brought to the Group's business and development and whether granting Options to such Eligible Participant(s) is an appropriate incentive to motivate such Eligible Participant(s) to continue to contribute towards the betterment of the Group.

The Eligible Participants of the Share Award Scheme shall comprise the Employee Participants, the Related Entity Participants and the Service Providers.

In assessing the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group; and

LETTER FROM THE BOARD

- (d) his/her educational and professional qualifications, and knowledge in the industry.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others:

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;
- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

Further, in determining the eligibility of the Service Providers, the Board will consider, among others, 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 Share Award 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.

The Service Provider, 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:

LETTER FROM THE BOARD

	Category	Eligibility
(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.

The Directors consider that such arrangement aligns with the purposes of the Share Award Scheme as it would provide more flexibility to the Company in rewarding and/or incentivizing the Eligible Participants.

The Board may at its discretion specify any condition in the notice of Award for the grant of the relevant Award which must be satisfied before the Award Shares may be vested. Save as determined by the Board and provided in the notice of Award for the grant of the relevant Award, there is no performance conditions which must be achieved before an Award can be vested under the terms of the Share Award Scheme. The Directors consider that it may not always be appropriate to impose such conditions particularly when the purpose of granting Award is to remunerate or compensate employees. The Directors consider that it is not practicable to expressly set out a generic set of Performance Conditions, as each Eligible Participant will play different roles and contribute in different ways to the Group. The Directors consider that it is more beneficial to the Company to retain the flexibility to determine when and to what extent such conditions are appropriate.

The Group will utilize its internal assessment system to appraise and evaluate the Performance Conditions applicable to each grant on a case-by-case basis. The Company will consider the past contributions of an Eligible Participant with reference to the factors set out above and form an

LETTER FROM THE BOARD

internal assessment as regards the future value that such Eligible Participant may bring to the growth and development of the Group. The assessment involves the consideration and appraisal of the Eligible Participant's expected contribution with reference to such Eligible Participant's nature of duties, position within the Group and other features including geographical location, corporate culture and business strategy focus. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participants before the grant of Awards, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole.

Unless otherwise determined by the Board at its discretion, the Award Shares held by the Trustee upon the Trust and which are referable to an Eligible Participant shall vest in that Eligible Participant in accordance with the conditions set out in the written notice to be given to the relevant Eligible Participant (i.e. the award notice) as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules, provided that the Eligible Participant remains at all times after the Reference Date and on the relevant vesting dates (if applicable) an Eligible Participant and the related vesting period shall not be less than 12 months.

However, there are certain circumstances as set out in the terms of the Share Award Scheme that the vesting period shall be less than 12 months. The Board is of the view that the criteria allowing a shorter vesting period in each of the circumstances is appropriate and in line with the requirements under the Listing Rules and market practice.

No consideration shall be payable by any selected participant on acceptance of an Award under the Share Award Scheme. The Directors consider that such arrangement align with the purpose of the Share Award Scheme where the Awards are intended to be granted to the Eligible Participants to reward their contributions to the Group.

In certain circumstances, it may be regarded as inequitable for any Award Shares to be vested or retained, as applicable. Such Award Shares are therefore subject to clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by an Eligible Participant or if the relevant Eligible Participant has engaged in serious negligence, fraud or misconduct, breached the Company's policies, rules or regulations or other circumstances. Notwithstanding anything else in the Scheme Rules, any Award Shares may be subject to clawback pursuant to the Company's clawback mechanism, as amended from time to time.

The Directors consider that the provision of the flexibility to include clawback mechanism to particular grant of Awards would allow the Group to better incentivize and/or reward the Eligible Participants according to the particular circumstances of each grant.

None of the Directors is the Trustee of the Share Award Scheme or has any direct or indirect interest in the Trustee.

LETTER FROM THE BOARD

SCHEME MANDATE LIMIT

The Shareholders have granted to the Directors the Scheme Mandate Limit (including the Service Provider Sublimit) at the annual general meeting of the Company held on 9 June 2023 for the purpose of the Share Option Scheme and any other shares scheme(s) of the Company. In this regard, the Scheme Mandate Limit (including the Service Provider Sublimit) is also applicable for the Share Award Scheme.

As at the Latest Practicable Date, no share option has been granted under the Share Option Scheme, and the number of Shares available for grant under the Scheme Mandate Limit is 202,477,432 Shares (including 20,247,743 for the Service Provider Sublimit).

The basis for determining the inclusion of the Service Provider under the Share Award Scheme in the Service Provider Sublimit includes, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers and the extent of use of Service Provider(s) in the Group's business, as well as to ensure sufficient amount of awards would be available to be granted to the Employee Participants. Considering the fact that (i) due to the hiring practice and organisational structures of the Group, certain Service Providers, in particular, the independent contractors, agents, consultants and/or advisers, which provide services akin to employees of the Group, may not be able to serve as full-time or part-time employees of the Group; and (ii) the Service Providers have contributed to the long-term growth of the Company's business, and that the Share Award Scheme could incentivise Service Providers who/which supply reliable and high-quality services to the Group on a long-term basis, the Board is of the view that the inclusion of the Service Provider under the Share Award Scheme in the Service Provider Sublimit is appropriate and reasonable taking in account the grant of Awards to the Service Provider(s) under the Share Award Scheme will be decided on a case-by-case basis based on his/her contributions to the development of the growth of the Company from time to time.

The Directors consider the inclusion of the Service Provider under the Share Award Scheme in the Service Provider Sublimit to be appropriate and reasonable given the Group's business needs and such a limit provides the Group with flexibility to provide equity incentive (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 expertise in their field or who may be able to provide valuable expertise or services to the Group.

An application will be made to the Stock Exchange for the listing and permission to deal in the Shares that may be issued pursuant to the Awards that may be granted under the Share Award Scheme.

The Directors consider that the adoption of the Share Award Scheme is in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Board has no present intention to grant any Award immediately upon adoption of the Share Award Scheme at the AGM as it has not identified any Eligible Participants.

LETTER FROM THE BOARD

The Company has sought legal advice in respect of the Share Award Scheme and understands that whilst the Share Award Scheme is not restricted to executives and employees of the Group, the adoption of the Share Award Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) is not applicable.

5. AGM

The notice of AGM is set out on pages 43 to 48 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 Issue Mandate, the Repurchase Mandate and the Extension Mandate to the Directors; (ii) the re-election of the Directors; and (iii) adoption of Share Award Scheme by way of poll. An announcement on the poll results will be published by the Company after the AGM.

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 Friday, 21 June 2024 to Wednesday, 26 June 2024 (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 Thursday, 20 June 2024.

7. DOCUMENT ON DISPLAY

The Scheme Rules will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vmh.com.hk) for display for a period of not less than fourteen (14) days before the date of the AGM and the Scheme Rules will be made available for inspection at the AGM.

LETTER FROM THE BOARD

8. 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.

9. 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 is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all 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 2,495,276,324 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 of the Company 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 249,527,632 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. On the other hand, Shares repurchased and held by the Company as treasury Shares may be resold on the market at market prices to raise funds for the Company, or transferred or used for other purposes, subject to compliance with the Listing Rules, the memorandum of association of the Company as amended from time to time, the Articles and the applicable laws of the Cayman Islands. Shares repurchase 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 2023, 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. STATUS OF REPURCHASED SHARES

Shares repurchased by the Company may be held by the Company as treasury Shares or cancelled as determined by the Directors, depending on the market conditions and the Group's capital management needs at the relevant time of the repurchase.

For any treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury Shares from CCASS, and either re-register them in its own name as treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury Shares.

7. 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.

8. 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 (excluding treasury Shares) falling below the prescribed minimum percentage required under the Listing Rules.

9. 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>
2023		
May	0.405	0.182
June	0.182	0.152
July	0.205	0.149
August	0.197	0.141
September	0.165	0.087
October	0.120	0.084
November	0.172	0.086
December	0.172	0.134
2024		
January	0.160	0.118
February	0.132	0.116
March	0.136	0.095
April	0.134	0.096
May (up to the Latest Practicable Date)	0.100	0.081

10. 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.

11. UNDERTAKING AND CONFIRMATION

The Directors 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.

The Company confirms that neither the explanatory statement nor the proposed share repurchase has any unusual features.

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

EXECUTIVE DIRECTOR:

Mr. CHAN Ming Leung Terence

Qualifications and experience

Mr. CHAN Ming Leung Terence, aged 56, was appointed as an executive Director on 2 August 2021.

Mr. Chan has held key management positions in various companies since 1999, including chemical, storage, trading and health care product industries. He has extensive experience in international trading, sales, marketing, strategic planning and business development.

Prior to joining the Company, Mr. Chan was engaged in the health care product business.

Interests in Shares

As at the Latest Practicable Date, Mr. Chan has interests in 2,060,000 options of the Company to subscribe for Shares and has interests in 15,840,000 Shares as beneficial owner. Save as disclosed herein, he has no other interests in the Shares within the meaning of Part XV of the SFO.

Others

Mr. Chan has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 2 August 2021 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. Pursuant to the service agreement, Mr. Chan is entitled to a year-end discretionary bonus. Mr. Chan's current monthly salary is HK\$75,000 which was reviewed by the Remuneration Committee on 2 June 2022. The remuneration of Mr. Chan is determined by the Board with reference to his skill, knowledge and expected involvement in the Company, profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chan (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. Chan 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. Chan required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

EXECUTIVE DIRECTOR:**Mr. GONG Xiaohan***Qualifications and experience*

Mr. GONG Xiaohan, aged 43, was appointed as an executive Director on 8 December 2021.

Mr. Gong obtained his master's degree in software engineering from East China Normal University in 2018.

He started his career in IT industry since 2003, with a focus on the area of sales and marketing. Between July 2003 and September 2016, he spent more than 13 years with Tencent, during which he held senior positions at various departments. He individually won a number of awards from Tencent in respect of his valuable contributions to the business of Tencent.

Prior to joining the Company, Mr. Gong was an entrepreneur. He started his own company in 2017 and engaged in technology business.

Interests in Shares

As at the Latest Practicable Date, Mr. Gong has interests in 36,700,000 options of the Company 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. Gong has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 8 December 2021 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. Pursuant to the service agreement, Mr. Gong is entitled to a monthly salary of HK\$168,000 and a year-end discretionary bonus. The remuneration of Mr. Gong is determined by the Board with reference to his skill, knowledge and expected involvement in the Company, profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Gong (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. Gong 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. Gong required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

EXECUTIVE DIRECTOR:**Mr. WONG Wai Kai Richard***Qualifications and experience*

Mr. WONG Wai Kai Richard, aged 26, was appointed as an executive Director on 6 October 2023.

Mr. Wong completed his Double Bachelor of Arts degree in International Relations and Economics at Brown University in 2020. He became a sixth cohort Schwarzman Scholar and earned a Master of Management Science in Global Affairs at Tsinghua University, Schwarzman College in 2022.

Prior to joining the Company, Mr. Wong was a director and vice president of Beijing Hua Rui Guang Nian Cultural Development Co. Limited*.

Interests in Shares

As at the Latest Practicable Date, Mr. Wong did not have any interest in the Shares within the meaning of Part XV of the SFO.

Others

Mr. Wong has entered into a service agreement with the Company as an executive Director for a term of three years commencing from 6 October 2023 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. Pursuant to the service agreement, Mr. Wong is entitled to a monthly salary of HK\$80,000 and a year-end discretionary bonus. The remuneration of Mr. Wong is determined by the Board with reference to his skill, knowledge and expected involvement in the Company, profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions.

King Castle Enterprises Limited, one of the substantial Shareholders, is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong.

Save as disclosed above, as at the Latest Practicable Date, Mr. Wong (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. Wong 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. Wong required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTOR:**Mr. TANG Shu Pui Simon***Qualifications and experience*

Mr. TANG Shu Pui Simon, aged 59, was appointed as an independent non-executive Director on 22 August 2016. He is the chairman of the Remuneration Committee, a member of the Audit Committee, a member of the Nomination Committee and also a member of the Corporate Governance Committee of the Company.

Mr. Tang is a practising solicitor and an accredited mediator with the Hong Kong International Arbitration Centre. He is a partner of P. C. Woo & Co., a firm of solicitors with over 70 years of service in Hong Kong.

Mr. Tang is a member of the Panel member of the Insurance Appeals Tribunal, honorary legal advisor of the General Agents and Managers Association of Hong Kong, founding member and vice president of the Hong Kong Institute Patent Attorneys, honorary senior legal adviser of the Hong Kong Brands Protection Alliance, founding member, board member and honorary legal counsel of the Hong Kong-ASEAN Economic Cooperation Foundation, member of the Standing Committee on Standards and Development of the Law Society of Hong Kong, honorary legal advisor of the Kitchee Foundation Limited, Executive Board Member of Hong Kong Air Cadet Corps, fellow member of the Hong Kong Institute of Directors and board member of Monte Jade Science and Technology Association of Hong Kong.

On 7 July 2023, Mr. Tang was appointed as an independent non-executive director of Finsoft Financial Investment Holdings Limited (stock code: 8018.HK).

Mr. Tang was first appointed as an independent non-executive Director on 22 November 2013. He retired on 3 December 2015 in order to devote more time for his other personal pursuits. He was re-appointed as an independent non-executive Director on 22 August 2016.

Interests in Shares

As at the Latest Practicable Date, Mr. Tang has interests in 2,000,000 options of the Company to subscribe for Shares and has interests in 5,000,000 Shares as beneficial owner. Save as disclosed herein, he has no other interests in the Shares within the meaning of Part XV of the SFO.

Others

Mr. Tang entered into a letter of appointment with the Company as an independent non-executive Director for a term of three years commencing from 22 August 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, Mr. Tang does not have any relationship with any existing Directors, senior management of the Company, substantial Shareholders or controlling Shareholders. He has not held any directorship in other public listed companies in the past three years prior to the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Board was not aware of any other matters relating to Mr. Tang 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. Tang required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

1. DEFINITIONS AND INTERPRETATION

1.1 In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:–

“Adoption Date”	the date on which the adoption of the Scheme by the Company is approved by the Shareholders in general meeting
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Award”	an award granted under the Scheme by the Board to an Eligible Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with these rules and the terms of the Award
“Award Notice”	shall have the meaning as set out in Paragraph 4.10
“Award Shares”	the Shares granted to an Eligible Participant in an Award
“Banks”	banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Board”	the board of directors of the Company
“Business Day”	any day (other than a Saturday) on which the Stock Exchange is open for trading and on which Banks are open for business in Hong Kong provided that where, as a result of a Number 8 Typhoon Signal, Black Rainstorm Warning or similar event, the period during which the Stock Exchange is open for trading or Banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Board otherwise determines

“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
“Clawback”	in respect of any Award Shares allocated or awarded to an Eligible Participant, the return or repayment of all or a specified part of such Award Shares by such Eligible Participant and/or the ceasing or variation of the Eligible Participant’s entitlement to receive or be vested with all or a specified part of any such Award Shares which have not yet been vested in the Eligible Participant, pursuant to Paragraph 7
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1520)
“connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“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)
“Control”	has the meaning given to it in The Hong Kong Code on Takeovers and Mergers from time to time
“core connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Eligible Participant(s)”	any Employee Participant(s), Related Entity Participant(s) and Service Provider(s)
“Employee”	any employee (whether full time or part time) of the Company or any Subsidiary
“Employee Participant(s)”	any Employee, and any director of the Company or any Subsidiary approved for participation in the Scheme and who has been granted any Award in accordance with the Scheme Rules
“Excluded Participant(s)”	any Eligible Participant(s) who is resident in a place where (a) the award of the Award Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place; or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant(s), in each case as determined by the Board at its absolute discretion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lapse”	shall have the meaning as set out in Paragraph 6.2
“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
“Performance Condition(s)”	the performance condition(s) as may be set by the Board in relation to an Award

“Reference Amount”	the sum of (i) the closing price of a Share as at the Reference Date multiplied by the number of Award Shares; and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy) and such other necessary expenses required for the completion of the purchase of all the Award Shares
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Eligible Participants in a single occasion pursuant to the Scheme
“Refreshment”	the refreshing of the Scheme Limit as approved by Shareholders in general meeting in accordance with the relevant Listing Rules
“Related Entity”	a company which is a holding company, fellow subsidiary or associated company of the Company
“Related Entity Participant(s)”	directors and employees of the Related Entity
“Relevant Event”	any variation in the share capital of the Company arising from capitalisation issue, rights issue, sub-division or consolidation of share capital of the Company, or reduction of capital
“Scheme”	the “Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof
“Scheme Limit”	shall have the meaning as set out in Paragraph 10.1
“Scheme Rules”	the rules governing the Scheme

“Service Provider(s)”	any service provider of the Company include (a) person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business that are desirable or necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group which are in the interests of the long term growth of the Group, which include any independent distributor, contractor, supplier, agent, consultant or adviser to any member of the Group, (i) where the continuity and frequency of their services are akin to those of employees of the Group, or (ii) after stepping down from an employment or director position with the Group, who provide advisory services, consultancy services and/or other professional services to the Company on areas relating to the Group’s principal business activities; any service provider of the Company include (a) a person (including an entity) that falls under any of the subcategories of ‘Consultants’, ‘Suppliers’ and ‘Business Partners’ 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; and exclude (a) placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions; and (b) professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity.
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adoption on 9 June 2023 or as adopted by the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company
“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
“Trust”	the trust to be constituted by a trust deed or such other governing documents of such trust arrangements and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time
“Trustee”	an entity to be appointed for the sole purpose of holding the Shares underlying the Awards issued on trust for Eligible Participants pursuant to the Scheme
“Trust Deed(s)”	in respect of each Trust, the trust deed to be entered into between the Company and the relevant Trustee (as amended, supplemented and restated from time to time) in respect of the establishment of the Trust and administrative of the Scheme
“Vesting Date”	the date or each such date on which the Award Shares are vested
“Vesting Expenses”	all transfer fees, taxes, social security contributions and other levies associated with the vesting, release or transfer of the relevant Award Shares
“%”	percent

1.2 In the Scheme Rules, save where the context otherwise requires:-

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of the Scheme Rules;
- (b) references to Paragraphs are references to paragraphs of the Scheme Rules;

- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entitles of any other kind.

2. PURPOSE, CONDITIONS, DURATION AND ADMINISTRATION OF THE SCHEME

- 2.1 The purposes of the Scheme are to align the interests of Eligible Participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares and to encourage and enable Eligible Participants, upon whose judgment, initiative and efforts the Group largely depends for the successful conduct of its business, to make contributions to the long-term growth and profits of the Group and share in the success of the Group.
- 2.2 The Scheme is conditional upon:
 - (1) the Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company to the Trustee pursuant to the Scheme; and
 - (2) the passing of a resolution by the Shareholders at a general meeting of the Company to approve and adopt the Scheme and to authorize the Directors to grant Awards under the Scheme and to allot, issue, procure the transfer of and otherwise deal with the Award Shares in connection with the Scheme.
- 2.3 Subject to any early termination as may be determined by the Board pursuant to Paragraph 14, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, and thereafter for so long as there are any non-vested Award Shares relating to Awards granted prior to the expiration of the Scheme.
- 2.4 The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and all applicable laws and regulations. Any decision made by the Board as to all matters arising in relation to the Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.

2.5 The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed(s).

3. WHO MAY JOIN

The Board may, at its absolute discretion, invite any persons belonging to any of the following classes of participant (i.e. Eligible Participants), to be offered Awards:

- (i) any Employee Participant(s);
- (ii) any Related Entity Participant(s);
- (iii) any Service Provider(s).

In assessing the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

- (a) his/her skills, knowledge, experience, expertise and other relevant personal qualities;
- (b) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;
- (c) his/her contribution made or expected to be made to the growth of the Group; and
- (d) his/her educational and professional qualifications, and knowledge in the industry.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others:

- (a) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (b) the period of engagement or employment of the Related Entity Participant by the Group;
- (c) the number, scale and nature of the projects in which the Related Entity Participant is involved;
- (d) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialized into further business relationships;
- (e) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and

- (f) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participants' contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

For determining the eligibility of Service Providers, 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.

4. OPERATION OF SCHEME

- 4.1 Subject to Paragraph 11, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Eligible Participant determined by the Board from time to time), select any Eligible Participant (excluding any Excluded Participant) for participation in the Scheme as an Eligible Participant, grant an Award to such Eligible Participant and determine the number of Award Shares. However, until so selected, no Eligible Participant shall be entitled to participate in the Scheme.
- 4.2 Subject to the Scheme Rules, the Board may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the Award as it may at its absolute discretion think fit. Where an Eligible Participant or his associate is a member of the Board, such person will abstain from voting on any approval by the Board of an Award to such Eligible Participant.
- 4.3 Where any grant of Awards to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and Awards granted to such person (excluding any options and Awards lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of shares of the Company in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

- 4.4 Any grant of Awards to a Director, chief executive or substantial Shareholder, or any of their respective associates, under the Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).
- 4.5 Where any grant of Awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the 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 relevant class of shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.
- 4.6 Where any grant of Awards to an independent non-executive Director or a substantial Shareholder, or any of their respective associates would result in the Shares issued and to be issued in respect of all options and Awards granted (excluding any options and Awards lapsed in accordance with the terms of the 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 relevant class of shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting, at which the grantee, his/her associates and all core connected persons of the Company must abstain from voting.
- 4.7 For any grant of Awards to any connected person of the Company, the Company shall comply with all applicable laws, rules and regulations, including but not limited to the Listing Rules from time to time.
- 4.8 The underlying Award Shares to satisfy the Awards (including potential Awards) may be (i) purchased on-market by the Trustee at prevailing market prices from funds provided by the Company (subject to such maximum price as may from time to time be prescribed by the Board); or (ii) issued and allotted as new Shares by the Company for subscription by the Trustee on terms and at issue prices (including at par value) as shall be determined by the Board and from funds provided by the Company; or (iii) the treasury share transferred by the Company to the Trustee. The Company shall appoint the Trustee who shall be a party independent of the Company and its connected person(s) to acquire and hold such Award Shares on Trust for the Eligible Participants, and to distribute such Award Shares to the Eligible Participants, in accordance with the Scheme Rules and pursuant to the Trust Deed or such other governing documents of such trust arrangements. The Board may from time to time cause to be paid the Reference Amount to the Trustee by way of settlement as directed by the Board which shall constitute part of the trust fund of the Trust, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the relevant Trust Deed.
- 4.9 Subject to the Scheme Rules and the terms of the Award, as soon as practicable following the vesting of the Award Shares, the Board shall direct the Trustee to transfer the relevant vested Award Shares to, the Eligible Participant on the Vesting Date, or as soon as possible thereafter

if it is not practicable to effect such transfer on such Vesting Date subject to (i) the receipt by the Trustee of, a written confirmation from the Company that all vesting conditions have been fulfilled and its prescribed transfer document(s) duly signed by the Eligible Participant; and (ii) the payment of all Vesting Expenses by the Eligible Participant.

- 4.10 After the selection of the Eligible Participant(s) and the determination of the number of Award Shares, the Company shall inform the Trustee accordingly. The Company shall also inform the Eligible Participant(s) by written notice in such form as the Company may from time to time determine (the “**Award Notice**”) requiring the Eligible Participant(s) to undertake to hold the Award on the terms on which it is to be granted and to be bound by the Scheme Rules.
- 4.11 Within twenty (20) Business Days (or such other period as the Trustee and the Company may agree from time to time having regard to the circumstances of the purchase concerned) after receipt of the Reference Amount, the Trustee shall apply the Reference Amount towards the purchase of the Award Shares at the prevailing market price. Any balance of the Reference Amount shall be returned by the Trustee to the Company promptly after completion of the purchase. The Shares so purchased shall form part of the trust fund of the Trust.
- 4.12 The Board may determine or modify the terms and conditions of the Award, including but not limited to, among others, the vesting periods, vesting criteria and other conditions. Vesting of the Award Shares will be conditional on the Eligible Participant remaining as an Eligible Participant after the Reference Date and until and on each of the relevant Vesting Dates and his/her execution of the relevant documents to effect the transfer from the Trustee.
- 4.13 The Award Shares will be granted to the Eligible Participant(s) at nil consideration, if any.
- 4.14 The Award Shares, when issued and fully paid, shall rank pari passu among themselves and with the other Shares in issue, with rights to receive all dividends and other distributions declared, made or paid on or after the date of proposed allotment and issue.
- 4.15 Upon the occurrence of any Relevant Event, the purchase price for Award Shares (if any) and/ or the number of Award Shares may be adjusted in a manner as determined by the Board (having received a statement in writing from the independent financial adviser or the auditor of the Company that in their opinion the adjustments proposed satisfy the requirements set out in Rule 17.03(13) of Listing Rules), in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for such Eligible Participant(s). The adjustment must give such Eligible Participant(s) the same proportion of the Award Shares, rounded to the nearest whole Share, as that to which he was previously entitled, but no such adjustment may be made to the extent that a Share would be issued at less than its nominal value (if any).

5. PERFORMANCE CONDITIONS

The Board may at its discretion specify any Performance Condition in the offer letter at the grant of the relevant Award which must be satisfied before an Award may be vested. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer of the grant of the relevant Award at the discretion of the Board, there is no Performance Condition which must be achieved before an Award can be vested under the terms of the Scheme.

6. VESTING AND FORFEITURE

6.1 Unless otherwise determined by the Board at its discretion, the Award Shares held by the Trustee upon the Trust and which are referable to an Eligible Participant shall vest in that Eligible Participant in accordance with the conditions set out in the Award Notice as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules, provided that the Eligible Participant remains at all times after the Reference Date and on the relevant Vesting Dates (if applicable) an Eligible Participant and the related vesting period shall not be less than 12 months (except the specific circumstance as specified in Paragraph 9.2.7). An Eligible Participant shall have no right, benefit or interest in any Award Shares unless and until the Trustee has vested the legal and beneficial ownership of such Award Shares in him. The Board is of the view that the discretion in allowing a shorter vesting period in such circumstances is appropriate and in line with the requirements under the Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide higher incentives when attracting talents; and (ii) grant awards in exceptional circumstance as specified in Paragraph 9.2.7, where justified, which is in line with the purposes of the Scheme.

6.2 The Award granted to an Eligible Participant shall automatically lapse and be cancelled forthwith and the Award Shares of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, in the event that:

6.2.1 the Employee Participant ceases to be an employee;

6.2.2 the Subsidiary by which an Employee Participant is employed ceases to be a subsidiary of the Company (or of a member of the Group);

6.2.3 the Service Provider ceases to provide services to the Group on a continuing or recurring basis;

6.2.4 any of the vesting conditions upon an Award to the relevant Eligible Participant as determined by the Board on the Reference Date were not fulfilled;

- 6.2.5 an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to the successor company);
- 6.2.6 the Eligible Participant has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or could no longer make any contribution to the growth and development of the Group for any reason whatsoever, as the Board may at its absolute discretion determine;
- 6.2.7 the Eligible Participant is found to be an Excluded Participant; or
- 6.2.8 the Eligible Participant fails to (i) return duly executed transfer documents prescribed by the Trustee for the relevant Award Shares; and/or (ii) pay the related Vesting Expenses, within the stipulated period,

(each of these, an event of “**Lapse**”).

- 6.3 In respect of an Eligible Participant who died or retired at his normal retirement date or earlier by agreement with the Company or any of the Subsidiaries at any time prior to the relevant Vesting Date, all the Award Shares of that Eligible Participant shall only be vested on the relevant Vesting Date.
- 6.4 Awards lapsed in accordance with Paragraph 6.2 will not be regarded as utilised for the purpose of calculating the Scheme Limit.
- 6.5 Where the Company cancels an Award granted to an Eligible Participant and makes a new grant to the same Eligible Participant, such new grant may only be made under the Scheme. The Award cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit.

7. CLAWBACK MECHANISM

In certain circumstances, it may be regarded as inequitable for any Award Shares to be vested or retained, as applicable. Such Award Shares are therefore subject to Clawback, including but not limited to circumstances where there has been a material misstatement or omission in the financial statements of the Group made by an Eligible Participant or if the relevant Eligible Participant has engaged in serious negligence, fraud or misconduct, breached the Company’s policies, rules or regulations or other circumstances. Notwithstanding anything else in the Scheme Rules, any Award Shares may be subject to Clawback pursuant to the Company’s Clawback mechanism, as amended from time to time.

8. TRANSFERABILITY

Any Award made hereunder shall be personal to the Eligible Participant to whom it is made and shall not be assignable or transferrable and no Eligible Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

9. RESTRICTIONS

9.1 No Award shall be made and no instructions to acquire Shares on-market shall be given to the Trustee (i) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations, or (ii) during the period of one month days immediately preceding the publication date of the annual/half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant financial/interim period up to and including the publication date of such results.

9.2 For the avoidance of doubt,

9.2.1 notwithstanding any other provisions in these rules, the Awards do not carry any right to vote at general meetings of the Company, no Eligible Participant shall receive any cash income derived from the Award Shares (i.e., cash dividends declared and paid on the Award Shares, if any) in the event that the Company pays any dividend on the Award Shares until such Award Shares become fully vested (provided always that the Eligible Participant shall not be entitled to receive any dividend declared and distributed with respect to the Award Share, prior to the vesting of the same), unless otherwise provided in the Award Notice;

9.2.2 no Eligible Participant shall exercise any voting rights in respect of any Shares held on Trust that have not yet vested or take any action in relation to such Shares in the event of a proposed change in Control of the Company;

9.2.3 the Trustee shall not exercise the voting rights in respect of any Shares held under the Trust and the Trustee holding unvested Shares under the Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given;

9.2.4 no instructions may be given by an Eligible Participant to the Trustee in respect of the Award Shares or other properties of the Trust;

- 9.2.5 the Trustee shall not exercise or purport to exercise any of the rights attached to any Shares held under the Trust (including but not limited to the Award Shares and the Returned Shares) including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions. At such time as when the Award Shares are transferred to the relevant Eligible Participants pursuant to the Scheme, on the relevant Vesting Dates or thereafter, the Eligible Participants will be able to enjoy and exercise all rights attaching to the Award Shares, including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions, in the same way as all other ordinary Shareholders of the same class;
- 9.2.6 subject to Paragraph 15.2, any cash generated from a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (i) apply such cash for the purchase of Shares for the purpose of the Scheme, (ii) apply such cash to defray such fees, costs and expenses as referred to in Paragraph 15.2, or (iii) return such cash to the Company, as the Trustee at its absolute discretion shall at any time determine, after having taken into consideration the recommendations of the Board; and
- 9.2.7 if there is an event of change in Control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the vesting of any Award Shares to the Employee Participant may be accelerated. If the vesting of the Award Shares are accelerated, the procedures as set out in the Scheme shall apply except that the vesting notice will be sent to such Employee Participant affected by this rule as soon as practicable once the proposed vesting date is known. The Trustee shall act on the vesting notice in accordance with the Scheme Rules.
- 9.3 In respect of the administration of the Scheme, the Company shall comply with all applicable law and disclosure regulations.
- 9.4 The Trustee shall not be required to withhold any withholding tax or other tax in relation to the grant of the Award or the transfer of Award Shares. It shall be the duty of the Company to establish appropriate procedures to provide for any such payment.
- 9.5 Applications shall be made by the Company to the Listing Committee for the listing of and the permission to deal in any Award Shares that may be allotted and issued under the Scheme.

10. SCHEME LIMIT

- 10.1 The Board shall not make any further Award which will result in the aggregate number of the Shares which may be issued in respect of all options and awards granted under all of the schemes of the Company (including under the Scheme and the Share Option Scheme) exceeding 10% of the issued share capital of the Company as at the adoption date of the Share Option Scheme ("**Scheme Limit**").

- 10.2 The maximum number of Award Shares which may be granted to Service Providers under the Scheme must not in aggregate exceed 10% of the Scheme Limit (i.e. the “**Service Provider Sublimit**”). The Board shall not make any further Award which will result in the total number of Award Shares in respect of all Awards granted/to be granted to Service Providers exceeding the Service Providers Sublimit.
- 10.3 The Award Shares subject to the Scheme must be separately designated unless they are identical with the other shares of the Company in issue.
- 10.4 The Company may seek approval by the Shareholders in general meeting to refresh the Scheme Limit and/or the Service Provider Sublimit under the Scheme after three (3) years from the adoption date of the Share Option Scheme (or the date of Shareholders’ approval for the last refreshment). However, the total number of Shares which may be issued upon exercise of all Options and Awards to be granted under the Scheme, the Share Option Scheme and any other schemes of the Company under the limit as ‘refreshed’ must not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Limit and/or the Service Provider Sublimit. For the purpose of seeking approval of the Shareholders, the Company must send a circular to its Shareholders containing the information required under the Listing Rules. Any refreshment of the Scheme Limit and/or the Service Provider Sublimit to be made within three (3) years from the adoption date of the Share Option Scheme (or the date of Shareholders’ approval for the last refreshment) shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C of the Listing Rules, where the controlling Shareholders (or if there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and chief executive of the Company and their respective associates) and their associates, must abstain from voting in favour of the relevant resolution at the general meeting) in general meeting.

11. RETURNED SHARES

Subject to Paragraph 14.2, the Trustee shall hold the returned Shares exclusively for the benefit of all or one or more of the Eligible Participants as the Board shall at its absolute discretion at any time determine. When returned Shares have been awarded by the Trustee to an Eligible Participant, the Trustee shall notify the Company accordingly.

12. DISPUTES

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decision shall be final and binding.

13. ALTERATION OF THE SCHEME

- 13.1 Subject to the applicable laws, the Scheme and the Scheme Rules may be altered in any respect (including but not limited to amendment and alterations for the purpose of complying with the Listing Rules) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Eligible Participant.

- 13.2 No alteration shall be made to any of the Scheme Rules which is of a material nature or is related to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants unless such alteration is approved by the Shareholders in general meeting.
- 13.3 Any change to the terms of an Award granted to an Eligible Participant must be approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Scheme.
- 13.4 Any change to the authority of the Directors to alter the terms of the Scheme must be approved by the Shareholders in general meeting.
- 13.5 Written notice of any amendment to the Scheme shall be given to all Eligible Participants with subsisting Awards.

14. TERMINATION

- 14.1 The Scheme shall terminate on the earlier of:
- 14.1.1 the 10th anniversary of the Adoption Date;
- 14.1.2 the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or a scheme of arrangement); and
- 14.1.3 such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Eligible Participant under the Scheme.
- 14.2 Upon termination, no further Award (including Awards granted under the Scheme but not yet exercised or in respect of which Award Shares are not yet issued to the Eligible Participant(s)) shall be granted but in all other respects the provisions of the Scheme shall remain in full force and effect. The Award Shares granted and subsisting prior to the termination shall continue to be in full force and effect.
- 14.3 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

15. MISCELLANEOUS

- 15.1 The Scheme shall not form part of any contract of employment, service contract or engagement contract between the member of the Group and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his office, employment, appointment or engagement shall not be affected by his participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office, employment, appointment or engagement for any reason.
- 15.2 Save as specifically provided herein, the Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Shares themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.3 Any notice or other communication between the Company, the Trustee and any Eligible Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in the Cayman Islands or such other address as notified to the Eligible Participant from time to time and in the case of an Eligible Participant, his address as notified to the Company from time to time. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post.
- 15.4 The Company shall not be responsible for any failure by any Eligible Participant to obtain any consent or approval required for such Eligible Participant to participate in the Scheme as an Eligible Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in the Scheme.
- 15.5 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable, they shall be deemed to be deleted from these Scheme Rules, and any such deletion shall not affect the enforceability of the Scheme Rules as remain not so deleted.

16. GOVERNING LAW

- 16.1 The Scheme shall operate subject to the articles of association of the Company, any applicable law, regulations, rules and codes.
- 16.2 The Scheme shall be governed by and construed in accordance with the laws of Hong Kong in force from time to time.
- 16.3 The parties shall submit to the exclusive jurisdiction of the courts of Hong Kong in relation to any claim or matter arising under the Scheme.

NOTICE OF ANNUAL GENERAL MEETING



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 Wednesday, 26 June 2024, or in the event that a black rainstorm warning is issued, or tropical cyclone warning No. 8 signal or above is hoisted, or “extreme conditions” are announced by the HKSAR Government 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 26 June 2024 or any adjournment, to consider and, if thought fit, transact the following businesses:

ORDINARY BUSINESS

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 2023;
2. Each as a separate resolution, to re-elect the following Directors:
 - 2.1 Mr. CHAN Ming Leung Terence as an executive Director;
 - 2.2 Mr. GONG Xiaohan as an executive Director;
 - 2.3 Mr. WONG Wai Kai Richard as an executive Director;
 - 2.4 Mr. TANG Shu Pui Simon as an independent non-executive Director;
3. To authorise the board of Directors (the “Board”) to fix the Directors’ remunerations;

NOTICE OF ANNUAL GENERAL MEETING

4. To re-appoint BDO Limited as the Auditor and to authorise the Board to fix its remuneration; and

SPECIAL BUSINESS

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

5. **“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 (including any sale or transfer of treasury shares (which shall have the meaning ascribed to it under the Listing Rules coming into effect on 11 June 2024) out of treasury if permitted under the Listing Rules) 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 transferred out of treasury) 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 (excluding treasury Shares) 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

NOTICE OF ANNUAL GENERAL MEETING

- (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. “**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 and, if permitted under the Listing Rules, to determine whether such shares repurchased shall be held as treasury shares by the Company or otherwise be cancelled, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, 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 (excluding treasury Shares) 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

NOTICE OF ANNUAL GENERAL MEETING

- (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.”
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 sold or transferred out of treasury) or agreed conditionally or unconditionally to be allotted by the Directors (or sold or transferred out of treasury) pursuant to or in accordance with such general mandate of an amount representing the total number of the issued Shares (excluding treasury Shares) purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”
8. “**THAT** subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, the Shares which may fall to be issued pursuant to the grant of any award under the share award scheme (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “**Share Award Scheme**”), the Share Award Scheme be and is hereby approved and adopted by the Company and the Directors be and are hereby authorized to grant awards, to allot, issue and deal with the Shares pursuant to the vesting of any awards granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Award Scheme.”

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

Hong Kong, 4 June 2024

NOTICE OF ANNUAL GENERAL MEETING

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

Executive Directors

Mr. LI Yang (*Chairman*)
Ms. TIN Yat Yu Carol
Mr. CHAN Ming Leung Terence
Mr. GONG Xiaohan
Mr. WONG Wai Kai Richard

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

Notes:

1. Business Day means any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no typhoon No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the HKSAR Government 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 typhoon No. 8 signal or above is hoisted, or “extreme conditions” are announced by the HKSAR Government at any time between 9:00 a.m. and 11:00 a.m. on 26 June 2024 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 26 June 2024 or any adjournment thereof.
2. For ascertaining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024 (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 Thursday, 20 June 2024.
3. 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 needs not be a Shareholder.
4. 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 Monday, 24 June 2024.

NOTICE OF ANNUAL GENERAL MEETING

5. 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.

6. 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.