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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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

*(formerly known as CEFC Hong Kong Financial Investment Company Limited)*  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1520)**

#### DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EGM

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Capitalised terms used on this cover page shall have the same meanings as defined in this circular. A notice convening the EGM to be held at Room 706, 7/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Thursday, 2 June 2022, in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the 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 2 June 2022 or any adjournment thereof, is set out on pages 33 to 35 of this circular. Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

#### PRECAUTIONARY MEASURES FOR THE EGM

Please see page ii of this circular for measures being taken to try to prevent and control the spread of the novel coronavirus (COVID-19) at the EGM, including but not limited to:

- compulsory body temperature checks and health declarations
- compulsory wearing of a surgical face mask for each attendee
- appropriate seating arrangement in line with the guidance promulgated by the HKSAR Government
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any HKSAR Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

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## PRECAUTIONARY MEASURES FOR THE EGM

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The health of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing novel coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
- (ii) Each attendee must wear a surgical face mask throughout the EGM and inside the meeting venue, and to maintain a safe distance between seats;
- (iii) No refreshment will be served, and there will be no corporate gift; and
- (iv) Each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any HKSAR Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

If necessary, more stringent precautionary measures and/or other arrangement may be adopted at the EGM to comply with any new, amended and then existing law provision of Hong Kong in effect that time. The Company may change the EGM arrangements at short notice and issue further announcement(s) as appropriate. Shareholders are advised to check the websites of the Company ([www.vmh.com.hk](http://www.vmh.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the latest announcement(s) and information relating to the EGM. The Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution at the EGM instead of attending the EGM in person, by completing and return the proxy form attached to this circular.

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong.

If any Shareholder has any question relating to the EGM, please contact Tricor Investor Services Limited, the Company's share registrar in Hong Kong as follows:

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: 2980 1333

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms and expression have the meaning set forth below:*

|                         |  |
|-------------------------|--|
| “Acquisition”           | the acquisition of the Target Share of the Target Company pursuant to the terms and conditions of the Acquisition Agreement  |
| “Acquisition Agreement” | the acquisition agreement dated 25 January 2022 entered into among the Company, the Vendor and the Guarantor, pursuant to which the Vendor conditionally agreed to sell and the Company conditionally agreed to acquire the Target Share   |
| “Adjustment”            | the adjustment as described under the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”  |
| “Beijing Chuangmeng”    | Beijing Chuangmeng Xingcheng Technology Company Limited* (北京創夢星辰科技有限公司), a company incorporated in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Target Company   |
| “Board”                 | the board of directors of the Company  |
| “Business Day(s)”       | any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the HKSAR Government at or 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 |
| “BVI”                   | British Virgin Islands   |
| “Chengdu Dreamtoys”     | Chengdu Dreamtoys Cultural Creativity Company Limited* (成都創夢潮玩文化創意有限公司), a company incorporated in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Target Company   |
| “Chengdu Jumu”          | Chengdu Jumu Cultural Creativity Company Limited* (成都巨木文化創意有限公司), a company incorporated in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Target Company  |
| “Chuangmeng Creation”   | Beijing Chuangmeng Creation Technology Company Limited* (北京創夢造物科技有限公司), a company incorporated in the PRC with limited liability, and an indirectly wholly-owned subsidiary of the Target Company  |

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## DEFINITIONS

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|--------------------------|--|
| “Company”                | Virtual Mind Holding Company Limited (formerly known as CEFC Hong Kong Financial Investment Company Limited), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1520)  |
| “Completion”             | completion of the Acquisition in accordance with the Acquisition Agreement   |
| “Completion Date”        | the date falling within five (5) Business Days after fulfilment (or waiver, as applicable) of the conditions precedent (or such other date as the Company and the Vendor may agree before Completion) and the date on which Completion takes place   |
| “connected person(s)”    | has the meaning ascribed to it under the Listing Rules   |
| “Consideration Share(s)” | 180,000,000 Shares to be allotted and issued by the Company to the Vendor at the Issue Price pursuant to the Acquisition Agreement   |
| “Director(s)”            | the director(s) of the Company   |
| “Dreamtoys HK”           | Dreamtoys HK Limited, a company incorporated in Hong Kong with limited liability, and a directly wholly-owned subsidiary of the Target Company   |
| “EGM”                    | the extraordinary general meeting of the Company to be held at Room 706, 7/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Thursday, 2 June 2022, or in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the 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 2 June 2022 or any adjournment thereof, a notice of which is set out on pages 33 to 35 of this circular |
| “Escrow Arrangement”     | the escrow arrangement between the Vendor and the Company as set out in the paragraph headed “4. Lock-up Undertaking and Escrow Arrangement”   |
| “Final Consideration”    | the consideration as adjusted (if any) pursuant to the Acquisition Agreement, details of the Adjustment are set out in the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”   |

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## DEFINITIONS

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|                           |   |
|---------------------------|---|
| “Guarantor”               | Mr. Zeng Ge, the sole legal and beneficial owner of the Vendor and a director of Chengdu Dreamtoys  |
| “Group”                   | the Company and its subsidiaries  |
| “Guaranteed Profit”       | the guaranteed profit for the Profit Guarantee Period as set out in the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”   |
| “HK\$”                    | Hong Kong dollar, the lawful currency of Hong Kong  |
| “HKFRSs”                  | Hong Kong Financial Reporting Standards   |
| “HKSAR” or “Hong Kong”    | the Hong Kong Special Administrative Region of the PRC  |
| “HKSAR Government”        | the government of the HKSAR   |
| “Initial Consideration”   | the initial consideration for the Acquisition amounting to HK\$44.0 million, subject to the Adjustment  |
| “Internal Reorganisation” | the internal reorganisation conducted and completed in March 2022, pursuant to which the Target Company holds indirectly 100% equity interests in Chuangmeng Creation and Chengdu Dreamtoys |
| “Issue Price”             | HK\$0.22 per Consideration Share  |
| “Latest Practicable Date” | 6 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular                                   |
| “Listing Committee”       | has the meaning ascribed to it under the Listing Rules  |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Lock-up Undertaking”     | the lock-up undertaking given by the Vendor to the Company as described under the paragraph headed “4. Lock-up Undertaking and Escrow Arrangement”  |
| “Nanning Chuanqi”         | Nanning Chuanqi Trendy Cultural Creativity Company Limited* (南寧創祺潮玩文化創意有限公司), a company incorporated in the PRC with limited liability, and an indirect subsidiary of the Target Company    |

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## DEFINITIONS

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|------------------------------|--|
| “PRC”                        | the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan   |
| “Profit Guarantee Period”    | period in which the Target Company shall fulfil the Guaranteed Profit, as set out in the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”   |
| “RMB”                        | Renminbi, the lawful currency of the PRC   |
| “Shareholders”               | holder(s) of the Shares  |
| “Share(s)”                   | the ordinary share(s) in the share capital of the Company, with a nominal value of HK\$0.01 each   |
| “Specific Mandate”           | a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the allotment and issue of the Consideration Shares upon the Completion |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |
| “subsidiary(ies)”            | has the meaning ascribed to it under the Listing Rules   |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Listing Rules   |
| “Target Company”             | Dreamtoys Inc, a company incorporated in the Cayman Islands with limited liability, and wholly-owned by the Vendor   |
| “Target Group”               | the Target Company and its subsidiaries  |
| “Target Share”               | the entire issued share capital of the Target Company  |
| “Valuer”                     | Jones Lang LaSalle Corporate Appraisal and Advisory Limited  |
| “Vendor”                     | Dreamtoys Ltd, a company incorporated in the BVI with limited liability and wholly-owned by the Guarantor  |

*\* For identification purpose only*

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LETTER FROM THE BOARD

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

*(formerly known as CEFC Hong Kong Financial Investment Company Limited)*  
*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1520)**

*Executive Directors:*

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

*Registered Office:*

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

*Independent Non-executive Directors:*

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

*Head Office and Principal Place  
of Business in Hong Kong:*

Room 706, 7/F., Capital Centre  
151 Gloucester Road  
Wanchai  
Hong Kong

13 May 2022

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION IN RELATION TO  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
THE TARGET COMPANY  
INVOLVING THE ISSUE OF CONSIDERATION SHARES  
UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EGM**



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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

Reference is made to the announcement of the Company dated 25 January 2022 and the supplemental announcement of the Company dated 8 April 2022 in relation to the Acquisition Agreement entered into among the Company as the purchaser, Dreamtoys Ltd as the Vendor and Mr. Zeng Ge as the Guarantor, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the Target Share, representing the entire issued share capital of the Target Company which holds 100% equity interests in Chengdu Dreamtoys through its wholly-owned subsidiaries.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisition Agreement and the transaction contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the issue of the Consideration Shares; and (ii) a notice of the EGM and the proxy form.

### 2. THE ACQUISITION AGREEMENT

Date: 25 January 2022

Parties: the Company (as purchaser)

the Vendor (as seller)

the Guarantor (as guarantor)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor are third parties independent of the Company and its connected persons.

#### (a) Subject Matter

The Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the Target Share, representing the entire issued share capital of the Target Company.

#### (b) Conditions Precedent

The Acquisition Agreement is conditional upon the fulfilment (or waiver, as applicable) of the following conditions precedent:

- (i) all necessary consents, authorisations and approvals having been obtained by the Company, the Vendor and each member of the Target Group in respect of the Acquisition Agreement and the transactions contemplated thereunder;

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## LETTER FROM THE BOARD

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- (ii) completion of the due diligence review of the financial, legal, business, operation and other matters of the Target Group to the satisfaction of the Company at its sole discretion;
- (iii) the passing by the Shareholders at the EGM of an ordinary resolution approving the Acquisition Agreement and the transaction contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the issue of the Consideration Shares;
- (iv) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares by the Listing Committee of the Stock Exchange;
- (v) the Company having received a PRC legal opinion in relation to, among others, the due incorporation, shareholdings and business scope of the Target Group in the form and substance to the satisfaction of the Company;
- (vi) the warranties given by the Vendor and the Guarantor remaining true, accurate and complete in all respects and not misleading in any respect from the date of the Acquisition Agreement up to the Completion Date; and
- (vii) there being no material adverse change in the Target Group's business, operations, financial conditions or prospects since the date of the Acquisition Agreement.

The Company may waive conditions (ii) and/or (vii) above at its discretion. The conditions precedent for the Acquisition Agreement shall be satisfied or waived in full within 90 days from the date of the Acquisition Agreement or such other date as agreed by the parties to the Acquisition Agreement, failing which the Acquisition will be terminated.

As of the Latest Practicable Date, none of the conditions set out above had been fulfilled and the Company had no intentions to waive conditions (ii) and/or (vii) above.

**(c) Consideration**

Pursuant to the Acquisition Agreement, subject to the Adjustment, the Initial Consideration for the Acquisition is HK\$44.0 million.

The Initial Consideration will be satisfied by a combination of cash payment and the allotment and issue of the Consideration Shares to the Vendor in the following manners:

- (i) HK\$4.4 million (representing 10% of the Initial Consideration) shall be payable in cash by the Company to the Vendor on the Completion Date;

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## LETTER FROM THE BOARD

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- (ii) HK\$26.4 million (representing 60% of the Initial Consideration) shall be satisfied by allotment and issue of the Consideration Shares (the “**Batch 1 Consideration Shares**”) by the Company to the Vendor on the Completion Date. The Batch 1 Consideration Shares shall be subject to the Lock-up Undertaking; and
- (iii) HK\$13.2 million (representing 30% of the Initial Consideration) shall be satisfied by allotment and issue of the Consideration Shares (the “**Batch 2 Consideration Shares**”) by the Company to the Vendor on the Completion Date. The Batch 2 Consideration Shares shall be subject to the Escrow Arrangement and the Lock-up Undertaking.

The cash consideration for the Acquisition will be funded by internal resources of the Group.

**(d) Basis of the Initial Consideration**

The Initial Consideration and the payment mechanism for the Initial Consideration was arrived at based on normal commercial terms after arm’s length negotiation between the Company and the Vendor, and the arrangement is in the interest of the Company and the Shareholders as a whole taking into account, among others, the following:

- (i) the objective valuation on the Target Group of approximately RMB43.0 million (equivalent to approximately HK\$52.89 million) based on market approach as at 31 December 2021 conducted by the Valuer. Please see the paragraph headed “7. The Valuation” below for further details;
- (ii) the fact that the Target Group has been in its initial development stage;
- (iii) the performance of the Target Group in the 4th quarter of 2021 after it launched the products based on the characters issued by the gaming arm of a world-renowned internet and mobile value-added service provider (the “**Gaming Partner**”);
- (iv) the cooperation between the Target Group and its business partners such as the Gaming Partner and a leading digital entertainment platform in the PRC (the “**Other Gaming Partner**”);
- (v) the portfolio of the licenced intellectual properties (the “**IP(s)**”) and proprietary IPs of the Target Group;

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## LETTER FROM THE BOARD

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- (vi) the business development and future prospect of the Target Group in the application of its IP rights on the creation of both virtual and physical trendy cultural products which also create synergy to the apparel business of the Group in creating cross-over products using the proprietary IP rights;
- (vii) the entire issued share capital of the Target Company to be transferred to the Company upon Completion;
- (viii) the payment terms of the Consideration, which includes an adjustment mechanism and are subject to downward adjustments depending on the achievement of the Guaranteed Profit by the Target Group;
- (ix) the benefits and synergy effect that can be brought to the Group as a result of the Acquisition which will also enable the Group to:
  - a. expand the Group's apparel business through the collaboration with the IP products;
  - b. diversify its products from women apparel products to all-rounded trendy apparel and other accessories products for men, women and young adults;
  - c. extend its market focus to cover the PRC market; and
  - d. benefit from the contribution of the Target Group in terms of revenue from the trendy cultural products; and
- (x) other reasons as described under the paragraph headed "11. Reasons for and Benefits of Entering into the Acquisition Agreement" in this circular.

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## LETTER FROM THE BOARD

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### 3. THE CONSIDERATION SHARES AND THE ISSUE PRICE

The Consideration Shares represent (i) approximately 10.05% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 9.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (subject to Completion and assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of Consideration Shares).

The Issue Price was arrived at after arm's length negotiation among the parties to the Acquisition Agreement, representing:

- (i) a premium of approximately 0.92% to the closing price of HK\$0.218 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;
- (ii) a discount of approximately 4.76% to the average of the closing price of HK\$0.231 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Acquisition Agreement;
- (iii) a discount of approximately 5.98% to the average of the closing price of HK\$0.234 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Acquisition Agreement; and
- (iv) a discount of approximately 8.33% to the closing price of HK\$0.240 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Directors consider that the Issue Price is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM.

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## LETTER FROM THE BOARD

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### 4. LOCK-UP UNDERTAKING AND ESCROW ARRANGEMENT

#### (a) Lock-up Undertaking

The Vendor has agreed and undertaken to the Company that it shall not engage in any transaction which will affect the ownership of the Batch 1 Consideration Shares, including but not limited to (i) offer, pledge, gift, sell or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose any Batch 1 Consideration Shares, or (ii) enter into any swap, option (including put or call options), short sale, future, forward or other arrangement that transfers any of the economic interest of the Batch 1 Consideration Shares to another person (the “**Lock-up Undertaking**”) for a period of six months commencing from the date of the allotment and issue of the Batch 1 Consideration Shares.

#### (b) Escrow Arrangement

The Vendor has agreed that the Batch 2 Consideration Shares shall be kept and retained by the Company in its capacity as escrow agent (the “**Escrow Arrangement**”) (pending disposal thereof in accordance with the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”) for a period commencing from the date of the allotment and issue of the Batch 2 Consideration Shares and up to the determination of the Final Batch 2 Consideration Shares (as detailed in the section headed “5. Profit Guarantee And Adjustment Arrangement – (b) Adjustment Arrangement” below) (the “**Batch 2 Escrow Period**”). The Vendor has agreed and undertaken to the Company that the Batch 2 Consideration Shares shall be subject to the Lock-up Undertaking during the Batch 2 Escrow Period.

To facilitate the implementation of the Escrow Arrangement, the Vendor has agreed that the physical share certificate(s) of the Batch 2 Consideration Shares once allotted and issued shall be delivered to and retained by the Company in the capacity as escrow agent. The physical share certificate(s) will be released to the Vendor in accordance with the manner as set out in the paragraph headed “5. Profit Guarantee and Adjustment Arrangement”.

For the avoidance of doubt, subject to the Lock-up Undertaking, the Escrow Arrangement and the Adjustment, the Vendor shall be entitled to other rights and interests of the Batch 1 Consideration Shares and the Batch 2 Consideration Shares, including voting rights and the rights to receive all dividends, distributions and other payments attached to the Consideration Shares, notwithstanding the Lock-up Undertaking and the Escrow Arrangement.

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## LETTER FROM THE BOARD

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The Directors consider that as the Batch 2 Consideration Shares are issued to the Vendor on the Completion Date, it is reasonable that the Vendor, who shall become the Shareholder in respect of the Batch 2 Consideration Shares, will be entitled to the rights and interests in respect of the Batch 2 Consideration Shares which all other Shareholders have. Notwithstanding that the Vendor is entitled to the Shareholders' rights attached to the Batch 2 Consideration Shares before the Target Group has fulfilled the Guaranteed Profit, as a safeguard to the Company, the Batch 2 Consideration Shares will also be subject to the Escrow Arrangement in addition to the Lock-Up Undertaking. On the other hand, in the negotiation process with the Vendor, the Company understands that from the point of view of the Vendor, the entire issued share capital of the Target Company will be transferred to the Company upon Completion, subject to the fulfilment of the conditions precedent (which do not include the fulfilment of the Guaranteed Profit), therefore, it is natural for the Vendor to require the Initial Consideration (or a substantial part thereof) to be paid upon Completion free from any encumbrance. If the Guaranteed Profit is not achieved in whole, adjustment will be made accordingly and the Company will repurchase and cancel all the Shortfall Batch 2 Consideration Shares (as defined below) at nil consideration (as detailed in the section headed "5. Profit Guarantee and Adjustment Arrangement – (b) Adjustment Arrangement" below) and the Vendor is required to return all distribution and dividends declared and paid by the Company (if any) before such repurchase. Further, in respect of the voting rights, according to the Listing Rules or the articles of association of the Company, any Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting. Therefore, where the Vendor has a material interest in a proposed transaction or arrangement to be approved at general meeting of the Company, the Vendor is required to abstain from voting on the resolution(s) approving the transaction or arrangement.

Having considered the above, the Board is of the view that there is a mechanism under the Acquisition Agreement in respect of the payment of the Initial Consideration to safeguard the interest of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 5. PROFIT GUARANTEE AND ADJUSTMENT ARRANGEMENT

#### (a) Profit guarantee

Pursuant to the Acquisition Agreement, the Vendor and the Guarantor jointly and severally, and irrevocably guarantee and undertake to the Purchaser that the audited consolidated net profit after tax excluding all extraordinary items of the Target Company for the year ending 31 December 2022 (the “**Profit Guarantee Period**”) shall be not less than RMB3.6 million (equivalent to approximately HK\$4.43 million) (the “**Guaranteed Profit**”).

If the actual consolidated net profit after tax excluding all extraordinary items as shown in the audited financial statements (to be prepared by the Company’s auditors in accordance with HKFRSs) of the Target Company for the year ending 31 December 2022 (the “**Actual Profit 2022**”) shall be not less than the Guaranteed Profit, all the Batch 2 Consideration Shares shall be released to the Vendor within five Business Days after the issue of the aforesaid audited financial statement.

#### (b) Adjustment arrangement

If the Actual Profit 2022 shall be less than the Guaranteed Profit, the Initial Consideration shall be adjusted downward to determine the Final Consideration as follows:

Final Consideration = Initial Consideration x 70% (*Note*) + (Final Batch 2 Consideration Shares x Issue Price)

and the Batch 2 Consideration Shares shall be adjusted downward as follows (the “**Final Batch 2 Consideration Shares<sup>#</sup>**”):

$$\frac{\text{Actual Profit 2022}}{\text{Guaranteed Profit}} \times \text{No. of Batch 2 Consideration Shares}$$

<sup>#</sup> round down to the nearest integer

provided always that the Final Batch 2 Consideration Shares shall not be more than the Batch 2 Consideration Shares and if the Actual Profit 2022 is at a loss, the Final Batch 2 Consideration Shares shall be zero. The difference between the Final Batch 2 Consideration Shares and the Batch 2 Consideration Shares shall be referred to as the “**Shortfall Batch 2 Consideration Shares**”.

*Note:* Initial Consideration X 70% equals to HK\$30.8 million (being the sum of (i) HK\$4.4 million payable in cash by the Company to the Vendor on the Completion Date; and (ii) HK\$26.4 million to be satisfied by allotment and issue of the Batch 1 Consideration Shares by the Company to the Vendor on the Completion Date).



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## LETTER FROM THE BOARD

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The Company will (i) repurchase and cancel all the Shortfall Batch 2 Consideration Shares at nil consideration and (ii) require the Vendor to return all distribution and dividends declared and paid by the Company (if any) before such repurchase, in which case the Company will carry out the share repurchase after obtaining all regulatory approval(s).

Pursuant to the Acquisition Agreement, the Guarantor has unconditionally and irrevocably warranted to the Company that the Vendor will duly and punctually perform all its obligations and the Guarantor has undertaken to compensate and indemnify the Company.

**(c) Right to extend the Profit Guarantee Period**

If the Company on its bona fide determination concludes that the failure to achieve the Guaranteed Profit in 2022 is due to one or more reasons beyond the Target Group's control, it may (but is not obliged to) extend the Profit Guarantee Period for one financial year to the year ending 31 December 2023 for the Vendor to fulfill the shortfall Guaranteed Profit in 2022.

If the actual consolidated net profit after tax excluding all extraordinary items as shown in the audited financial statements (to be prepared by the Company's auditors in accordance with HKFRSs) of the Target Company for the year ending 31 December 2023 (the "**Actual Profit 2023**") shall be not less than the Guaranteed Profit and the aggregate of the Actual Profit 2022 and the Actual Profit 2023 shall be not less than RMB7.2 million (equivalent to approximately HK\$8.86 million) (being two times the Guaranteed Profit), the Company shall release all the Shortfall Batch 2 Consideration Shares to the Vendor unconditionally within five Business Days after the issue of the audited financial statement.

In case the Company shall choose to extend the Profit Guarantee Period as aforesaid but the aggregate of the Actual Profit 2022 and the Actual Profit 2023 shall be less than RMB7.2 million (equivalent to approximately HK\$8.86 million) (being two times the Guaranteed Profit), the Company will (i) repurchase and cancel all the Shortfall Batch 2 Consideration Shares at nil consideration and (ii) require the Vendor to return all distribution and dividends declared and paid by the Company (if any) before such repurchase, in which case the Company will carry out the share repurchase after obtaining all regulatory approval(s).

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## LETTER FROM THE BOARD

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The Directors consider that the Initial Consideration, Final Consideration, Issue Price for the Consideration Shares together with the above profit guarantee and adjustment arrangement are fair and reasonable and in the interest of the Company and the Shareholders as a whole on the basis that:

- (i) according to the draft valuation report, the value of the Target Group is approximately RMB43.0 million (equivalent to approximately HK\$52.89 million) as at 31 December 2021. The Initial Consideration for the Acquisition is HK\$44.0 million, representing a discount of approximately 16.8% to the valuation of the Target Group. The difference is approximately HK\$8.89 million which is sufficient to cover the loss of the Target Group during its previous financial years;
- (ii) the Company will acquire the entire issued share capital of the Target Company on the Completion Date;
- (iii) the Guaranteed Profit is not less than RMB 3.6 million (equivalent to approximately HK\$4.43 million) and 30% of the Initial Consideration (i.e. the Batch 2 Consideration Shares to be held by the Company in the capacity as escrow agent) amounts to HK\$13.2 million which is much higher than the amount of the Guaranteed Profit. In the event that the Guaranteed Profit is not fulfilled, the relevant Batch 2 Consideration Shares will be repurchased at nil consideration and cancelled according to the Adjustment;
- (iv) although 60% of the Initial Consideration will be settled by way of allotment and issue of the Batch 1 Consideration Shares, they will be subject to the Lock-up Undertaking which prohibits the Vendor from, amongst others, selling, transferring or disposing of the Batch 1 Consideration Shares or any transactions which will affect such ownership, as such, the performance of the Target Group and the Vendor's interests in the Shares shall be aligned with the interest of the Shareholders and the Company as a whole; and
- (v) the Acquisition will bring about synergy effect to the Group's existing apparel business as it will provide the Group with direct access to a portfolio of IPs that can be utilised in producing cross-over trendy cultural apparel and apparel-related products, without which the Group will need to pay for the IP authorisation fees for the use of the IPs in the Group's existing apparel business.

### 6. COMPLETION

Completion shall take place at the office of the Company on the Completion Date, or at such other place and time as shall be mutually agreed in writing by the Company and the Vendor.

Upon Completion, the Company will hold the entire issued capital of the Target Company, and financial results of the Target Group will be consolidated into the financial statements of the Company.

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## LETTER FROM THE BOARD

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### 7. THE VALUATION

The Company has engaged the Valuer to perform a valuation (the “**Valuation**”) of 100% equity interest in the Target Group as of 31 December 2021 (the “**Valuation Date**”). According to the preliminary Valuation, the market value of the 100% equity interest in the Target Group as of the Valuation Date was RMB43,000,000 (equivalent to approximately HK\$52.89 million). The Valuation was performed using the guideline public company method under the market approach. In application of the guideline public company method, the forward enterprise value-to-sales ratio (the “**Forward EV/S Ratio**”) of the comparable companies, the projected sales and certain adjustments were adopted by the Valuer to derive their valuation opinion. The calculation of the market value of 100% equity interest of the Target Group as at the Valuation Date is as follows:

| Parameter   | Unit       | Input                           |
|---|------------|---------------------------------|
| Mean adjusted enterprise value-to-sales multiple of the comparable companies  | Times      | 1.29                            |
| Projected sales of the Target Group for the financial year ending on 31 December 2022 (the “ <b>Projected Sales</b> ”)  | RMB        | <u>24,964,950</u>               |
| Enterprise value of the Target Group  | RMB        | 32,310,549                      |
| Add: Cash   | RMB        | <u>5,902,416</u>                |
| Equity value of the Target Group before discount for lack of marketability (the “ <b>DLOM</b> ”) and control premium (the “ <b>CP</b> ”) as at the Valuation Date | RMB        | 38,212,965                      |
| Adjusted for DLOM   | %          | 15.80                           |
| Adjusted for CP   | %          | <u>33.00</u>                    |
| <b>Equity value of the Target Group after DLOM and CP (Rounded)</b>   | <b>RMB</b> | <b><u><u>43,000,000</u></u></b> |

The basis and methodology of the Valuation are summarised below.

#### *Valuation Methodology*

In arriving at the Valuer’s assessed value, they have considered three generally accepted approaches, namely market approach, cost approach and income approach.

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## LETTER FROM THE BOARD

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To select the most appropriate approach, the Valuer has considered the purpose of the Valuation and the resulting basis of value as well as the availability and reliability of information provided to perform an analysis. They have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of the Target Group. In their opinion, the cost approach is inappropriate for valuing the Target Group, as it does not directly incorporate information about the economic benefits contributed by the Target Group. The income approach is inappropriate as the approach requires detailed operational information and long-term financial projection of the Target Group with objective evidences but such information is not available. Also, given the limited history of the Target Group and the market uncertainties the Target Group will face in the mid and long term, the income approach presents limitations. In light of this, a discounted cash flow under the income approach would carry with it significant uncertainties. Hence, the market approach is adopted in the Valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public company method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In the Valuation, the market value of the 100% equity interest of the Target Group was developed through the guideline public company method. The Valuer has adopted Forward EV/S Ratio in this valuation. The Forward EV/S Ratio was calculated using the guideline companies' enterprise value as of the Valuation Date divided by their respective next year's forecasted revenue.

### *Market Multiple*

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- (i) The companies derive most, if not all, of their revenues from the same industry of the Target Group, i.e. designing and developing toys based on self-owned or licensed intellectual properties, so that they are similar and comparable enough to formulate the benchmark in the Valuation;
- (ii) The comparable companies are searchable in Bloomberg;
- (iii) The domicile territories of the comparable companies are in East Asia according to Bloomberg;
- (iv) The comparable companies are publicly listed and their shares are actively traded; and

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## LETTER FROM THE BOARD

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- (v) Sufficient data, including but not limited to the enterprise value as at the Valuation Date and projected revenue for the next year as from the Valuation Date of the comparable companies is available.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. The details of the comparable companies are listed below:

| <b>Bloomberg Ticker</b> | <b>Company Name</b>          | <b>Company Description</b>   |
|-------------------------|------------------------------|--|
| 002292 CH Equity        | Alpha Group (China)          | Alpha Group manufactures toys and dolls. The Company produces animation toys, electronic game machines, and other products. Alpha Group also operates cartoon production, game development, and other businesses.  |
| 9992 HK Equity          | Pop Mart International Group | Pop Mart International Group Limited operates as a toys wholesales company. The Company provides trendy toys designing, production, marketing, and other services. Pop Mart International Group markets its products worldwide.  |
| 7867 JP Equity          | Tomy Company, Ltd.           | Tomy Company, Ltd. designs and manufactures a wide variety of toys and hobby goods. The Company's product line includes video game software, character goods, gift items, and toys for infants. The Company specializes in designing and marketing its toys while assigning production to domestic and foreign subsidiaries. |

### *Adjustments to the Forward EV/S Ratios*

As the comparable companies are often of significantly different size from the Target Group with larger companies generally have lower expected returns that translate into higher values, and vice versa, the Forward EV/S Ratios of the comparable companies were adjusted to reflect the differences in geographic locations and sizes between the comparable companies and the Target Group.

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## LETTER FROM THE BOARD

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The following formula was adopted in deriving the size adjustment:

$$\text{Adjusted Multiple} = 1 / (1 / \text{Original Multiple} + \alpha \varepsilon \theta)$$

where:

- $\alpha$  = The scale factor (Revenues/After-Tax EBIT).
- $\varepsilon$  = The ratio of the equity value to the enterprise value of the guideline company.
- $\theta$  = The size differential with reference to “CRSP Deciles Size Premia Study: Key Variables as of 31 December 2020” by Duff & Phelps Cost of Capital Navigator.

The adjusted multiples represent the hypothetical multiples of the comparable companies as if they were of the similar size to the Target Group.

The adjusted multiples of the comparable companies are listed as below:

| <b>Bloomberg<br/>Ticker</b> | <b>Company Name</b>          | <b>Market<br/>Capitalisation<br/>(USD' Million)</b> | <b>Original EV/S<br/>Multiple</b> | <b>Adjusted EV/S<br/>Multiple</b> |
|-----------------------------|------------------------------|---|-----------------------------------|-----------------------------------|
| 002292 CH Equity            | Alpha Group (China)          | 1,473   | 3.34                              | 0.59                              |
| 9992 HK Equity              | Pop Mart International Group | 8,037   | 6.51                              | 2.89                              |
| 7867 JP Equity              | Tomy Company, Ltd.           | 920   | 0.54                              | 0.40                              |
|                             | <b>Mean</b>                  |   |                                   | <b>1.29</b>                       |

### ***Equity Value***

The adjusted Forward EV/S Ratio was applied with the Projected Sales by the Valuer to derive the enterprise value of the Target Group. The equity value of the Target Group was calculated using the following formula which is a widely accepted formula in deriving the equity value from enterprise value:

$$\text{Market Cap} = \text{EV} - \text{PE} - \text{MI} - \text{ST Debt} - \text{LT Debt} + \text{Cash}$$

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where:

|            |   |  |
|------------|---|--|
| EV         | = | enterprise value                         |
| Market Cap | = | market capitalization of ordinary equity |
| PE         | = | preferred equity                         |
| MI         | = | minority interest                        |
| ST Debt    | = | short-term debt                          |
| LT Debt    | = | long-term debt                           |

Short-term debt applied in the above formula relates to interest-bearing debt which should be excluded together with non-operating capital such as preferred equity and minority interests and non-operating cash in order to derive the equity value of the Target Group. On the other hand, the operation-related liabilities are not required to be deducted.

Per the Valuer's experience, this method is commonly used among the valuation industry and can be found in public disclosures from other Hong Kong listed companies.

Having considered the above, the Valuer is of the view that such treatment (the "**Treatment**") of not excluding the operation-related liabilities in the calculation of the Target Group's equity value to be fair and reasonable. Having considered (i) the fact that the formula above is a widely accepted formula; (ii) the nature of the Target Group's liabilities; and (iii) the Valuer's view on the Treatment, the Directors are of the view that the Treatment is fair and reasonable.

In forming the valuation opinion, the Valuer also considered the business nature, economic environment factors and financial statement of the Target Group.

The following key assumptions have been based by the Valuer:

- (i) The financial information provided accurately reflects the Target Group's financial and operating position and performance;
- (ii) The accuracy of the financial and operational information of the Target Group such as management accounts, contractual agreements and manufacturing capabilities, provided to the Valuer by the Company relied to a considerable extent on such information in arriving at the Valuer's opinion of value;
- (iii) The financial statements of the Target Group were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis;

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- (iv) There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target Group;
- (v) The continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;
- (vi) There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;
- (vii) The operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- (viii) The copies of the operating licenses and company incorporation documents provided are reliable and legitimate;
- (ix) The 2022 revenue of the Target Group will be achieved in accordance to the management's projection; and
- (x) There are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, the Valuer assume no responsibility for changes in market conditions after the Valuation Date.

In addition, the Valuer has also taken into account the following factors when forming the basis of Valuation: (i) assumptions made on the market and on the Target Group are considered to be fair and reasonable; (ii) market value as of the Valuation Date; (iii) the micro-economic and macro-economic factors relating to the business of the Target Group; and (iv) the controllership and liquidity of the equity interest of the Target Group.

### ***Projected Sales***

The Projected Sales consist of (i) approximately RMB24 million of sales turnover of trendy cultural products and (ii) RMB1 million of licence fee income from the licencing of the Target Group's proprietary IPs.



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## LETTER FROM THE BOARD

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The Target Group plans to launch 12 trendy cultural products originated from the Target Group's proprietary IPs and licenced IPs in 2022 and the total revenue to be generated from the relevant sales during 2022 is estimated to be approximately RMB24 million. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the estimated selling price of each of the IP products has been determined based on various factors, including materials, sizes, licence fees, manufacturing and operation costs, and the target profit margin; and (ii) the Target Group has also made reference to the market prices of the IP products of similar ranking that are on sale in the market as a benchmark of the customers' willingness to spend on the IP products. The Target Group offers different categories of the IP products with varied collectible features tailored for fans with different preferences. For instance, blind box is the entry level product with relatively lower prices. Character boutique action figure involves more design work and materials for production and this category of products is normally priced as a mid-level product. Character garage kit ("GK") is a larger-sized action figure which has more detailed design and craftsmanship for the production and this category of products is normally priced as a high-end product.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the estimated sales volume of the IP products of the Target Group has been determined in the following two aspects:

1. in respect of the proprietary IP products, the estimated sales volume has been determined based on (i) the experience and market intelligence gathered by the management team of the Target Group on the popularity of the proprietary IP products with reference to the sales volume of similar IP products launched in various online shopping channels; (ii) the capability of the e-commerce trading platforms which provide sales channels for the Target Group's IP products with track record of high turnover; and (iii) the expected promotion campaign to be launched in marketing the IP products in various sales channels; and
2. in respect of the licenced IP products, the estimated sales volume has been determined based on (i) the historical sales volume of similar character boutique figure and character GK provided by the Gaming Partner; and (ii) the expected promotion campaign to be launched together with the Gaming Partner and the Other Gaming Partner in marketing the IP products in various media platforms and the sales channels.

Pursuant to a licence agreement entered into between Chengdu Dreamtoys and the Company, Chengdu Dreamtoys grants the exclusive right of use of the IP rights of four animated characters (the "IP Characters") worldwide to a wholly-owned subsidiary of the Company for the development, production and sales of apparel of the IP Characters for the period from 19 January 2022 to 18 January 2023. According to the licence agreement, the Company has to pay a fixed licence fee of RMB1 million to Chengdu Dreamtoys for total sales within RMB20 million and an additional floating licence fee of 5% for the cumulative total sales exceeding RMB20 million.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Group has entered into several sales entrustment contracts with e-commerce trading platforms in the PRC in order to secure the sales channels of the Target Group's trendy cultural products through popular online shopping platforms.

In addition, Chengdu Jumu, as the licensee, has entered into a licence agreement (大運好禮運營計劃授權協議) with Chengdu Kuanzhai Cultural and Creative Industry Investment Group Company Limited\* (成都寬窄文創產業投資集團有限公司), a wholly-owned subsidiary of Chengdu Cultural Tourism Development Group Company Limited\* (成都文化旅遊發展集團有限責任公司) which is wholly-owned by Chengdu State-owned Assets Supervision and Administration Commission, as the licensor on 1 March 2022. The executive committee of the 31st Summer Universiade has granted Chengdu Cultural Tourism Development Group Company Limited\* (成都文化旅遊發展集團有限責任公司) as the main operation entity of "大運好禮" programme. As an authorised partner, Chengdu Jumu's products (一起樂盒 - 成都本土文創產品), which is the proprietary IP products of Chengdu Dreamtoys, have been reviewed and approved by the licensor to have the relevant logo of "大運好禮", and to be produced and distributed within the licenced scope as special products with anti-counterfeiting labels. Under the licence agreement, Chengdu Jumu commits that they will provide not less than 50,000 units of the authorised products (一起樂盒大運好禮限量專款). The 31st Summer Universiade was originally scheduled to be held from 26 June 2022 to 7 July 2022 in Chengdu and it was recently announced that the event will be postponed to a later date.

In assessing whether the amount of the Projected Sales is achievable and the fairness and reasonableness of its basis, the Directors have considered the following factors:

(i) *Fast-rising young markets*

According to *iiMedia* Research, the turnover of the global trendy cultural product industry reached approximately RMB149.3 billion in 2020, a year-on-year growth of 19.7% and the turnover of the Chinese trendy cultural product market reached approximately RMB29.5 billion in 2020, a year-on-year growth of 44%. The domestic trendy cultural product market is a fast-rising young market. In the future, China's trendy cultural product market will maintain a relatively rapid growth trend as a whole. It is expected that the industry will reach approximately RMB57.5 billion by 2023, and the compound growth rate is expected to be 24.9% from 2021 to 2023.

With reference to Baidu's 2021 《國潮驕傲搜索大數據》, the post-90s and post-00s generations' attention to "China-Chic" (i.e. fashion and trendy products with Chinese traditional cultural characteristics) reached 74.4%. The topics that the post-00s' group pays most attention to are "Chinese trendy brand" and "domestic animation". The Directors are optimistic that the Target Group's trendy cultural products will penetrate into the market of the younger adults of the post-90s and post-00s generations.

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## LETTER FROM THE BOARD

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(ii) *Recognition of the Target Group's capabilities and vision*

The success of the launched GK products by Chengdu Dreamtoys has been recognised by the Gaming Partner. The Directors are of the view that the IPs owned/licenced by the Target Group have great market potential and are confident that the trendy cultural products originated from the IPs will stand out in the market and lure the fan communities of the popular online games of the Gaming Partner and the Other Gaming Partner to purchase the Target Group's products.

(iii) *Products launched for well-known IPs from the Gaming Partner and the Other Gaming Partner*

The licenced IP products to be launched in 2022 include licenced IPs from the Gaming Partner and the Other Gaming Partner. The brand influence and huge fan base of these well-known games will help Chengdu Dreamtoys save a lot of marketing costs and favor the relevant product sales.

(iv) *Excellent performance of proprietary IPs*

Chengdu Dreamtoys has a featured team of 7 in-house designing artists specialised in designing a single or a series of characters that will be licenced as its proprietary IPs. Chengdu Jumu's products (一起樂盒 - 成都本土文創產品), which is the proprietary IP products of Chengdu Dreamtoys, have been reviewed and approved by the relevant operation entity of "大運好禮" programme granted by the executive committee of the 31st Summer Universiade. Chengdu Jumu has obtained the relevant authorization so that Chengdu Jumu can produce and sell the authorised products (一起樂盒大運好禮 限量專款). The selection of Chengdu Dreamtoys' proprietary IP products into the "大運好禮" programme of the 31st Summer Universiade is a great affirmation of the ability of Chengdu Dreamtoys' design team, and it also demonstrates the high quality of the proprietary IPs.

(v) *Favorable government policies*

According to 《產業結構調整指導目錄(2019年)》 issued by the National Development and Reform Commission, "cultural creative design services" and "anime creation and derivative product development" belong to the industries encouraged by the State. The State Council also pointed out in 《關於新形勢下加快知識產權強國建設的若干意見》 that "deepen the reform in the field of intellectual property rights, accelerate the construction of a powerful intellectual property rights country, and promote the integrated development of cultural and creative design, services and related industries." It shows that the relevant government policies support and encourage IP incubation, product creative design and production.

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## LETTER FROM THE BOARD

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(vi) *Diverse sales channels*

In addition to the sales in physical stores of the Other Gaming Partner, the Target Group has also secured e-commerce trading platforms in the PRC so that the Target Group's products will be accessible in popular online shopping platforms and the in-game sales platform of the Gaming Partner, etc. Further, the Target Group will cooperate with gaming partners to promote and sell the products through channels such as exhibitions and pop-up stores. The diverse sales channels and the brand influence of the gaming partners can greatly help the achievement of the sales target.

Having considered the above, the Directors are of the view that the amount of the Projected Sales is achievable and the basis of setting the Projected Sales is fair and reasonable.

### 8. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The effect on the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Acquisition (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Consideration Shares) are set forth below:

| Director  | As at the Latest Practicable Date |                        | Immediately upon Completion   |                        |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
|   | Number of Shares                  | Approximate Percentage | Number of Shares              | Approximate Percentage |
| Tang Shu Pui Simon ( <i>Note 1</i> )                | 5,000,000                         | 0.28%                  | 5,000,000                     | 0.25%                  |
| <b>Substantial Shareholders</b>                     |                                   |                        |                               |                        |
| World Field Industries Limited ( <i>Note 2</i> )    | 283,994,000                       | 15.86%                 | 283,994,000                   | 14.41%                 |
| BLB International Company Limited ( <i>Note 3</i> ) | 240,000,000                       | 13.41%                 | 240,000,000                   | 12.18%                 |
| <b>Public Shareholders</b>                          |                                   |                        |                               |                        |
| The Vendor  | –                                 | –                      | 180,000,000 ( <i>Note 4</i> ) | 9.14%                  |
| Other Public Shareholders                           | 1,261,273,378                     | 70.45%                 | 1,261,273,378                 | 64.02%                 |
| Total   | <u>1,790,267,378</u>              | <u>100.00%</u>         | <u>1,970,267,378</u>          | <u>100.00%</u>         |

*Note:*

- 1 These 5,000,000 Shares are beneficially owned by Tang Shu Pui Simon, an independent non-executive Director.

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- 2 Based on the disclosure of interests forms filed on 21 January 2022, World Field Industries Limited is owned as to 100% by Green Astute Limited, which is in turn owned as to 100% by Hao Tian Media & Culture Holdings Limited, which is in turn owned as to 100% by Aceso Life Science Group Limited (“**Aceso**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474.HK). Based on the disclosure of interest forms in relation to Aceso filed on 24 August 2021, Aceso is owned as to 45.45% by Asia Link Capital Investment Holdings Ltd. (“**Asia Link**”) and as to 10.83% by Century Golden Resources Investment Co., Ltd (“**Century Golden**”). Asia Link is owned as to 100% by Li Shao Yu (李少宇). Century Golden is owned as to 50% by Huang Tao (黃濤) and as to 40% by Huang Shiying (黃世熒).
- 3 Based on the disclosure of interests forms filed on 22 June 2021, BLB International Company Limited is owned as to 100% by Baolingbao Biology Co., Ltd. (“**BLB Biology**”), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 2286.SZ). Based on the first quarterly report of BLB Biology for the three months ended 31 March 2022 published on the website of the Shenzhen Stock Exchange (www.szse.cn) on 29 April 2022, as at 31 March 2022, BLB Biology was owned as to 12.71% by Beijing Yongyu Investment Management Limited (北京永裕投資管理有限公司, “**Beijing Yongyu**”) and as to 10.25% is owned by Ningbo Baopu Futong Asset Management Center (Limited Partnership) (寧波鈞樸富通資產管理中心(有限合夥)). Based on information published on Beijing Enterprise Credit Information website (北京市企業信用信息網, qyxy.scjgj.beijing.gov.cn) and based on the information available to the Company, Beijing Yongyu is wholly owned by Dai Sijue (戴斯覺).
- 4 60,000,000 Shares of the Consideration Shares held by the Vendor shall be subject to the Lock-up Undertaking and the Escrow Arrangement, and be released by the Company pursuant to terms and conditions of the Acquisition Agreement.

### 9. INFORMATION ON THE VENDOR AND THE GUARANTOR

The Vendor is a company incorporated in the BVI with limited liability, an investment holding company and is wholly-owned by the Guarantor. As at the Latest Practicable Date, the Target Company is wholly-owned by the Vendor. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor are third parties independent of the Company and its connected persons.

### 10. INFORMATION ABOUT THE TARGET GROUP

The Target Company is a company incorporated in the Cayman Islands with limited liability. As at the Latest Practicable Date, the Vendor holds the entire issued share capital of the Target Company.

Dreamtoys HK, being a directly wholly-owned subsidiary of the Target Company, is incorporated in Hong Kong with limited liability. Beijing Chuangmeng and Chuangmeng Creation, being indirectly wholly-owned subsidiaries of the Target Company, are incorporated in the PRC with limited liability. The Target Company, Dreamtoys HK, Beijing Chuangmeng and Chuangmeng Creation are principally investment holding companies and they did not generate any revenue in the past two financial years nor do they hold any IPs.

Chengdu Dreamtoys is incorporated in the PRC with limited liability on 25 May 2020, and is an indirectly wholly-owned subsidiary of the Target Company. Chengdu Dreamtoys is principally engaged in the research and development, operation and promotion of trendy cultural products and is the major operating subsidiary of the Target Company.

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On one hand, Chengdu Dreamtoys has a featured team of 7 in-house designing artists specialised in designing a single or a series of characters that will be licenced as its proprietary IPs. The elements of the IPs can then be utilised in the development of original, unique, artistic, entertaining, trendy cultural products that are collectible items such as figurines in a covered box and other figurines such as action figures, GK and adult-oriented assembled toys. Such IPs are more of a trendy style which complements with a large variety of fashion on the figurines or can be used in cross-over apparel products or accessories targeted to both women and men apparel markets of younger generation. Chengdu Dreamtoys has applied for the registration of the IPs of 11 animated characters in the PRC, among which the registrations of the IPs of 8 animated characters have been completed.

On the other hand, Chengdu Dreamtoys has been cooperating with the Gaming Partner. Owing to the Gaming Partner's high volume of high-quality IP resources, leading entertaining contents and user base, Chengdu Dreamtoys seeks to create synergy with the Gaming Partner by further exploring the commercial values of the licenced IPs. Chengdu Dreamtoys has been granted the licenced IPs through its cooperation with the Gaming Partner so that Chengdu Dreamtoys can develop trendy cultural products derived from the elements of the IPs of the characters in the most famous games of the Gaming Partner. Chengdu Dreamtoys has also been granted the licenced IPs from the Other Gaming Partner.

Chengdu Dreamtoys engages third-party manufacturers to manufacture the developed trendy cultural products and figurines which are sold to retail customers through online gaming stores of the Gaming Partner and at various retail stores networks of the Other Gaming Partner. Chengdu Dreamtoys can also licence its proprietary IPs in return for licence fee income. Chengdu Dreamtoys will launch monthly promotion campaign for the introduction of its newly created IP trendy cultural products and build up the IPs' fan communities and promote the trendy cultural products.

Chengdu Jumu is incorporated in the PRC with limited liability and is a wholly-owned subsidiary of Chengdu Dreamtoys while Nanning Chuanqi is incorporated in the PRC with limited liability and is a non-wholly owned subsidiary of Chengdu Dreamtoys. Both Chengdu Jumu and Nanning Chuanqi have minimal operation and they did not recognise any revenue in the past two financial years ended 31 December 2021. Chengdu Jumu and Nanning Chuanqi do not hold any IPs.

The Target Group also injects the spirit of integration and innovation into product design and development with a global perspective, and combines blockchain technology, near-field sensing technology, digital interaction and other new digital modules to create a meta-universe IP ecosystem that communicates with digital content.

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## LETTER FROM THE BOARD

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Set out below is the unaudited consolidated financial information of the Target Group (on the assumption that the Internal Reorganisation had taken place on 1 January 2020 and 1 January 2021, respectively) for the years ended 31 December 2020 and 31 December 2021, respectively, which has been prepared in accordance with the accounting policies in compliance with HKFRSs:

|                     | <b>For the<br/>year ended<br/>31 December<br/>2020</b><br><i>RMB million<br/>(unaudited)</i> | <b>For the<br/>year ended<br/>31 December<br/>2021</b><br><i>RMB million<br/>(unaudited)</i> |
|---------------------|--|--|
| Net loss before tax | 0.77   | 2.21   |
| Net loss after tax  | 0.77   | 2.21   |

As Chengdu Dreamtoys was incorporated in May 2020 and commenced operation in 2021, it did not generate revenue for the year ended 31 December 2020. Since the commencement of its operation in 2021, Chengdu Dreamtoys generated revenue of approximately RMB5.85 million and gross profit of approximately RMB2.0 million for the year ended 31 December 2021 which was greatly attributable to the sales of figurines of a licenced IP from the Gaming Partner. Chengdu Dreamtoys recorded a net loss after tax of approximately RMB2.09 million which was mainly attributable to the initial start-up costs of its office, rental and staff costs (including research and development and design teams) incurred since the commencement of the Target Group's initial development stage in the first three quarters of 2021. While Chengdu Dreamtoys recorded limited sales in the late third quarter, it achieved revenue of approximately RMB5.54 million in the fourth quarter of 2021 representing around 95% of the Target Group's revenue in 2021, following the launch of GK products based on the character of the Gaming Partner.

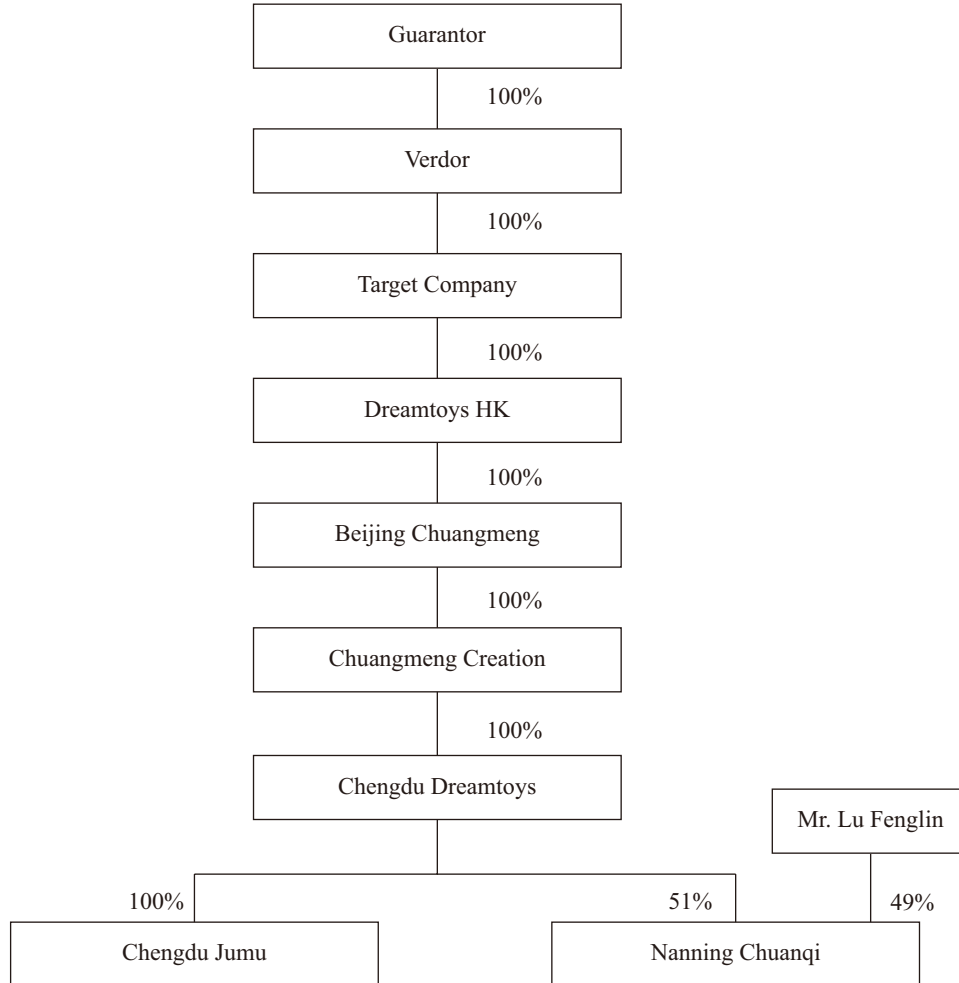
According to the unaudited consolidated financial information of the Target Group (on the assumption that the Internal Reorganisation had taken place on 1 January 2020 and 1 January 2021, respectively), as at 31 December 2021, the Target Group had consolidated total asset and consolidated net liabilities of approximately RMB8,723,284 and RMB1,987,784, respectively.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the shareholding structure of the Target Group is as follows:



### 11. REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

The Group is principally engaged in design, manufacturing and trading of apparels and provision of money lending services. The Company's apparel business focuses on women apparel products. Most of the Company's apparel products are exported to the United States (the "U.S.") and the U.S. market is the principal market for the Company's apparel operation. The business has been facing ever-increasing challenges since the start of the China-U.S. trade war in recent years. Since the outbreak of novel coronavirus (COVID-19), the U.S. is one of the regions mostly affected by the pandemic. The U.S. economy slowed down significantly in the first half of 2020, and in certain period its economy drew to a near total halt.



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## LETTER FROM THE BOARD

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As mentioned in the Company's announcement dated 10 January 2022, the Company believes that the recent development in the apparel industry has been shifting its focus towards the market segment in the younger generation with trendy culture. Therefore, the Group aims to capture this opportunity with a vision to develop trendy culture apparel products and has been actively seeking new business opportunities to expand its design, manufacturing and trading of apparels business in order to diversify from its focus of manufacturing private label women's apparel to become an all-rounded trendy apparel product manufacturer and tap into the men and young adults' markets, and extend its market focus to cover the PRC market. As such, the Company entered into a cooperation agreement with Qingdao Weiding Sports Supplies Company Limited\* (青島威鼎體育用品有限公司).

With the aim of achieving the Group's strategic goal of capturing the market opportunities in the younger generation in terms of developing trendy cultural apparel and apparel related products, the Group has in January 2022 appointed Dr. Zhou Yibing as the Group's chief creativity officer and Mr. Li Yang as executive Director and Chairman of the Board, who both have extensive experience in fashion apparel, trendy brand promotion, information technology and other businesses.

The Group has entered into a licensing agreement with Chengdu Dreamtoys pursuant to which Chengdu Dreamtoys grants the exclusive right of use of the IP rights of four IP Characters worldwide to the Group for the development, production and sales of apparel of the IP Characters in order to increase the variety of the Group's products and leverage on the increase in popularity of the IP Characters in the product launch of those IP Characters.

Chengdu Dreamtoys, being the major operating subsidiary of the Target Company, has a featured team of 7 in-house designing artists specialised in designing a single or a series of characters and has various proprietary and licenced IP rights that could be utilised in the production of trendy cultural products infused with pop culture and trendy content that covers a wide variety of product categories, including, among others, blind boxes, action figures, GK and adult-oriented assembled toys while Chengdu Dreamtoys has developed close relationship with some renowned gaming platforms with popular games and large user base.

The relationship between the Company's apparel business and the Target Group's business is complementary. Upon completion of the Acquisition, the Group could, on one hand, tap into the trendy cultural products industry in the application of the IP rights of Chengdu Dreamtoys on the creation of both virtual and physical trendy cultural products and pursuing into the business of trendy cultural products retailing. On the other hand, it could enjoy the access to a wide range of proprietary and licenced IP rights held by Chengdu Dreamtoys which creates synergy to the apparel business of the Group in creating cross-over products using the IP rights held by Chengdu Dreamtoys.

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## LETTER FROM THE BOARD

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Going forward, Chengdu Dreamtoys will continue its IP creation process with its 7 in-house designers while 25 IPs are in the design stage. Chengdu Dreamtoys will hire 3 more in-house designers to facilitate its design process and it is anticipated that more than 15 IPs will be launched and commercialised in the coming years. Chengdu Dreamtoys will focus on the research and development of the characters, incorporate more storyline into one or a series of characters as well as increase the interaction with the fan communities. Chengdu Dreamtoys is also in initial negotiation with fashion brand for the collaboration of the fashionable items in the development of IPs. The Group envisages the Acquisition would provide the Group with opportunities in developing its apparel business with the use of proprietary IPs of Chengdu Dreamtoys and tapping into the market segment of younger generation. At the same time, the collaboration of the proprietary IPs with the apparel products and accessories will also increase the popularity of such proprietary IPs, while the Group could also have access to these unique proprietary IPs. The Target Group is also in the process of negotiation with the retail store partners in order to expand its sales network. The Directors consider that the Acquisition, if materialised, represents a good opportunity for the Group to expand its business to a new dimension, and to capture the business opportunities in connection with the meta-universe IP ecosystem. The Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Directors consider that the settlement of part of the consideration by the Consideration Shares will enable the Group to (i) retain more cash for the general working capital requirements and future business development of the Group after Completion; and (ii) avoid weakening the Group's ability to meet its current liabilities as and when they fall due only with quick assets, thereby enabling the management of the Group to more flexibly and efficiently use of the cash resources readily available and utilise it for the Group's daily business operations and future business development. As a result, the Acquisition and the terms under the Acquisition Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

### **12. THE EGM AND PROXY ARRANGEMENT**

The notice of the EGM is set out on pages 33 to 35 of this circular. At the EGM, an ordinary resolution will be proposed to approve, among other matters, the Acquisition Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares pursuant to the Specific Mandate).

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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A form of proxy for the EGM is despatched to the Shareholders with this circular. Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Transaction and no Shareholder is required to abstain from voting to approve the resolution to be proposed at the EGM.

### 13. RECOMMENDATION

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

In view of the ongoing public health risk posed by the novel coronavirus (COVID-19) and recent requirements for prevention and control of its spread by the HKSAR Government, Shareholders may consider to exercise their voting rights by appointing the chairman of the EGM as their proxy to vote on the resolution at the EGM as an alternative to attending the EGM in person. Shareholders who choose to do so should take action as soon as possible to ensure the proxy instructions reach the Company's branch share registrar and transfer office in Hong Kong not less than 48 hours before the time fixed for holding the EGM.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the EGM arrangements at short notice. Shareholders are advised to check the websites of the Company ([www.vmh.com.hk](http://www.vmh.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the latest announcement(s) and information relating to the EGM. All times and dates in this circular refer to Hong Kong local times and dates.

### 14. OTHER INFORMATION

As disclosed in the announcement dated 31 March 2022, subsequent to the passing of the special resolution regarding, among other things, the proposed change of name of the Company at the extraordinary general meeting of the Company held on 25 March 2022, the Company has received on 31 March 2022 a copy of the certificate of incorporation on change of name dated 29 March 2022 issued by the Registrar of Companies in the Cayman Islands certifying the change of name of the Company. The Company's logo has been changed accordingly.

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

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## NOTICE OF EGM

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

*(formerly known as CEFC Hong Kong Financial Investment Company Limited)*  
*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1520)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**EGM**”) of Virtual Mind Holding Company Limited (the “**Company**”) will be held at Room 706, 7/F., Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong at 11:00 a.m. on Thursday, 2 June 2022, or in the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the 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 (as defined in Note 1 below) after 2 June 2022 or any adjournment.

The following resolution will be considered and, if thought fit, approved by the Shareholders at the EGM:

#### ORDINARY RESOLUTION

“**THAT:**

- (a) the execution, delivery and performance by the Company of an acquisition agreement dated 25 January 2022 (the “**Acquisition Agreement**”) entered into among the Company, Dreamtoys Ltd (the “**Vendor**”) and Zeng Ge (the “**Guarantor**”) (a copy of the Acquisition Agreement is tabled at the meeting and marked “A” and signed by the chairman of the meeting for identification purpose) pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the one ordinary issued share in, representing the entire issued share capital of, the Dreamtoys Inc (the “**Target Company**”) (the “**Acquisition**”), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfilment or waiver of the conditions precedent set out in the Acquisition Agreement, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) which shall entitle the Directors to exercise all the powers of the Company to allot and issue a maximum of 180,000,000 new shares (the “**Shares**”) of the Company (the “**Consideration Shares**”) at the issue price of HK\$0.22 per Share to the Vendor to settle part of the consideration for the Acquisition in accordance with the terms and conditions of the Acquisition Agreement; and

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## NOTICE OF EGM

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- (c) any one or more of the Directors of the Company be and is/are hereby authorised to exercise all powers of the Company and take all steps as might in their opinion be desirable, necessary or expedient to give effect to or in connection with the Acquisition Agreement including without limitation: (i) the execution, amendment, supplement, delivery, submission and/or implementation of any further documents or agreements in relation to the Acquisition Agreement, and the issue and allotment of the Consideration Shares; and (ii) the taking of all necessary actions to implement the transactions contemplated under the Acquisition Agreement.”

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

Hong Kong, 13 May 2022

As at the date hereof, the board of Directors comprised the following Directors:

*Executive Directors*

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

*Independent non-executive Directors*

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

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

Room 706, 7/F., Capital Centre  
151 Gloucester Road  
Wanchai  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. “Business Day” means any day (excluding Saturday and Sunday) on which no black rainstorm warning is issued, no No. 8 signal or above is hoisted, and no “extreme conditions” are announced by the HKSAR Government at or any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong; and on which banks in Hong Kong are generally open for business. In the event that a black rainstorm warning is issued, or No. 8 signal or above is hoisted, or “extreme conditions” are announced by the HKSAR Government at or any time between 9:00 a.m. and 11:00 a.m. or remain in force in Hong Kong, the EGM will not be held on that day but will be held at the same time and place on the second Business Day after 2 June 2022 or any adjournment thereof.
2. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders are advised to check the websites of the Company ([www.vmh.com.hk](http://www.vmh.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the latest announcement(s) and information on the EGM arrangements.
3. For ascertaining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 May 2022.
4. Any Shareholder entitled to attend and vote at the EGM 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 of association of the Company. A proxy need not be a Shareholder.
5. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong in any event not later than 11:00 a.m. on Tuesday, 31 May 2022.
6. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof and in such case, the form of proxy previously submitted shall be deemed to be revoked.
7. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto if more than one of such joint holders are present at the EGM, 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 shareholders in respect of the joint holding.