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天機控股有限公司

VIRTUAL MIND HOLDING COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Virtual Mind Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the audited consolidated results of the Group for the year ended 31 December 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Revenue	5	149,734	129,595
Cost of sales		<u>(144,978)</u>	<u>(120,568)</u>
Gross profit		4,756	9,027
Other gains and losses, net	5	(2,400)	(7,777)
Impairment loss of goodwill		(16,756)	(9,117)
Impairment loss of right-of-use assets		(1,133)	–
Provision for expected credit loss on trade receivables		(2,464)	(10,837)
Reversal of expected credit loss on loans and interest receivables		14,604	2,251
Provision for expected credit loss on other receivables		(2,502)	–
Selling and distribution expenses		(5,006)	(2,798)
Administrative expenses		(97,874)	(51,391)
Finance costs		(2,166)	(6,633)
Share of results of associates		(1,002)	(116)
Gain on disposal of subsidiaries		<u>578</u>	<u>945</u>
Loss before income tax	6	(111,365)	(76,446)
Income tax expense	7	<u>(625)</u>	<u>(1,717)</u>
Loss for the year		<u>(111,990)</u>	<u>(78,163)</u>
Other comprehensive income/(loss), net of tax, attributable to owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		<u>2,053</u>	<u>(651)</u>
Total comprehensive loss for the year		<u>(109,937)</u>	<u>(78,814)</u>

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(110,027)	(76,628)
Non-controlling interests		<u>(1,963)</u>	<u>(1,535)</u>
		<u>(111,990)</u>	<u>(78,163)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(107,974)	(77,279)
Non-controlling interests		<u>(1,963)</u>	<u>(1,535)</u>
		<u>(109,937)</u>	<u>(78,814)</u>
Loss per share attributable to owners of the Company			
Basic (in HK cents)	9	<u>(13.42)</u>	<u>(13.12)</u>
Diluted (in HK cents)		<u>(13.42)</u>	<u>(13.12)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates		9,035	614
Property, plant and equipment		3,830	3,212
Right-of-use assets		3,963	2,635
Prepayment and other receivable		21,867	9,615
Goodwill	<i>10</i>	2,700	19,210
Intangible asset		700	700
Deferred tax assets		451	439
		<hr/> 42,546	<hr/> 36,425
Current assets			
Inventories		7,191	13,100
Trade receivables	<i>11</i>	35,441	36,801
Loans and interest receivables	<i>12</i>	47,330	42,232
Deposits, prepayments and other receivables		38,226	49,423
Financial assets at fair value through profit or loss		4,320	10,872
Cash and cash equivalents		29,867	6,218
		<hr/> 162,375	<hr/> 158,646
Current liabilities			
Trade payables	<i>13</i>	5,805	6,500
Accruals and other payables		15,963	31,951
Other borrowings		2,215	16,437
Provision for taxation		320	–
Lease liabilities		3,131	2,000
		<hr/> 27,434	<hr/> 56,888
Net current assets		<hr/> 134,941	<hr/> 101,758
Total assets less current liabilities		<hr/> 177,487	<hr/> 138,183

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		2,105	702
Other borrowings		8,213	7,460
		<u>10,318</u>	<u>8,162</u>
Net assets		<u>167,169</u>	<u>130,021</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		38,073	26,822
Reserves		130,774	104,135
		<u>168,847</u>	<u>130,957</u>
Non-controlling interests		<u>(1,678)</u>	<u>(936)</u>
Total equity		<u>167,169</u>	<u>130,021</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL

Virtual Mind Holding Company Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the address of its principal place of business is Suite 1702, 17/F., World-Wide House, No. 19 Des Voeux Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in the design, manufacturing and trading of apparels, provision of money lending services and sale of trendy cultural, game and other products.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors on 27 March 2026.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

2.1 Adoption of new or amendments to HKFRS Accounting Standards – effective 1 January 2025

In current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are effective for the Group’s consolidated financial statements for the current accounting period:

- Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability

The application of the amendments to HKFRS Accounting Standards has no material impact to the Group’s results and financial positions for the current and prior period. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

2.2 Amendments, New Standards and Interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under historical cost convention, except for financial assets at fair value through profit or loss (“**FVTPL**”) as disclosed in the accounting policies and explanatory notes below.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group’s chief operating decision maker (being the executive directors of the Company) in order to allocate resources and assess performance of the segment. During the year, the Company has identified design, manufacturing and trading of apparels, provision for money lending services and sale of trendy cultural, game and other products as the reportable and operating segments of the Group.

Each of these operating segments is managed separately as each of them requires different business strategies.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain cash and bank balances and other corporate assets not attributable to the reportable segments;
- all liabilities are allocated to operating segments other than certain lease liabilities and other corporate liabilities not attributable to the reportable segments; and
- segment results represent the loss or profit incurred or earned by each segment without allocation of bank interest income, unallocated finance costs and unallocated corporate expenses.

The segment information provided to the executive directors for the reportable segments during the year is as follows:

	Design, manufacturing and trading of apparels <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sale of trendy cultural, game and other products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2025				
Revenue from external customers	<u>32,648</u>	<u>2,899</u>	<u>114,187</u>	<u>149,734</u>
Segment loss	(13,567)	4,870	(32,491)	(41,188)
<i>Reconciliation</i>				
Bank interest income				32
Unallocated corporate expenses				(68,043)
Finance costs				<u>(2,166)</u>
Loss before income tax				<u>(111,365)</u>
At 31 December 2025				
Segment assets	57,200	56,855	56,807	170,862
Other corporate assets				<u>34,059</u>
Total assets				<u>204,921</u>
Segment liabilities	14,130	1,900	16,787	32,817
Other corporate liabilities				<u>4,935</u>
Total liabilities				<u>37,752</u>
Other segment information				
Year ended 31 December 2025				
Amounts included in the measure of segment profit or loss or segment assets:				
Provision for inventories	(1,497)	–	(3,881)	(5,378)
Provision for ECL on trade receivables	(2,030)	–	(434)	(2,464)
Reversal of ECL on loans and interest receivables	–	14,604	–	14,604
Impairment loss of goodwill	–	–	(16,756)	(16,756)
Impairment loss of right-of-use assets	(1,133)	–	–	(1,133)
Provision for ECL on other receivables	–	–	(2,502)	(2,502)
Net fair value change on financial assets at FVTPL (<i>note</i>)	–	(4,269)	–	(4,269)
Depreciation (<i>note</i>)	(1,961)	(1,412)	(465)	(3,838)
Capital expenditure (<i>note</i>)	<u>(5,404)</u>	<u>–</u>	<u>(791)</u>	<u>(6,195)</u>

	Design, manufacturing and trading of apparels <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sale of trendy cultural, game and other products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024				
Revenue from external customers	<u>47,907</u>	<u>5,570</u>	<u>76,118</u>	<u>129,595</u>
Segment loss	(25,027)	(4,596)	(13,522)	(43,145)
<i>Reconciliation</i>				
Bank interest income				152
Unallocated corporate expenses				(26,820)
Finance costs				<u>(6,633)</u>
Loss before income tax				<u>(76,446)</u>
At 31 December 2024				
Segment assets	62,823	63,162	55,836	181,821
Other corporate assets				<u>13,250</u>
Total assets				<u>195,071</u>
Segment liabilities	15,332	1,908	13,534	30,774
Other corporate liabilities				<u>34,276</u>
Total liabilities				<u>65,050</u>
Other segment information				
Year ended 31 December 2024				
Amounts included in the measure of segment profit or loss or segment assets:				
Provision for inventories	(690)	–	(498)	(1,188)
Provision for ECL on trade receivables	(10,837)	–	–	(10,837)
Reversal of ECL on loans and interest receivables	–	2,251	–	2,251
Impairments loss of goodwill	–	–	(9,117)	(9,117)
Net fair value change on financial assets at FVTPL (<i>note</i>)	–	(5,725)	–	(5,725)
Depreciation (<i>note</i>)	(761)	(1,398)	(355)	(2,514)
Capital expenditure (<i>note</i>)	<u>(18)</u>	<u>(2,791)</u>	<u>(678)</u>	<u>(3,487)</u>

The Company is an investment holding company and the principal places of the Group's operations are in the PRC (including Hong Kong). Management determines the Group is domiciled in both Hong Kong, and in the PRC, which is the Group's principal operating location. No revenue was earned from transactions with other operating segments of the Group.

The Group's revenue from external customers is divided into the following geographical areas, based on locations of customers:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Hong Kong	2,899	5,570
The PRC	146,835	124,025
	149,734	129,595

Geographical location of external customers is based on the location at which the customers are domiciled.

The principal non-current assets held by the Group are located in the PRC (including Hong Kong).

Revenue from each of the major customers which accounted for 10% or more of the Group's revenue for the year is set out below:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Customer A	26,730	N/A*
Customer B	26,630	39,815
Customer C	N/A*	21,410
Customer D	N/A*	14,154
Customer E	24,787	N/A*
Customer F	15,285	N/A*

* The revenue from these customers accounted for less than 10% of the Group's revenue for the years ended 31 December 2025 and 2024.

Note:

Depreciation and capital expenditures, which represent the depreciation, additions and lease modifications of property, plant and equipment and right-of-use assets have been included in:

	Design, manufacturing and trading of apparels <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sale of trendy cultural, game and other products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2025					
Net fair value charge on financial assets at					
FVTPL	-	(4,269)	-	(779)	(5,048)
Depreciation	(1,961)	(1,412)	(465)	(691)	(4,529)
Capital expenditures	(5,404)	-	(791)	(1,774)	(7,969)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the year ended 31 December 2024					
Net fair value charge on financial assets at					
FVTPL	-	(5,725)	-	(4,260)	(9,985)
Depreciation	(761)	(1,398)	(355)	(1,020)	(3,534)
Capital expenditures	(18)	(2,791)	(678)	-	(3,487)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. REVENUE, AND OTHER INCOME AND GAINS

Revenue represents the interest income from loans receivables, and revenue from sales of apparels and trendy cultural and game products, net of returns, discounts and sales related taxes. Further details regarding the Group's principal activities are disclosed in note 4.

The Group's revenue from contracts with customers represents revenue from sales of goods which is recognised on a point in time basis. An analysis of the Group's revenue and other income and gains, net, are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers under HKFRS 15:		
Sales of goods	146,835	124,025
Revenue from other source:		
Interest income from loans receivable	<u>2,899</u>	<u>5,570</u>
Total revenue	<u><u>149,734</u></u>	<u><u>129,595</u></u>
Other gains and losses, net		
Net fair value loss on financial assets at FVTPL	(5,048)	(9,985)
Bank interest income	32	152
Other interest income	1,080	1,245
Dividend income on preference shares	235	–
Gain on exchange difference	–	622
Rental income	681	–
Write-off of trade payables	384	–
Sundry income	<u>236</u>	<u>189</u>
	<u><u>(2,400)</u></u>	<u><u>(7,777)</u></u>

The disaggregation of the Group's revenue from contracts with customers on sale of goods are as follows:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Geographical markets		
The PRC	<u>146,835</u>	<u>124,025</u>
Total revenue from contracts with customers, recognised at a point in time	<u><u>146,835</u></u>	<u><u>124,025</u></u>

The following table provides information about trade receivables from contracts with customers.

	2025 HK\$'000	2024 <i>HK\$'000</i>
As at 31 December		
Trade receivables	<u><u>35,441</u></u>	<u><u>36,801</u></u>

The Group has applied the practical expedient to its sales contracts of apparels products and trendy cultural, game and other products and therefore no information is disclosed for revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for apparels and trendy cultural, game and other products production that had an original expected duration of one year or less.

6. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit service	880	800
– Non-audit service	120	–
Cost of inventories recognised as expense	144,978	120,568
Depreciation of property, plant and equipment	935	798
Depreciation of right-of-use assets	3,594	2,736
Provision for inventories	5,378	1,188
Impairment of prepayment	–	8,765
Provision for ECL on trade receivables	2,464	10,837
(Reversal of)/Provision for ECL on loans and interest receivables	(14,604)	(2,251)
Impairment of intangible asset	–	100
Loss on disposal of property, plant and equipment	192	–
Short-term lease expense	8	–
Employee benefit expense (including directors' emoluments)		
– Wages and salaries	40,785	25,613
– Pension scheme contribution		
– defined contribution plans	1,082	1,050
– Share-based compensation	22,774	826
– Other benefits	21	313
	<u>21</u>	<u>313</u>

7. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current income tax charged for the year:		
PRC Enterprise Income Tax (“EIT”)	<u>625</u>	<u>14</u>
	625	14
Deferred tax	<u>–</u>	<u>1,703</u>
	<u><u>625</u></u>	<u><u>1,717</u></u>

- (i) Pursuant to the rules and regulations of the British Virgin Islands (“BVI”) and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions.
- (ii) Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity’s assessable profit is calculated at 8.25% (2024: 8.25%), which is in accordance with the two-tiered profits tax rates regime.
- (iii) PRC EIT is provided at 25% (2024: 25%) on the estimated assessable profits of the Group’s PRC subsidiaries for the year.

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group’s applicable withholding income tax rate is 5% (2024: 5%).

8. DIVIDENDS

No interim dividend was declared during the year (2024: Nil) and the board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

9. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company	<u>(110,027)</u>	<u>(76,628)</u>
	2025	2024
	'000	'000
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	670,545	534,269
Effect of shares held for share award scheme	(876)	–
Effect of treasury shares	–	(6,082)
Effect of conversion of convertible bonds	–	339
Effect of issuance of shares	<u>149,909</u>	<u>55,730</u>
Weighted average number of ordinary shares at 31 December	<u>819,578</u>	<u>584,256</u>

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted retrospectively for the effect of share consolidation on 20 November 2024.

As share awards granted by the Company under its share award scheme, share options granted by the Company under its share option scheme, and convertible bonds issued by the Company have an antidilutive effect to the basic loss per share calculation for the years ended 31 December 2025 and 2024, the diluted loss per share was the same as the basic loss per share for the years ended 31 December 2025 and 2024.

10. GOODWILL

The amount of goodwill capitalised as an asset, arising from business combinations, is as follows:

	<i>HK\$'000</i>
Cost	
At 1 January 2024	140,921
Exchange difference	<u>(1,012)</u>
At 31 December 2024	139,909
Exchange difference	<u>1,031</u>
At 31 December 2025	<u><u>140,940</u></u>
Accumulated depreciation and impairment	
At 1 January 2024	112,109
Impairment	9,117
Exchange difference	<u>(527)</u>
At 31 December 2024	120,699
Impairment	16,756
Exchange difference	<u>785</u>
At 31 December 2025	<u><u>138,240</u></u>
Net carrying amount	
At 31 December 2025	<u><u>2,700</u></u>
At 31 December 2024	<u><u>19,210</u></u>

For the purpose of impairment testing, goodwill are allocated to the CGU in relation to the Group's sale of trendy cultural products ("Trendy Cultural Products CGU") as follows:

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trendy Cultural Products CGU	<u><u>2,700</u></u>	<u><u>19,210</u></u>

As at 31 December 2025, the Group expects recent macroeconomic, policy and industry factors resulted in a wider range of reasonably possible value-in-use outcomes for the Group's IP application and products operation. As at 31 December 2025, the recoverable amount of the Trendy Cultural Products CGU had been determined based on value-in-use calculation, which is arrived at on the basis of valuation carried out by an independent professional valuer. It is calculated using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate. The impairment loss shall be allocated first reduce the carrying amount of the goodwill allocated to the Trendy Cultural Products CGU and accordingly, impairment loss on goodwill of approximately HK\$16,756,000 (2024: HK\$9,117,000) was recognised for the year ended 31 December 2025 to write down the carrying amount of the Trendy Cultural Products CGU to its recoverable amount as at 31 December 2025.

11. TRADE RECEIVABLES

	31 December 2025	31 December 2024
	HK\$'000	HK\$'000
Trade receivables	50,048	48,610
Less: provision for impairment loss	(14,607)	(11,809)
	<u>35,441</u>	<u>36,801</u>

Trade receivables are recognised at their original invoice amounts which represented their fair values at initial recognition. The Group's trade receivables are attributable to a number of independent customers with credit terms. The Group normally allows a credit period ranging from 10 to 90 days (2024: 10 to 90 days) to its customers. Trade receivables are non-interest bearing and are expected to be recovered or recognised as expense within one year.

Ageing analysis of trade receivables based on invoice date and net of loss allowance is as follows:

	31 December 2025	31 December 2024
	HK\$'000	HK\$'000
0 to 30 days	4,553	2,540
31 to 60 days	3,548	2,531
61 to 90 days	4,452	11,130
91 to 180 days	8,752	10,967
Over 180 days	14,136	9,633
	<u>35,441</u>	<u>36,801</u>

The movements in the loss allowance for impairment on trade receivables are as follows:

	<i>HK\$'000</i>
At 1 January 2024	2,275
Provision for loss allowance recognised during the year	10,837
Write off against trade receivables	<u>(1,303)</u>
At 31 December 2024 and 1 January 2025	11,809
Provision for loss allowance recognised during the year	2,464
Exchange differences	<u>334</u>
At 31 December 2025	<u>14,607</u>

12. LOANS AND INTEREST RECEIVABLES

	31 December 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Current		
Loans receivable	68,426	78,234
Interest receivables	16,727	17,434
Less: impairment loss	<u>(37,823)</u>	<u>(53,436)</u>
	<u>47,330</u>	<u>42,232</u>

The Group's loans and interest receivables, which arose from the money lending business of providing corporate loans, personal loans and property mortgage loans in Hong Kong, are denominated in HK\$.

As at 31 December 2025, loans and interest receivables of carrying amount of HK\$32,165,000 (2024: HK\$28,540,000) were unsecured while remaining loans and interest receivables of carrying amount of HK\$15,165,000 (2024: HK\$13,692,000) were secured by charges over certain properties in Hong Kong and personal properties such as diamonds and jewellery, and guaranteed by certain independent third parties. The interest rates on all loans receivable are from 8% to 24% (2024: 8% to 24%) per annum. The maximum exposure to credit risk at each of the reporting date is the carrying value of the loans and interest receivables mentioned above.

13. TRADE PAYABLES

Credit periods of trade payables normally granted by its suppliers were ranging from 15 to 120 days (2024: 15 to 120 days).

Ageing analysis of trade payables as at the end of the reporting period based on invoice date is as follows:

	31 December 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
0 to 30 days	2,249	1,773
31 to 60 days	2	674
91 to 180 days	1	316
Over 180 days	<u>3,553</u>	<u>3,737</u>
	<u>5,805</u>	<u>6,500</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

REVENUE

In 2025, revenue of the Group increased by 15.5% to approximately HK\$149,734,000 (2024: HK\$129,595,000).

APPAREL OPERATION

Revenue from apparel operation is principally derived from the sales of apparel products.

The Group has continued to provide a wide range of apparel products to multiple well-known brand owners or agents. Revenue from our apparel operation for 2025 was approximately HK\$32,648,000 (2024: HK\$47,907,000), decreased by 31.9%. The decrease in revenue in 2025 has primarily resulted from the decrease in sales to existing customers. Apparel operation accounted for 21.8% of the Group's total revenue.

MONEY LENDING OPERATION

Our money lending business primarily offers loans to Hong Kong individual customers and businesses.

In 2025, the Group's money lending operation mainly focused on providing service to existing customers. Revenue from our money lending operation amounted to approximately HK\$2,899,000 for the year ended 31 December 2025 (2024: HK\$5,570,000), representing a decrease of 48.0%. The decrease in money lending operation income is due to a decrease in interest income received/receivable from existing customers during the year. Money lending operation accounted for 1.9% of the Group's revenue.

Reversal of expected credit loss allowance on loans and interest receivables of approximately HK\$14,604,000 (2024: Reversal for expected credit loss allowance of HK\$2,251,000) was recorded for the year ended 31 December 2025.

IP APPLICATION AND OTHER PRODUCTS OPERATION

The Group has forged robust strategic partnership with multiple globally enterprises. Since our partners possess a wealth of high-quality IP resources, leading IP content, and user bases, we have further tapped into the commercial value of licensed IPs, deploying diverse business models to drive revenue growth.

For the year ended 31 December 2025, the revenue from our IP application and other products operation business was approximately HK\$114,187,000 (2024: HK\$76,118,000), representing an increase of 50.0%.

COST OF SALES

As there was no direct cost incurred for money lending operation, cost of sales was incurred exclusively for apparel operation and IP application and other products operation. The cost of sales was approximately HK\$144,978,000 for the year ended 31 December 2025 (2024: HK\$120,568,000), increased by 20.2%.

GROSS PROFIT/LOSS AND GROSS PROFIT/LOSS MARGIN

The gross profit was approximately HK\$4,756,000 for the year ended 31 December 2025 (2024: HK\$9,027,000), decreased by 47.3%. The gross profit margin decreased from approximately 7% for the year ended 31 December 2024 to 3.2% for the year ended 31 December 2025. During the year, apparel operation contributed gross loss of approximately HK\$699,000 (2024: gross profit of HK\$195,000), money lending operation contributed gross profit of approximately HK\$2,899,000 (2024: HK\$5,570,000) and IP application and products operation contributed gross profit of approximately HK\$2,556,000 (2024: HK\$3,262,000).

The apparel operation recorded gross loss margin of approximately 2.1% for the year ended 31 December 2025 (2024: gross profit margin of 0.4%), mainly due to the fact that higher raw material prices and authorization commission and clearance sale of long-aged stocks.

The gross profit margin was 100% for money lending operation for the year ended 31 December 2025 (2024: 100%), as there was basically no direct cost incurred in generating revenue in the money lending operation.

The gross profit margin was approximately 2.2% for IP application and other products operation for the year ended 31 December 2025 (2024: 4.3%). The gross profit margin for the year ended 31 December 2025 was 5.6% (2024: 4.9%) for IP application and other products operation in the absence of any inventory written down.

OTHER GAINS AND LOSSES

During the year, as a result of the volatile conditions of the Hong Kong stock market and the financial performance of the respective investee companies, a net fair value loss on financial assets at fair value through profit or loss of approximately HK\$4,269,000 (2024: HK\$5,725,000) was recognised from the Group's securities investments.

The net fair value loss on investment in an unlisted company at fair value through profit or loss of approximately HK\$779,000 (2024: Nil) was recognised.

No fair value loss on contingent receivable in connection with the acquisition of subsidiaries was recognised during the year (2024: fair value loss of HK\$4,260,000).

IMPAIRMENT LOSS ON GOODWILL

The Group incurred impairment loss on goodwill of approximately HK\$16,756,000 for the year ended 31 December 2025 (2024: HK\$9,117,000).

PROVISION FOR EXPECTED CREDIT LOSS ON TRADE RECEIVABLES

Provision for expected credit loss on trade receivables amounted to approximately HK\$2,464,000 (2024: HK\$10,837,000) has been recorded for the year ended 31 December 2025, representing a decrease of approximately 77.3%. In response to the challenges faced by mainland China customers, we increased the expected credit loss on trade receivables from apparel operation and IP application and other product operation.

PROVISION FOR EXPECTED CREDIT LOSS ON LOANS AND INTEREST RECEIVABLES

Reversal of expected credit loss on loans and interest receivables of approximately HK\$14,604,000 (2024: HK\$2,251,000) was recorded for the year ended 31 December 2025. When assessing the expected credit loss provision for loans and interest receivables, the Group has considered (i) receivables that were overdue for the year ended 31 December 2025; (ii) the historical repayment records of individual borrowers for loans and interest receivables during the year; and (iii) the probability of default due to borrowers failing to repay the Group upon maturity.

The provision for expected credit loss reflected the credit status of certain borrowers. The loans and interest receivables (net of allowances) increased by approximately 12.1%, from approximately HK\$42,232,000 in 2024 to approximately HK\$47,330,000 at 31 December 2025.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) staff costs and (ii) transportation costs for delivery of our products. The selling and distribution expenses were mainly incurred from our apparel operation and IP application and products operation. The selling and distribution expenses incurred in the reporting period were approximately HK\$5,006,000 (2024: HK\$2,798,000), increased by 78.9% on a year to year basis.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) share-based compensation; and (iii) professional fees. The administrative expenses for the year ended 31 December 2025 were approximately HK\$97,841,000 (2024: HK\$51,391,000), increased by 90.4%. The increase was primarily attributable to the upfront expansion costs of new business initiatives and share-based compensation expense.

FINANCE COSTS

Finance costs were approximately HK\$2,166,000 (2024: HK\$6,633,000), decreased by 67.3%. Finance costs were mainly the interest expenses derived from imputed interests on lease liabilities.

LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE GROUP

The loss attributable to the owners of the Group for the year ended 31 December 2025 was approximately HK\$110,027,000 (2024: HK\$76,628,000), representing an increase in loss attributable to the owners of the Group of 43.6%.

GOODWILL

Goodwill arose on the (i) acquisition of our money lending operation in November 2016, and (ii) acquisition of our IP application and products operation in July 2022. Goodwill was the fair value of consideration exceeding the fair value of the net identifiable assets of the acquiree.

Goodwill is subject to impairment test periodically. Impairment loss on goodwill for our IP application and products operation of approximately HK\$16,756,000 (2024: HK\$9,117,000) was incurred for the year ended 31 December 2025. Recent macroeconomic policy and industry factors resulted in a wider range of reasonably possible value-in-use outcomes for the valuation of our sales operation of trendy cultural products. The Group has engaged an independent valuer to assess the carrying value of the sales operation of trendy cultural products. The impairment test on the carrying value which resulted in an impairment of approximately HK\$16,756,000 (2024: HK\$9,117,000), as the recoverable amount as determined by a value-in-use calculation was lower than the carrying value. Our value-in-use calculation based on both historical experience and the perspectives of market participants to estimate future cash flows, relevant discount rates and related capital assumptions. Goodwill for our IP application and products operation was valued at approximately HK\$2,700,000 as at 31 December 2025 (2024: HK\$19,210,000).

There was no impairment loss on goodwill for our money lending operation for the year ended 31 December 2025 (2024: Nil). Goodwill for our money lending operation was impaired to nil at 31 December 2025 (2024: Nil).

INVENTORIES

The Group's inventories decreased by 45.1% from approximately HK\$13,100,000 as at 31 December 2024 to approximately HK\$7,191,000 at 31 December 2025. The inventory turnover day decreased from 26 days as at 31 December 2024 to 18 days in 2025.

TRADE RECEIVABLES

The Group's trade receivables decreased by 3.7%, from approximately HK\$36,801,000 as at 31 December 2024 to approximately HK\$35,441,000 as at 31 December 2025. Trade receivables turnover days decreased from 104 days in 2024 to 90 days in 2025.

LOANS AND INTEREST RECEIVABLES

The Group's loans and interest receivables increased by 12.1%, from HK\$42,232,000 as at 31 December 2024 to approximately HK\$47,330,000 in 2025. The loans receivables as at 31 December 2025 were mainly comprised of mortgage loans receivables, corporate loans receivables and personal loans receivables.

As at 31 December 2025, the Group's loans and interest receivables balance (net of loss allowance) amounted to approximately HK\$47,330,000 (2024: HK\$42,232,000), out of which an aggregate sum of approximately HK\$27,708,000 (2024: HK\$23,861,000), representing 58.5% (2024: 56.5%) of the total loans and interest receivables of the Group, was due from the five largest borrowers of the Group. The interest rates charged on all loans receivables during 2025 ranged from 8% to 24% (2024: 8% to 24%) per annum. As at 31 December 2025, the loan receivables had a fixed term ranging from 3 months to 60 months (2024: 3 months to 60 months).

As at 31 December 2025, loans and interest receivables of carrying amount of approximately HK\$32,165,000 (2024: HK\$28,540,000) were unsecured while remaining loans and interest receivables of carrying amount of approximately HK\$15,165,000 (2024: HK\$13,692,000) were secured by charges over certain properties in Hong Kong and personal properties such as diamonds and jewellery and guaranteed by certain independent third parties.

As at 31 December 2025, there were 17 borrowers comprising 14 individual borrowers and 3 corporate borrowers (2024: 19 individual borrowers and 3 corporate borrowers) for the outstanding loans and interest receivables (net of loss allowance). Loans and interest receivables with carrying amount of approximately HK\$36,389,000 (2024: HK\$29,706,000) were due from individual borrowers while remaining loans and interest receivables of carrying amount of approximately HK\$10,941,000 (2024: HK\$12,526,000) were due from corporate borrowers.

As at 31 December 2025, the loan and interest receivables (net of loss allowance) amounted to approximately HK\$47,330,000 (2024: HK\$42,232,000), the ageing analysis of which based on the remaining contractual maturity date and net of loss allowance is set out below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue	<u>47,330</u>	<u>42,232</u>

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The portfolio of the Group's financial assets at fair value through profit or loss consisted of investments in listed securities of approximately HK\$3,447,000 and an investment in an unlisted company of approximately HK\$872,000 that were held for trading as at 31 December 2025 (2024: investment in listed securities of HK\$10,872,000).

No dividend income was received by the Group from its investments in listed securities (2024: Nil).

The objective of the Group's investments in the listed securities is to achieve profit from the appreciation of the market value of its invested securities and to receive dividend income. The Directors expect that the stock market in Hong Kong will remain volatile which may affect the performance of the Group's securities investments. The Board believes that the performance of the securities investments of the Group will be dependent on the financial and operating performance of the investee companies and the market conditions, which are affected by factors, such as interest rate movements and performance of the macro economy. The Group will continue to adopt a conservative investment approach in its trading of listed securities in the stock market and closely monitor the performance of its securities investment portfolio.

TRADE PAYABLES

The Group's trade payables decreased by 10.7%, from approximately HK\$6,500,000 as at 31 December 2024 to approximately HK\$5,805,000 as at 31 December 2025. The trade payables turnover day decreased from 20 days as at 31 December 2024 to 16 days as at 31 December 2025.

BUSINESS DEVELOPMENT

1. TECHNOLOGY LICENSING COOPERATION AGREEMENT WITH N-BRIDGE

On 7 April 2025, Virtual Mind New Consumption Technology Company Ltd. (“**Virtual Mind New Consumption**”), a wholly-owned subsidiary of the Company, entered into a technology licensing cooperation agreement with N-Bridge Capital Group Limited (“**N-Bridge**”), pursuant to which N-Bridge shall grant Virtual Mind New Consumption the technology licensing for all patents, software copyrights, proprietary technologies, etc. related to the “AI+Web3 new consumption platform” to be used globally by Virtual Mind New Consumption through technology licensing as granted by N-Bridge from 7 April 2025 to 31 December 2027.

The above technology licensing is developed based on the application of FlexDeal transaction infrastructure technology, integrating Web3.0 and AI technologies, focusing on consumption scenarios in new consumption platform. Through cross-chain technology, smart contracts and API interfaces, the platform will provide a decentralized, efficient and safe transaction and asset management ecosystem for suppliers, merchants and consumers.

By virtue of the Group’s extensive experience in operating brands, trendy and cultural products, plus N-Bridge’s technology, the Group will be able to advance Web3 scenarios and its new consumption platform business globally, which is in line with the Company’s development strategy. The Company will promptly adjust its technology licensing collaboration with N-Bridge according to business conditions and its own progress in technological development.

The annual caps on the licensing fee for the technology licensing that N-Bridge will provide to Virtual Mind New Consumption shall be less than HK\$9.7 million for each year. For the year ended 31 December 2025, the licensing fee paid by Virtual Mind New Consumption to N-Bridge amounted to HK\$3 million.

As at the date of this announcement, Mr. Mei Weiyi (“**Mr. Mei**”), the chairman of the Board and an executive Director, holds approximately 36.83% of the issued shares of N-Bridge and therefore N-Bridge is deemed to be an associate of Mr. Mei and a connected person (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) of the Company. In addition, the Company holds 11,112 preference shares issued by N-Bridge, which is convertible into 11,112 ordinary shares of N-Bridge subject to the conversion conditions. The transactions contemplated under the above technology licensing cooperation agreement are in recurring nature and conduct regularly and continuously in the ordinary and usual course of business of the Group. Therefore, the above technology licensing cooperation agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and is subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company’s announcement dated 7 April 2025.

2. ESTABLISHMENT OF JOINT VENTURE WITH XIZU CHAIN TECHNOLOGY DEVELOPMENT (BEIJING) LIMITED*

On 25 July 2025, the Company entered into a memorandum of understanding with XiZu Chain Technology Development (Beijing) Limited* (西足鏈科技發展(北京)有限公司), an indirect non-wholly owned subsidiary of N-Bridge, in relation to the proposed establishment of joint venture, pursuant to which the parties agreed to jointly establish a joint venture to professionally undertake the new consumption operation business of the sports IP economy in the Web3.0 model. The parties established the joint venture, namely 天機西足鏈(北京)科技發展有限公司 (the “**XiZu Joint Venture**”) in the PRC in September 2025 with registered capital of RMB1 million, whereby the Group holds 20% of the equity interest in XiZu Joint Venture (the “**Laliga Project**”). The Company’s collaboration with Laliga Project will primarily involve the development, design, production, and sales of physical and digital products, commercial themed experiential projects, promotional development of smart terminal devices, membership community operations, and membership benefits products.

The Group believes that the Laliga Project shall bring positive returns to the Company and intends to further invest in the XiZu Joint Venture by further capital injection of RMB640,000, upon completion of the capital injection, the equity interest of the Group in XiZu Joint Venture will be 51.22%, and its results will be consolidated into the financial statements of the Group.

As disclosed above, N-Bridge is deemed to be an associate of Mr. Mei and is regarded as a connected person of the Company. The above formation of XiZu Joint Venture and the further capital injection, in aggregate, constitutes a fully exempted de minimis transaction of the Company.

For details, please refer to the announcements of the Company dated 25 July 2025 and 27 March 2026.

3. ASSIGNMENT OF LOANS

On 23 September 2025, Delta Wealth Finance Limited (“**Delta Wealth**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Tin Yat Yu Carol (“**Ms. Tin**”), an executive Director and the sole director of Delta Wealth, pursuant to which Delta Wealth has agreed to assign, and Ms. Tin has agreed to purchase from Delta Wealth all of the legal and beneficial rights of Delta Wealth in (i) the loan agreement dated 20 November 2017 (as supplemented by the supplemental loan agreements dated 20 November 2018, 2019 and 2020, respectively) entered into between Delta Wealth as lender and Mr. Chan Chun Kuen as the borrower, pursuant to which Delta Wealth has agreed to make available to Mr. Chan Chun Kuen a loan in the aggregate principal amount of HK\$12,000,000 subject to the terms and conditions therein, (ii) the loan agreement dated 9 May 2017 entered into between Delta Wealth as the lender and Mr. Leung Man Kit as the borrower, pursuant to which Delta Wealth has agreed to make available to Mr. Leung Man Kit a loan in the aggregate principal amount of HK\$5,000,000 subject to the terms and conditions therein, and (iii) the loan agreement dated 6 January 2020 entered into between Delta Wealth as the lender and Mr. Chen Man Lok as the borrower, pursuant to which Delta Wealth has agreed to make available to Mr. Chen Man Lok a loan in the aggregate principal amount of HK\$3,500,000 subject to the terms and conditions therein (including but not limited to all loans, obligations, liabilities and debts owing or incurred by the borrowers to Delta Wealth from time to time under the above loan agreements, including but not limited to the aggregate outstanding principal of and the outstanding interest accrued thereon, which as at 30 June 2025, amounted to approximately HK\$14,005,000 and HK\$3,077,890 respectively) (the “**Assignment**”).

The Assignment constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. In addition, as Ms. Tin is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an executive Director and the sole director of the Delta Wealth, the Assignment also constituted a connected transaction for the Company.

An extraordinary general meeting of the Company had been held on 8 January 2026 and an ordinary resolution for approval of the Assignment, the relevant sale and purchase agreement and the transactions contemplated thereunder was passed by the independent shareholders of the Company.

On 30 January 2026, all the conditions precedent in respect of the Assignment have been fulfilled, and Delta Wealth and Ms. Tin have executed the deed of assignment for the assignment of all the rights and interests of the assigned debt under the loan agreements from Delta Wealth to Ms. Tin.

For details of the Assignment, please refer to the Company’s announcements dated 23 September 2025, 31 October 2025, 1 December 2025, 16 December 2025, 8 January 2026 and 30 January 2026, and the Company’s circular dated 19 December 2025.

4. MEMORANDUM OF COOPERATION FOR SAUDI SMART MANUFACTURING PROJECT AND COOPERATION FRAMEWORK AGREEMENT WITH IFLYTEK

On 26 September 2025, the Company entered into a non-legally binding memorandum of cooperation with The Ministry of Industry and Mineral Resources in the Kingdom of Saudi Arabia (“**Saudi Arabia**”) (“**Saudi Ministry of Industry and Minerals**”), pursuant to which the parties reached in-depth cooperation in the field of intelligent upgrading of Saudi Arabia’s industry, under the Saudi Ministry of Industry and Minerals’ “SMCC” and “RAAS” IP frameworks, the Company is assisting Saudi Arabia in building a new industrial IP business to formulate training and publicity programs for building a benchmark project regarding the provision of solutions to the industrial challenges related to advanced technologies and industrial innovation, assisting the establishment of Chinese robotic enterprises in Saudi Arabia, facilitating the integration of the industrial ecosystems of industrial production efficiency, product quality and competitiveness, infrastructure for industrial cities and other aspects, thus jointly creating an industrial ecosystem characterized by “SMSC” and “RAAS” and enhancing the influence of Saudi Arabia’s industrial IP and realizing value addition.

In order to facilitate cooperation with the Saudi Ministry of Industry and Minerals, provide support to the Saudi Ministry of Industry and Minerals, and focus on the construction of the robotics industry ecosystem and the empowerment of smart manufacturing, to help Saudi Arabia cultivate local industrial capabilities and build a regional technology and manufacturing highland, the Company entered into a non-legally binding cooperation framework agreement on 26 September 2025 with iFLYTEK Co., Ltd. (“**iFlytek**”). Pursuant to the above cooperation framework agreement, the Company and iFlytek intend to provide AI + robotics industry ecosystem construction for Saudi Smart Manufacturing Project, including jointly construction of a smart robot training ground and pilot center, the establishment of an artificial intelligence industry platform; jointly exploration of application scenarios for robotics super brain technology; the construction of AI + smart industrial application scenarios; the empowerment of the ecological industry and the exploration of the application of AI + industrial office products.

The cooperation within the above memorandum of cooperation and cooperation framework agreement is an important expansion from consumer-grade IP to industrial-grade IP. It aims to expand the business scope and enhance the overall competitiveness of the Company through innovative business models, which is expected to bring new business growth points to the Company and have a positive impact on the future development of the Company.

As at the date of this announcement, both parties are currently engaged in preliminary discussions regarding the project implementation plan. The Company has initiated the registration process for Saudi Arabian project company to facilitate the local execution and operations of the cooperative business.

For details, please refer to the announcement of the Company dated 29 September 2025.

5. STRATEGIC COOPERATION FRAMEWORK AGREEMENT WITH COFCO FOOD TECHNOLOGY DEVELOPMENT (BEIJING) CO., LTD.

On 8 January 2026, Beijing 1520 Technology Co., Ltd. (“**Beijing 1520**”), a wholly-owned subsidiary of the Company, entered into a strategic cooperation framework agreement with COFCO Food Technology Development (Beijing) Co., Ltd. Pursuant to the above cooperation agreement, based on the principles of complementary advantages, resource sharing, mutual benefit and long-term stable cooperation, both parties agree to carry out indepth strategic cooperation in the fields of research and development, production, promotion and sales of sports food (including but not limited to sports water, sports supplements and so on) and jointly explore the sports nutrition food market, including but not limited to establish a joint laboratory focusing on, among others, characteristic research on sports aquatic products by COFCO Nutrition and Health Research Institute and certain core R&D projects. The above cooperation agreement shall become effective on the date of signing and seal by both parties and shall be valid for three years.

The Board believes that COFCO Nutrition and Health Research Institute possesses deep expertise in food ingredient R&D, supply chain management, and brand resources, while the Group has advantages in sports and new consumer market operations and channel development. The strategic cooperation will achieve complementary resources and synergistic effects between the parties, helping the Group enrich its product portfolio and expand its market reach. This is a significant milestone for the Company in the new consumption IP field, effectively enhancing the Group’s expansion in consumer IP, improving the company’s overall competitiveness, and is expected to bring new business growth points to the Company, having a positive impact on the Company’s future development.

The above cooperation agreement does not constitute a legally binding commitment by the contracting parties to any specific transaction. As at the date of this announcement, the cooperation project is progressing as planned.

For details, please refer to the announcement of the Company dated 8 January 2026.

6. MEMORANDUM OF UNDERSTANDING WITH HARVES ENTERTAINMENT LIMITED

On 14 January 2026, the Company entered into a non-legally binding memorandum of understanding with Harves Entertainment Limited. Pursuant to the above memorandum of understanding, the Company intends to invest in Harves Entertainment Limited through a capital increase, with the Company aiming to hold a 10% equity interest in Harves Entertainment Limited. The specific equity interest percentage in Harves Entertainment Limited will be based on the final investment amount and the valuation of Harves Entertainment confirmed by both parties.

The Board believes that Harves Entertainment Limited's holding of the Manchester United IP related licenses will help the Group further expand its smart new consumption business in sports. The investment is to expand the scope of collaboration and develop diversified products, building upon the Company's existing apparel business and its prior cooperation with Manchester United IP. The Company aims to secure long term IP partnership rights through capital investment and designated fund usage, thereby expanding and enriching its sports IP business portfolio.

As at the date of this announcement, the Company is in the course of conducting due diligence on Harves Entertainment Limited in legal, financial, business, and tax matters, and the Company will determine the specific terms of the above investment based on the results of the due diligence.

For details, please refer to the announcement of the Company dated 15 January 2026.

7. INVESTMENT COOPERATION AGREEMENT FOR ESTABLISHMENT OF JOINT VENTURE IN SAUDI ARABIA

On 20 January 2026, the Company entered into an investment cooperation agreement (the “**Investment Agreement**”) with Mr. Sami Abdullah Al Shammari (“**Mr. Sami**”). Pursuant to the above investment agreement, the Company intends to establish a limited liability company (i.e. a joint venture) in Saudi Arabia with Mr. Sami for the intended expansion of operations within the industrial IP sector of Saudi Arabia, primarily operating under the relevant frameworks of the Saudi Ministry of Industry, including SMSC and RAAS (the “**Businesses**”).

Under the above investment agreement, the parties shall cooperate in applying for the MISA investment licence and other relevant approvals for the operation of the Businesses. The registered capital of the joint venture shall be US\$1 million, and the Company shall contribute US\$900,000, representing 90% of the equity interest in the joint venture, and Mr. Sami shall contribute US\$100,000, representing 10% of the equity interest in the joint venture.

The Board believes that establishment of the joint venture can enable the Group to further expand its business operation in industrial IP field and to bring returns to the shareholders of the Company.

As at the date of this announcement, the joint venture has not yet established, and the company registration procedures are progressing as planned.

For details, please refer to the announcement of the Company dated 20 January 2026.

8. INVESTMENT AGREEMENT FOR ESTABLISHMENT OF JOINT VENTURE WITH BEIJING XIUMAN TECHNOLOGY

On 29 January 2026, Beijing 1520 entered into an investment agreement with Beijing Xiuman Technology Co., Ltd.* (北京秀曼科技有限公司) (“**Beijing Xiuman Technology**”). Pursuant to the above investment agreement, Beijing 1520 intends to jointly invest with Beijing Xiuman Technology to establish a joint venture company, namely Chengdu Tianhe Xinrui Precious Metals Co., Ltd.* (成都天和鑫睿貴金屬有限公司) (“**Chengdu Joint Venture**”), in Chengdu, People’s Republic of China, to develop gold-related businesses and integrate finance, sports, art, and crossborder trade into a multi-dimensional development.

The Chengdu Joint Venture has been established in January 2026 with a registered capital of RMB5 million, each of Beijing 1520 and Beijing Xiuman Technology contributes RMB2.55 million and RMB2.45 million respectively, representing 51% and 49% of the registered capital. As at the date of this announcement, the Chengdu Joint Venture has commenced operations. The Chengdu Joint Venture is a subsidiary of the Company, and its financial results will be consolidated into the Company's consolidated financial statements.

By adopting an innovative model, the Company is breaking traditional boundaries and deeply integrating gold products with elements of sports and art, while synergizing with financial services to build a diversified ecosystem.

The strategic move achieves efficient synergy and empowerment between the financial and consumption attributes of gold, highlighting the comprehensive competitive advantage brought by attribute integration.

For details, please refer to the announcements of the Company dated 29 January 2026 and 27 March 2026.

CAPITAL STRUCTURE

Share Capital

As at 31 December 2025, the issued share capital of the Company was HK\$38,073,452.52 divided into 951,836,313 shares of the Company with par value of HK\$0.04 each, including 2,898,000 treasury shares.

Fund Raising Activities and Use of Proceeds

During the year ended 31 December 2025, the Company carried out the following fund-raising activities:

Placing of New Shares in April 2025

On 1 April 2025, the Company entered into the placing agreement with Wanhai Securities (HK) Limited, pursuant to which the Company conditionally agreed to place, through Wanhai Securities (HK) Limited as placing agent on a best effort basis, up to 124,763,816 placing shares of the Company to not less than six placees who and whose ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons at the placing price of HK\$0.40 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 26 June 2024. The placing price of HK\$0.40 per placing share represents a discount of approximately 18.37% to the closing price of HK\$0.490 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 28 April 2025, an aggregate of 122,652,000 placing shares with par value of HK\$0.04 each have been successfully issued at placing price of HK\$0.40 per placing share with aggregate nominal value of HK\$4,906,080. The gross proceeds from the above placing amounted to HK\$49,060,800 and the net proceeds amounted to approximately HK\$47.59 million (after deduction of the placing commission and other related costs and expenses), representing a net price of approximately HK\$0.388 per placing share. The Company intended to apply the net proceeds as to (i) approximately HK\$12.00 million, equivalent to approximately 25.22% of the net proceeds from the above placing for repayment of outstanding liabilities; (ii) the net proceeds of approximately HK\$20.59 million, equivalent to approximately 43.26% of the net proceeds from the above placing for provision of general working capital; and (iii) the remaining net proceeds of approximately HK\$15.00 million, equivalent to approximately 31.52% of the net proceeds from the above placing for development of businesses.

As at 31 December 2025, the Company utilized the net proceeds in full as intended.

For the details of the above placing, including the reasons for and benefits of the placing, please refer to the announcements of the Company dated 1 April 2025 and 28 April 2025.

Placing of New Shares in July 2025

On 15 July 2025, the Company entered into the placing agreement with Wanhai Securities (HK) Limited, pursuant to which the Company conditionally agreed to place, through Wanhai Securities (HK) Limited as placing agent on a best effort basis, up to 158,639,385 placing shares of the Company to not less than six placees who and whose ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons at the placing price of HK\$0.52 per placing share. The placing shares were approved to issue and allot under the general mandate granted to the Board by the shareholders of the Company at the annual general meeting of the Company held on 10 June 2025. The placing price of HK\$0.52 per placing share represents a discount of approximately 18.75% to the closing price of HK\$0.64 per share as quoted on the Stock Exchange on the date of the above placing agreement.

On 31 July 2025, an aggregate of 158,639,385 placing shares with par value of HK\$0.04 each have been successfully issued at placing price of HK\$0.52 per placing share with aggregate nominal value of HK\$6,345,575.40. The gross proceeds from the above placing amounted to HK\$82,492,480.20 and the net proceeds amounted to approximately HK\$79.92 million (after deduction of the placing commission and other related expenses including, among others, the professional fees), representing a net price of approximately HK\$0.50 per placing share. The Company intended to apply the net proceeds as to (i) approximately HK\$2.50 million, equivalent to approximately 3.13% of the net proceeds from the above placing for repayment of outstanding liabilities; (ii) approximately HK\$38.00 million, equivalent to approximately 47.55% of the net proceeds from the above placing for development of businesses, including sports IP new consumption business, construction of procurement supply chain platform for IP new consumption system, and AI-enabled scenarios and intelligent settlement function construction for IP new consumption system; and (iii) the remaining net proceeds of approximately HK\$39.42 million, equivalent to approximately 49.32% of the net proceeds from the above placing for provision of general working capital.

As at 31 December 2025, the Company utilised (i) approximately HK\$2.50 million for repayment of outstanding liabilities; (ii) approximately HK\$21.08 million for development of businesses; and (iii) approximately HK\$39.42 million as general working capital. The remaining HK\$16.92 million unutilised net proceeds from the above placing will be utilised as intended on or before 30 June 2026.

For the details of the above placing, including the reasons for and benefits of the placing, please refer to the announcements of the Company dated 15 July 2025 and 28 July 2025.

Grants of Award Shares in January 2025

On 16 January 2025, the Board resolved, among other things, (i) the conditional grants of an aggregate of 44,000,000 award shares to six executive Directors (the “**Conditional Grants**”); (ii) the grant of an aggregate of 150,000 award shares to three independent non-executive Directors; and (iii) the grant of an aggregate of 6,469,358 award shares to 13 selected employees of the Group under the share award scheme adopted by the Company at the annual general meeting of the Company held on 26 June 2024 (the “**Share Award Scheme**”). The Conditional Grants and the transactions contemplated thereunder were approved by the independent shareholders at the extraordinary general meeting of the Company held on 20 March 2025. All the award shares are subject to a vesting period of 12 months and the vesting is conditional upon such grantees having met certain performance targets.

For details, please refer to the announcements of the Company dated 16 January 2025, 24 January 2025, 5 February 2025, 19 February 2025 and 20 March 2025, and the circular of the Company dated 28 February 2025.

Grants of Award Shares in July 2025

On 25 July 2025, the Board resolved, among other things, the grant an aggregate of 4,050,000 award shares to 3 selected employees of the Group under the Share Award Scheme. All the award shares are subject to a vesting period of 12 months and the vesting is conditional upon such grantees having met certain performance targets.

For details, please refer to the announcement of the Company dated 25 July 2025.

Grants of Award Shares in November 2025

On 12 November 2025, the Board resolved, among other things, the grant an aggregate of 4,000,000 award shares to 2 selected employees of the Group under the Share Award Scheme. All the award shares are subject to a vesting period of 12 months and the vesting is conditional upon such grantees having met certain performance targets.

For details, please refer to the announcements of the Company dated 12 November 2025 and 25 November 2025.

Share Subscription Facility Agreement relating to Subscription of Shares and Issue of Warrants

On 29 August 2025, the Company entered into a share subscription facility agreement (the “**Share Subscription Facility Agreement**”) with GEM Global Yield LLC SCS (the “**Investor**”) and GEM Yield Bahamas Limited (“**GYBL**”), pursuant to which (i) the Investor agrees to grant to the Company an option to require the Investor to subscribe for shares of the Company for up to an aggregate amount of HK\$225 million (the “**Subscription Shares**”), and (ii) the Company agrees to issue the warrants (the “**Warrants**”) to the Investor to subscribe for up to 31,000,000 shares of the Company at the exercise price of HK\$1.97 per share (subject to adjustments), which will be exercisable for a period of eighteen months after the issue of the warrants (the “**Warrants Shares**”). The Investor, GYBL and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Share Subscription Facility Agreement is a framework agreement for the Company’s share issuance and the granting of the warrants to the Investor within the three years from the date of the Share Subscription Facility Agreement. The Company intends to issue the Subscription Shares under the Share Subscription Facility Agreement in tranches over the next three years and will seek prior approval from the shareholders of the Company based on the number of Subscription Shares to be issued in each tranche.

On 20 January 2026, the Company and the Investor entered into a subscription agreement (the “**First Subscription Agreement**”), pursuant to which the Company shall agree to allot and issue to the Investor (i) up to 8,000,000 Subscription Shares at subscription price of HK\$0.85 per Subscription Share, and (ii) the Warrants to subscribe for up to 31,000,000 Warrant Shares at the exercise price of HK\$1.97 per Warrant Share, and the Investor shall agree to subscribe for the Subscription Shares and the Warrants under the Share Subscription Facility Agreement.

The subscription price of HK\$0.85 per Subscription Share represents (i) a discount of approximately 8.60% to the closing price of HK\$0.93 per share as quoted on the Stock Exchange on the date of the First Subscription Agreement; and (ii) a discount of approximately 11.64% to the average closing price of approximately HK\$0.962 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the First Subscription Agreement. The exercise price of HK\$1.97 per Warrant Share represents (i) a premium of approximately 111.83% over the closing price of HK\$0.93 per share as quoted on the Stock Exchange on the date of the First Subscription Agreement; and (ii) a premium of approximately 104.78% over the average closing price of approximately HK\$0.962 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the First Subscription Agreement.

An extraordinary general meeting of the Company will be convened and held for the purpose of considering and, if thought fit, approving the First Subscription Agreement and the transactions contemplated thereunder including the issue and allotment of the Subscription Shares, the Warrants and the Warrant Shares upon exercise of the subscription rights attached to the Warrants.

For details of the above subscription of the Subscription Shares and the issue of the Warrants, including the reasons for and benefits, and the intended use of proceeds, please refer to the Company's announcements dated 29 August 2025, 5 December 2025, 24 December 2025 and 20 January 2026.

Placing of New Shares under Specific Mandate

On 20 January 2026, the Company entered into the placing agreement with Wanhai Securities (HK) Limited, pursuant to which the Company conditionally agreed to place, through Wanhai Securities (HK) Limited as placing agent on a best effort basis, up to 60,000,000 placing shares of the Company to not less than six placees who and whose ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons at the placing price of HK\$0.85 per placing share. The placing price of HK\$0.85 per placing share represents a discount of approximately 8.60% to the closing price of HK\$0.93 per share as quoted on the Stock Exchange on the date of the above placing agreement.

An extraordinary general meeting of the Company will be convened and held for the purpose of considering and, if thought fit, approving the above placing agreement and the transactions contemplated thereunder including the grant of specific mandate to issue and allot up to 60,000,000 placing shares of the Company.

The maximum aggregate gross proceeds from the above placing is expected to be approximately HK\$51.00 million. The maximum net proceeds from the above placing (after deduction of the placing commission in respect of the placing and other related expenses including, among others, the professional fees) is estimated to be approximately HK\$49.30 million, representing a net issue price of approximately HK\$0.82 per placing share. The Group intends to apply the net proceeds as to (i) approximately HK\$5 million for the first phase of the initial platform development and AI capability building, to build a core technology team and hire external technical services, (ii) approximately HK\$15 million for the investment in the Manchester United sports IP business, (iii) approximately HK\$4 million for the Saudi Industrial IP Business, (iv) approximately HK\$3 million for marketing and user ecosystem construction for online and offline promotion activities to attract the first batch of core users and merchants to the platform, and (v) the remaining HK\$22.3 million will be used as general working capital of the Group including headquarters daily operating expenses, professional service expenses, team expansion, etc.

For the details of the above placing, including the reasons for and benefits of the placing, please refer to the announcement of the Company dated 20 January 2026.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, cash and cash equivalents amounted to approximately HK\$29,867,000 (2024: HK\$6,218,000). Total borrowing and lease liabilities of the Group as at 31 December 2025 was approximately HK\$15,664,000 (2024: HK\$26,599,000), of which approximately HK\$5,346,000 (2024: HK\$18,437,000) would be repayable within one year and all the remaining borrowing and lease liabilities of approximately HK\$10,318,000 (2024: HK\$8,162,000) would be repayable after one year.

The current ratio of the Group was approximately 5.92 as at 31 December 2025 (2024: 2.79).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowing and lease liabilities over equity was approximately 9.4% as at 31 December 2025 (2024: 20.5%).

CHARGE ON ASSETS

The Group did not have any pledge or charge on asset as at 31 December 2025 (2024: HK\$15,000,000).

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities (2024: Nil).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

Substantial portion of the business of the Group are denominated in Renminbi (“RMB”) or in Hong Kong dollars. The Board does not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging instruments or any other alternatives have been used.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital commitment of approximately HK\$2,483,000 (2024: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 79 employees (31 December 2024: 75 employees). Total staff costs (including directors’ emoluments) were approximately HK\$64,662,000 for the year ended 31 December 2025, as compared to approximately HK\$27,802,000 for the year ended 31 December 2024. Remuneration is determined with reference to market norms as well as individual employees performance, qualification and experience. The Group understands that employees are the foundation of corporate development and pays attention to the training, development and safety of the employees. The Company had also adopted share option scheme and share award scheme.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this announcement, there was no specific plan for material investments or capital assets as at 31 December 2025 (2024: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group did not have any significant investment (2024: Nil).

FINAL DIVIDEND

The Board did not recommend any payment of a final dividend for the year ended 31 December 2025.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed above, there have been no significant events occurring after the end of the reporting period and up to the date of this announcement.

FUTURE PROSPECTS

We believe that Mainland China and Hong Kong will achieve moderate economic growth in 2026, with the government further implementing macroeconomic policy supports to further stimulate the economy and boost consumer confidence.

Looking ahead to 2026, the Group will continue to adhere to the development path of “IP as the core and technology as the driving force” and leverage sports IP ecosystem creation as well as digital assets integration and application as strategic deployment. The Group will deepen the IP ecosystem layout and explore additional cross-sector IP partners to build a diversified IP matrix covering sports, entertainment, health and industrial intelligence, and actively promote sports IP-focused business collaborations. The Group will accelerate business integration and innovation, deepen the application of AI and digital technologies in product design and development, digital assets and supply chain management, thereby enhancing operational efficiency and user experience. The Group will continuously advance the synergized development of IP operations, technological innovation and multi-industry ecosystem. At the same time, the Group will expand into global market. With the smart manufacturing project in Saudi Arabia as the starting point, the Group will actively explore business opportunities in global markets, and export the technological and innovative capabilities of China overseas.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 12 September 2025, the Company repurchased 2,898,000 shares of HK\$0.04 each in the capital of the Company at prices ranging from HK\$1.54 to HK\$1.56 per share on the Stock Exchange. The aggregate purchase price was HK\$4,486,680 and such repurchase was made pursuant to the repurchase mandate granted to the Directors at the annual general meeting of the Company held on 10 June 2025. Such shares are held as treasury shares of the Company.

Save as the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during the year ended 31 December 2025.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and the code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code"). During the year ended 31 December 2025, the Company has complied with the CG Code, except for the deviation from code provision C.2.1, which is explained below.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company has appointed Mr. Zheng Kaixin as the chief executive officer of the Company with effect from 24 December 2025. Before then, under the leadership of the chairman of the Board who performed the added role of the chief executive officer of the Company, the Board worked effectively and performed its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering advice from independent perspectives, the Board was therefore of the view that there were adequate safeguards in place to ensure sufficient balance of powers within the Board.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code during the year ended 31 December 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the forthcoming annual general meeting to be held on Friday, 12 June 2026, the register of members of the Company will be closed from Monday, 8 June 2026 to Friday, 12 June 2026, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 June 2026. The record date of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting is Friday, 12 June 2026.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 22 November 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Mr. Tang Shu Pui Simon, Mr. Hon Ming Sang and Mr. Cheung Pak To *BBS*. Mr. Hon Ming Sang is the chairman of the Audit Committee. The Audit Committee has reviewed the audited annual consolidated financial results of the Group for the year ended 31 December 2025.

SCOPE OF WORK OF BEIJING XINGHUA CAPLEGEND CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditors, Beijing Xinghua Caplegend CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Beijing Xinghua Caplegend CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua Caplegend CPA Limited on the preliminary announcement.

By order of the Board
Virtual Mind Holding Company Limited
Mei Weiyi
Chairman and Executive Director

Hong Kong, 27 March 2026

As at the date of this announcement, the executive Directors are Mr. Mei Weiyi, Mr. Li Yang, Ms. Tin Yat Yu Carol and Mr. Wong Wai Kai Richard; the non-executive Director is Ms. Kot Mui; and the independent non-executive Directors are Mr. Tang Shu Pui Simon, Mr. Hon Ming Sang and Mr. Cheung Pak To BBS.

** For identification purpose only*