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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

SUMMARY

For the six months ended 30 June 2023:

- revenue of the Group saw a recovery in the first half of 2023 alongside the economic recovery. Revenue of the Group for the reporting period increased by approximately 37.5% to approximately HK\$31,932,000 (2022: HK\$23,224,000);
- gross profit for the six months ended 30 June 2023 was approximately HK\$6,199,000 (2022: HK\$6,199,000), remained unchanged compared to six months ended 30 June 2022. Apparel operation recorded gross profit of approximately HK\$1,836,000 (2022: gross loss of HK\$1,863,000), money lending operation earned gross profit of approximately HK\$4,124,000 (2022: HK\$8,062,000) and IP application and products operation recorded gross profit of approximately HK\$239,000 (2022: N/A, operation only commenced in July 2022);
- the loss for the period attributable to owners of the Company for the six months ended 30 June 2023 was approximately HK\$21,251,000 (2022: HK\$40,992,000), decreased by 48.2%. The decrease in the loss for the period attributable to owners of the Company was primarily due to the reversal of expected credit loss on loans and interest receivables for the reporting period;
- the Board of Directors of the Company (the “Board”) did not recommend the payment of any interim dividend.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>HK'000</i>	<i>HK'000</i>
Revenue	4	31,932	23,224
Cost of sales		<u>(25,733)</u>	<u>(17,025)</u>
Gross profit		6,199	6,199
Other gains and losses, net	5	(3,921)	1,267
(Provision for)/Reversal of expected credit loss on trade receivables		(436)	85
Reversal of/(Provision for) expected credit loss on loans and interest receivables		14,908	(9,382)
Selling and distribution expenses		(1,743)	(929)
Administrative expenses		(33,144)	(37,838)
Finance costs		(3,257)	(369)
Share of results of associates, net		<u>70</u>	<u>—</u>
Loss before income tax	6	(21,324)	(40,967)
Income tax expense	7	<u>—</u>	<u>—</u>
Loss for the period		<u>(21,324)</u>	<u>(40,967)</u>

		For the six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK'000	HK'000
Other comprehensive income, net of tax attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		<u>(2,638)</u>	<u>(530)</u>
Total comprehensive income for the period		<u>(23,962)</u>	<u>(41,497)</u>
(Loss)/Profit for the period attributable to:			
Owners of the Company		(21,251)	(40,992)
Non-controlling interests		<u>(73)</u>	<u>25</u>
		<u>(21,324)</u>	<u>(40,967)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(23,889)	(41,522)
Non-controlling interests		<u>(73)</u>	<u>25</u>
		<u>(23,962)</u>	<u>(41,497)</u>
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (HK cents)	9	<u><u>(1.06)</u></u>	<u><u>(2.30)</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Interests in associates	10	910	840
Property, plant and equipment	11	1,839	2,367
Right-of-use assets		2,449	2,818
Other receivable		400	400
Goodwill		42,543	42,543
Intangible assets		800	800
Deferred tax assets		554	554
		<u>49,495</u>	<u>50,322</u>
Current assets			
Inventories	12	7,668	6,564
Trade receivables	13	44,568	39,065
Loans and interest receivables	14	83,976	98,163
Deposits, prepayments and other receivables		41,885	29,003
Tax recoverable		—	55
Financial assets at fair value through profit or loss	15	7,747	13,189
Cash and bank balances		24,340	52,012
		<u>210,184</u>	<u>238,051</u>
Current liabilities			
Trade payables	16	9,263	17,586
Accruals, other payables and receipts in advance		17,967	22,074
Contract liabilities		—	893
Other borrowings	17	4,400	4,760
Provision for taxation		—	7,063
Lease liabilities	18	1,651	1,481
		<u>33,281</u>	<u>53,857</u>
Net current assets		<u>176,903</u>	<u>184,194</u>
Total assets less current liabilities		<u>226,398</u>	<u>234,516</u>

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities	18	818	1,192
Other borrowings	17	23,744	24,024
		<u>24,562</u>	<u>25,216</u>
Net assets		<u>201,836</u>	<u>209,300</u>
EQUITY			
Share capital	20	20,248	19,836
Reserves		<u>180,793</u>	<u>188,596</u>
Equity attributable to the owners of the Company		201,041	208,432
Non-controlling interests		<u>795</u>	<u>868</u>
Total equity		<u>201,836</u>	<u>209,300</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserve HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 31 December 2022	19,836	426,017	2,988	3,344	12,379	(511)	12,486	(268,107)	208,432	868	209,300
Loss for the period	—	—	—	—	—	—	—	(21,251)	(21,251)	(73)	(21,324)
Other comprehensive income											
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(2,638)	—	—	(2,638)	—	(2,638)
Total comprehensive income for the period	—	—	—	—	—	(2,638)	—	(21,251)	(23,889)	(73)	(23,962)
Equity-settled share option scheme arrangements	—	—	—	—	9,399	—	—	—	9,399	—	9,399
Exercise of share options	144	3,859	—	—	—	—	—	—	4,003	—	4,003
Issue of shares in respect of conversion of convertible bonds	268	2,828	—	—	—	—	(1,486)	1,486	3,096	—	3,096
At 30 June 2023	20,248	432,704	2,988	3,344	21,778	(3,149)	11,000	(287,872)	201,041	795	201,836
At 31 December 2021	16,900	375,963	2,988	3,344	3,741	1,847	—	(208,526)	196,257	—	196,257
(Loss)/Profit for the period	—	—	—	—	—	—	—	(40,992)	(40,992)	25	(40,967)
Other comprehensive income											
— Exchange loss on translation of financial statements of foreign operations	—	—	—	—	—	(530)	—	—	(530)	—	(530)
Total comprehensive income for the period	—	—	—	—	—	(530)	—	(40,992)	(41,522)	25	(41,497)
Equity-settled share option scheme arrangements	—	—	—	—	8,638	—	—	—	8,638	—	8,638
Recognition of equity component convertible bonds	—	—	—	—	—	—	9,800	—	9,800	—	9,800
Issue of shares in respect of conversion of convertible bonds	1,003	13,997	—	—	—	—	(4,200)	—	10,800	—	10,800
Arising from incorporation of a subsidiary	—	—	—	—	—	—	—	—	—	848	848
At 30 June 2022	17,903	389,960	2,988	3,344	12,379	1,317	5,600	(249,518)	183,973	873	184,846

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Net cash used in operating activities	(29,041)	(26,346)
Net cash generated from/(used in) investing activities	323	(3,708)
Net cash generated from financing activities	<u>3,358</u>	<u>32,784</u>
Net (decrease)/increase in cash and cash equivalents	(25,360)	2,730
Cash and cash equivalents at beginning of the period		
Cash and bank balances	52,012	15,348
Effect of foreign exchange rates, net	<u>(2,312)</u>	<u>(199)</u>
Cash and cash equivalents at end of the period	<u><u>24,340</u></u>	<u><u>17,879</u></u>

NOTES

For the six months ended 30 June 2023

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2511-15, 25/F, Peninsula Tower, 538 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong respectively. 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 and cultural products. There were no significant changes in the Group's business operation during the period.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

- (a) The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standards 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinances and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The accounting policies used in the preparation of the unaudited consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2022 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning on 1 January 2023.

The financial statements are presented in Hong Kong dollar ("HK\$") which is also the functional currency of the Company. All values are rounded to the nearest thousand unless otherwise indicated.

- (b) In the current period, the Group has applied the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are first effective and relevant for the Group’s consolidated financial statements for the annual period beginning on 1 January 2023.

Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendment to HKAS 8	Definition of Accounting Estimates
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of the new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial statements of the Group.

3. 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 in order to allocate resources and assess performance of the segment. During the reporting period, the Company has identified 1) design, manufacturing and trading of apparels, 2) provision of money lending services and 3) sale of trendy cultural products as the reportable operating segments.

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

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

Six months ended 30 June 2023 (Unaudited)	Design, manufacturing and trading of apparels <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sale of trendy cultural products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>26,431</u>	<u>4,124</u>	<u>1,377</u>	<u>31,932</u>
Segment profit/(loss)	(2,546)	9,827	(2,200)	5,081
<i>Reconciliation</i>				
Bank interest income				321
Unallocated corporate expenses				(23,469)
Finance costs				<u>(3,257)</u>
Loss before tax				<u>(21,324)</u>
As at 30 June 2023 (Unaudited)				
Segment assets	81,092	115,992	50,327	247,411
Other corporate assets				<u>12,268</u>
Total assets				<u>259,679</u>
Segment liabilities	18,055	1,116	4,151	23,322
Other corporate liabilities				<u>34,521</u>
Total liabilities				<u>57,843</u>
Other segment information				
Six months ended 30 June 2023 (Unaudited)				
Depreciation	(367)	(534)	(22)	(923)
Provision for expected credit loss ("ECL") on trade receivables	(409)	—	(27)	(436)
Reversal of ECL on loans and interest receivables	—	14,908	—	14,908

Six months ended 30 June 2022 (Unaudited)	Design, manufacturing and trading of apparels <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sale of trendy cultural products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	<u>15,162</u>	<u>8,062</u>	<u>—</u>	<u>23,224</u>
Segment loss	(10,250)	(7,395)	—	(17,645)
<i>Reconciliation</i>				
Bank interest income				105
Unallocated corporate expenses				(23,058)
Finance costs				<u>(369)</u>
Loss before tax				<u>(40,967)</u>
As at 31 December 2022 (Audited)				
Segment assets	105,758	116,949	51,123	273,830
Other corporate assets				<u>14,543</u>
Total assets				<u>288,373</u>
Segment liabilities	35,933	6,685	3,043	45,661
Other corporate liabilities				<u>33,412</u>
Total liabilities				<u>79,073</u>
Other segment information				
Six months ended 30 June 2022				
(Unaudited)				
Depreciation	(1,129)	(711)	—	(1,840)
Reversal of ECL on trade receivables	85	—	—	85
Provision for ECL on loans and interest receivables	—	(9,382)	—	(9,382)

The Company is an investment holding company and the principal places of the Group's operations are in China (including Hong Kong). Management determines that the Group is domiciled in Hong Kong, which is the Group's principal operating location.

The Group's revenue from external customers is divided into the following geographical areas:

	Unaudited	
	For the six months	
	ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mainland China	27,808	12,823
Hong Kong	4,124	8,370
United States	—	2,031
	31,932	23,224

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

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

	Unaudited	
	For the six months	
	ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	13,401	—
Customer B	9,783	—
Customer C	—	5,666
Customer D	—	3,219
Customer E	—	2,587

4. REVENUE

Revenue represents the interest income from loans receivable, and revenue from sales of apparels and trendy cultural products, net of returns, discounts and sales related taxes, during the period.

5. OTHER GAINS AND LOSSES, NET

	Unaudited	
	For the six months	
	ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Interest income	321	105
Subcontracting income	—	3,519
Net fair value loss on financial assets at fair value through profit or loss	(4,497)	(2,580)
Government subsidies	—	144
Others	255	79
	<u>321</u>	<u>3,827</u>
	<u>(3,921)</u>	<u>1,267</u>

6. LOSS BEFORE TAX

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

	Unaudited	
	For the six months	
	ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Auditor's remuneration	—	—
Cost of inventories recognised as expense	25,733	17,025
Depreciation of property, plant and equipment	215	783
Depreciation of right-of-use assets	1,229	1,664
Foreign exchange (gain)/loss, net	(80)	274
Provision for/(Reversal of) ECL on trade receivables	436	(85)
(Reversal of)/Provision for ECL on loans and interest receivables	(14,908)	9,382
Short term lease expenses	38	74
Employee benefit expenses (including directors' emoluments and share-based compensation)	23,753	25,574
	<u>23,753</u>	<u>25,574</u>

7. INCOME TAX EXPENSE

	Unaudited	
	For the six months	
	ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current income tax charged for the period:		
Hong Kong profits tax	—	—
Deferred tax credited for the period:	—	—
	<u>—</u>	<u>—</u>

(i) British Virgin Islands (“BVI”) and the Cayman Islands income tax

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions during the six months ended 30 June 2023 (2022: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2022: 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% (2022: 8.25%), which is in accordance with the two-tiered profits tax rates regime.

(iii) The People’s Republic of China (the “PRC”) enterprise income tax (“EIT”)

PRC EIT is provided at 25% (2022: 25%) on the estimated assessable profits of the Group’s PRC subsidiaries for the period.

(iv) PRC withholding income tax

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% (2021: 5%).

(v) United States corporate income tax

The United States corporate income tax comprises federal income tax calculated at 15% (2022: 15%) and state and local income tax calculated at various rates on the estimated assessable profits of the Group’s subsidiary in the United States.

8. DIVIDENDS

No dividend was paid or proposed to the owners of the Company during the six months ended 30 June 2023 (2022: nil), nor has any dividend been proposed since the end of reporting period and up to the date of this report.

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of approximately HK\$21,251,000 (2022: HK\$40,992,000) by the weighted average number of 2,001,396,555 (2022: 1,780,554,553) ordinary shares in issue during the period.

As shares 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 six months ended 30 June 2023 and for the six months ended 30 June 2022 respectively, the diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2023 and for the six months ended 30 June 2022.

10. INTERESTS IN ASSOCIATES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets other than goodwill	675	605
Goodwill on acquisition	235	235
	<u>910</u>	<u>840</u>
	<u>910</u>	<u>840</u>

As at 30 June 2023, the Group had interest in the following associates which are accounted for using equity method in the consolidated financial statements, as follows:

Name of company	Form of business structure	Place of incorporation	Issued share capital/paid up registered capital	Equity interest held	Principal activity and place of operation
Wake Hong Kong Limited	Limited liability company	Hong Kong	4 ordinary shares of HK\$1 each	25%	Provision of promotion services in Hong Kong
Helix Global Management Limited	Limited liability company	Hong Kong	100 ordinary shares of HK\$1 each	36%	Provision of event management services in Hong Kong

Movement of investments in associates is analysed as follows:

	Unaudited For the six months ended 30 June	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the period	840	—
Share of results of associates, net	70	—
	<hr/>	<hr/>
At end of the period	910	—
	<hr/> <hr/>	<hr/> <hr/>

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group incurred capital expenditures of approximately HK\$13,000 (2022: nil) for acquisition of property, plant and equipment.

12. INVENTORIES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials and consumables	—	25
Work in progress	3,486	1,089
Finished goods	4,182	5,450
	<u>7,668</u>	<u>6,564</u>

13. TRADE RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	46,074	40,135
Less: provision for impairment loss	(1,506)	(1,070)
	<u>44,568</u>	<u>39,065</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 of 30 to 90 days (2022: 10 to 180 days) to its customers.

Trade receivables are non-interest bearing. The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	8,975	15,611
31 to 60 days	3,540	9,218
61 to 90 days	4,332	3,452
91 to 180 days	7,052	4,987
Over 180 days	20,669	5,797
	<u>44,568</u>	<u>39,065</u>

14. LOANS AND INTEREST RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current		
Loans receivables	104,665	137,108
Interest receivables	15,130	11,782
Less: impairment loss	<u>(35,819)</u>	<u>(50,727)</u>
	<u>83,976</u>	<u>98,163</u>

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

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity securities held for trading in Hong Kong	5,192	10,634
Contingent consideration receivable in connection to acquisition of subsidiaries	<u>2,555</u>	<u>2,555</u>
	<u>7,747</u>	<u>13,189</u>

16. TRADE PAYABLES

Credit periods of trade payables normally granted by the Group's suppliers were ranging from 15 to 120 days (2022: from 15 to 120 days).

Ageing analysis of trade payables based on invoice date is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	—	8,250
31 to 60 days	11	2,956
61 to 90 days	—	5,328
91 to 180 days	1,125	888
Over 180 days	<u>8,127</u>	<u>164</u>
	<u>9,263</u>	<u>17,586</u>

17. OTHER BORROWINGS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current		
Liability component of convertible notes	<u>23,744</u>	<u>24,024</u>
Current		
Promissory note	4,400	4,400
Margin loan payable, repayable within one year or on demand	<u>—</u>	<u>360</u>
	<u>4,400</u>	<u>4,760</u>
	<u>28,144</u>	<u>28,784</u>

18. LEASE LIABILITIES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current		
Lease liabilities	<u>1,651</u>	<u>1,481</u>
Non-current		
Lease liabilities	<u>818</u>	<u>1,192</u>
	<u>1,655</u>	<u>2,673</u>

19. CONVERTIBLE BONDS

The Company issued convertible bonds with an aggregate principal amount of HK\$35,000,000 to the bond holders on 6 January 2022. These convertible bonds are denominated in HK\$. The convertible bonds bear interest at 2% per annum and will mature on the third anniversary of the date of the issue at their principal amount or can be converted into ordinary shares of the Company at the holder's option at a conversion price of HK\$0.1496 per share at any time up to the maturity date of the convertible bond.

On 15 August 2022, the Company issued convertible bonds with an aggregate principal amount of HK\$15,000,000 to the bond holders. The convertible bonds are denominated in HK\$. These convertible bonds bear interest at 10% per annum and will mature on the second anniversary of the date of the issue at their principal amount or can be converted into ordinary shares of the Company at the holder's option at a conversion price of HK\$0.25 per share at any time up to the maturity date of the convertible bond.

The fair values of the liability component was determined at the issuance of the convertible bonds, and was calculated using a market interest rate for an equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity.

The movements of the convertible bonds are set out below:

	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2022	24,024	12,486	36,510
Interest expenses	3,176	—	3,176
Interest paid	(360)	—	(360)
Conversion into ordinary shares	(3,096)	(1,486)	(4,582)
As at 30 June 2023	<u>23,744</u>	<u>11,000</u>	<u>34,744</u>

20. SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Authorised:		
Ordinary shares at HK\$0.01 each, at 31 December 2022 and 30 June 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares at HK\$0.01 each, at 31 December 2022	1,983,636,359	19,836
Issuance of shares in respect of conversion of convertible bonds	26,737,965	268
Issuance of shares in respect of exercise of share options	<u>14,400,000</u>	<u>144</u>
Ordinary shares at HK\$0.01 each, at 30 June 2023	<u><u>2,024,774,324</u></u>	<u><u>20,248</u></u>

21. RELATED PARTY TRANSACTION

The Group entered into the following significant related party transactions during the period.

Key management personnel remuneration

	Unaudited As at 30 June 2023 <i>HK\$'000</i>	Audited As at 31 December 2022 <i>HK\$'000</i>
Directors' emoluments	<u><u>8,361</u></u>	<u><u>6,170</u></u>

22. SHARE OPTION SCHEME

On 17 January 2023, 168,850,000 options were granted by the Company under its share option scheme which was adopted on 22 November 2013 to its directors and certain employees of the Group for their contributions to the Group to subscribe for shares of the Company at an exercise price of HK\$0.23 per share with an exercise period from 17 January 2023 to 16 January 2033 and a vesting period of 1 year after the date of grant the option. The estimated fair value of these options granted was HK\$20,568,000. During the six months ended 30 June 2023, none of these options were vested or exercised.

Details of movement of the options during the six months ended 30 June 2023 are as follows:

Directors	Date of grant	Closing price per Share immediately before the date of grant	Exercise price	Exercise period	Outstanding at 1 January 2023	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period	Outstanding at 30 June 2023
Li Yang	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	16,900,000	—	—	—	16,900,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	19,800,000	—	—	19,800,000
Tin Yat Yu Carol	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	16,900,000	—	—	—	16,900,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	19,800,000	—	—	19,800,000
Cheung Ka Lung	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	2,000,000	—	—	—	2,000,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	3,000,000	—	—	3,000,000
Chan Ming Leung Terence	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	2,000,000	—	—	—	2,000,000
	19 April 2022	HK\$0.280	HK\$0.278	19 April 2023 to 18 April 2027	15,900,000	—	(14,400,000)	—	1,500,000
Gong Xiaohan	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	16,900,000	—	—	—	16,900,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	19,800,000	—	—	19,800,000
Tang Shu Pui Simon	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	1,000,000	—	—	—	1,000,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	1,000,000	—	—	1,000,000
Hon Ming Sang	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	1,000,000	—	—	—	1,000,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	1,000,000	—	—	1,000,000
Lo Wing Sze	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	1,000,000	—	—	—	1,000,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	1,000,000	—	—	1,000,000
Employees	8 December 2021	HK\$0.151	HK\$0.155	8 December 2022 to 7 December 2026	2,250,000	—	—	—	2,250,000
	19 April 2022	HK\$0.280	HK\$0.278	19 April 2023 to 18 April 2027	34,350,000	—	—	(17,900,000)	16,450,000
	17 January 2023	HK\$0.230	HK\$0.23	17 January 2023 to 16 January 2033	—	103,450,000	—	—	103,450,000
Consultant	19 April 2022	HK\$0.280	HK\$0.278	19 April 2023 to 18 April 2027	17,900,000	—	—	—	17,900,000
Service Provider	19 April 2022	HK\$0.280	HK\$0.278	19 April 2023 to 18 April 2027	17,900,000	—	—	—	17,900,000

During the six months ended 30 June 2023, share-based payment expenses of approximately HK\$9,399,000 (2022: HK\$8,638,000) have been charged to profit or loss.

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, namely money lending operation; and (iii) selling of gaming and animated characters related products, namely IP application and products operation.

REVENUE

Revenue of the Group saw a recovery in the first half of 2023 alongside the economic recovery. Revenue of the Group for the reporting period increased by approximately 37.5% to approximately HK\$31,932,000 (2022: HK\$23,224,000).

APPAREL OPERATION

Revenue from apparel operation is principally derived from the sales of apparel products. The consumption activities and sentiment improved in the reporting period following the uplift of anti-epidemic measures, which had a positive impact on the apparel operation. The revenue from apparel operation increased by 74.3% to approximately HK\$26,431,000 for the six months ended 30 June 2023 (2022: HK\$15,162,000).

MONEY LENDING OPERATION

Our money lending business primarily offers loans to individual customers and small businesses in Hong Kong. Revenue from money lending operation was approximately HK\$4,124,000 (2022: HK\$8,062,000) for the reporting period, decreased by approximately 48.8% as compared to the corresponding period in 2022, as a result of decrease in interest income received/receivable from existing customers during the period. The interest rate charged on all loans receivable ranged from 8% to 24% (2022: 3% to 24%) per annum.

Reversal of expected credit loss on loans and interest receivables of approximately HK\$14,908,000 (2022: Provision of expected credit loss of HK\$9,382,000) was recorded for the reporting period.

The loans and interest receivables (net of allowances) decreased by approximately 14.5%, from approximately HK\$98,163,000 as at 31 December 2022 to approximately HK\$83,976,000 as at 30 June 2023.

IP APPLICATION AND PRODUCTS OPERATION

Revenue from IP application and products operation is principally derived from selling of gaming and animated characters products of self-developed IPs or IPs licensed from third party, including blind boxes, action figures, garage kits. The principal market of our IP application and products is Mainland China.

The economy of Mainland China saw a moderate recovery in the reporting period following the relaxation of anti-epidemic measures. Alongside with the easing of regulatory pressure on gaming industry, the revenue from our IP application and products operation was approximately HK\$1,377,000 for the reporting period (2022: N/A, operation only commenced in July 2022).

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the six months ended 30 June 2023 was approximately HK\$6,199,000 (2022: HK\$6,199,000), remained unchanged compared to six months ended 30 June 2022. Apparel operation recorded gross profit of approximately HK\$1,836,000 (2022: gross loss of HK\$1,863,000), money lending operation earned gross profit of approximately HK\$4,124,000 (2022: HK\$8,062,000) and IP application and products operation recorded gross profit of approximately HK\$239,000 (2022: N/A, operation only commenced in July 2022).

Thanks to higher revenue from apparel operation to absorb the manufacturing costs, the gross profit of approximately HK\$1,836,000 was earned from apparel operation for the reporting period (2022: gross loss of HK\$1,863,000), recording a gross profit margin of 6.9%.

The gross profit earned from our money lending operation was approximately HK\$4,124,000 (2022: HK\$8,062,000). The gross profit margin was 100% for money lending operation for the period (2022: 100%), as there was no direct cost incurred in generating revenue in the money lending operation.

The gross profit from IP application and products operation was approximately HK\$239,000 (2022: N/A, operation only commenced in July 2022), recording a gross profit margin of 17.3%.

PROVISION FOR EXPECTED CREDIT LOSS ON TRADE RECEIVABLES

Provision for expected credit loss on trade receivables of approximately HK\$436,000 (2022: reversal of expected credit loss of HK\$85,000) was recorded for the reporting period. We provided impairment loss on trade receivables on individual assessment.

REVERSAL OF EXPECTED CREDIT LOSS ON LOANS AND INTEREST RECEIVABLES

Reversal of expected credit loss on loans and interest receivables of approximately HK\$14,908,000 (2022: Provision of expected credit loss of HK\$9,382,000) was recorded for the reporting period. In assessing the provision for expected credit loss for loans and interest receivables, the Group considered (i) the loan receivables which have been past due as at 30 June 2023; (ii) the repayment history of loan and interest receivables of each borrower during the reporting period; and (iii) the probability of default rate due to the inability of the borrowers to make repayments to the Group when due.

The reversal of expected credit loss for the period was mainly due to reversal of expected credit loss on loans which were assigned to a director during the period. Please refer to Company's announcements dated 8 December 2022 and 28 February 2023 and Company's circular dated 10 February 2023 respectively. The loans and interest receivables (net of allowances) decreased by approximately 14.5%, from approximately HK\$98,163,000 as at 31 December 2022 to approximately HK\$83,976,000 as at 30 June 2023.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) professional fees; (ii) staff costs; and (iii) transportation costs for delivery of products. The selling and distribution expenses incurred in the reporting period were approximately HK\$1,743,000 (2022: HK\$929,000), increased by 87.6%, as the increase in selling expenses was driven by the increase in sales during the period. In terms of percentage of revenue, selling and distribution expenses increased to 5.5% for the six months ended 30 June 2023 from 4.0% for the six months ended 30 June 2022.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) share-based compensation; and (iii) professional fees. The administrative expenses for the six months ended 30 June 2023 were approximately HK\$33,144,000 (2022: HK\$37,838,000), decreased by approximately 12.4%. The decrease in the administrative expenses was mainly attributable to the decrease in staff costs and decrease in professional fees in the reporting period.

FINANCE COSTS

Finance costs were approximately HK\$3,257,000 (2022: HK\$369,000), increased by 782.7%. Finance costs were mainly the interest expenses derived from our convertible bonds and imputed interests on lease liabilities.

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the period attributable to owners of the Company for the six months ended 30 June 2023 was approximately HK\$21,251,000 (2022: HK\$40,992,000), decreased by 48.2%. The decrease in the loss for the period attributable to owners of the Company was primarily due to the reversal of expected credit loss on loans and interest receivables for the reporting period, as discussed above.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The portfolio of the Group's financial assets at fair value through profit or loss business consisted of investments in listed securities of approximately HK\$5,192,000 that were held for trading as at 30 June 2023 (31 December 2022: HK\$10,634,000) and contingent receivable in connection to acquisition of subsidiaries of HK\$2,555,000 (31 December 2022: 2,555,000).

No dividend income was received by the Group from its investments in listed securities (2022: nil). Resulting from the volatile conditions of the Hong Kong stock market during the period 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\$4,497,000 (2022: HK\$2,580,000) was recognised from the Group's securities investments.

The objective of the Group's investments in the listed securities in Hong Kong 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 sentiment, 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 Hong Kong stock market and closely monitor the performance of its securities investment portfolio.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, cash and bank balances amounted to approximately HK\$24,340,000 (31 December 2022: HK\$52,012,000). Total borrowings and lease liabilities of the Group as at 30 June 2023 was approximately HK\$30,613,000 (31 December 2022: HK\$31,457,000), of which approximately HK\$6,051,000 (31 December 2022: HK\$6,241,000) would be repayable within one year and all the remaining borrowings and lease liabilities of approximately HK\$24,562,000 (31 December 2022: HK\$25,216,000) would be repayable after one year.

The current ratio of the Group was approximately 6.32 as at 30 June 2023 (31 December 2022: 4.42).

CHARGE ON ASSETS

The Group did not have any pledge or charge on asset as at 30 June 2023.

As at 31 December 2022, the Group's financial assets at fair value through profit or loss of approximately HK\$10,634,000 were pledged as securities for the Group's other borrowings.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: nil).

GEARING RATIO

The gearing ratio of the Group, calculated as total borrowings, bank overdraft and lease liabilities over total equity was approximately 15.2% as at 30 June 2023 (31 December 2022: 15.0%).

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.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 June 2023.

FOREIGN EXCHANGE EXPOSURE

Substantial portion of the business transactions of the Group are either denominated in Renminbi (“RMB”) or in Hong Kong dollars. The Board of Directors 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.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any significant capital commitment (31 December 2022: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 78 employees (31 December 2022: 150 employees). Total staff costs (including directors’ emoluments) were approximately HK\$23,753,000 for the six months ended 30 June 2023, as compared to approximately HK\$25,574,000 for the six months ended 30 June 2022. Remuneration is determined with reference to market norms as well as individual employees’ performance, qualification and experience.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2023 (31 December 2022: nil).

INTERIM DIVIDEND

The Board of Directors did not recommend any payment of an interim dividend for the six month ended 30 June 2023.

OTHER INFORMATION

AUDIT COMMITTEE

The Company’s audit committee has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters. The unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 have been reviewed by the audit committee members who have provided advice and comments thereon.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 ("CG Code") contained in Appendix 14 to the Listing Rules.

Throughout the reporting period, the Company has complied with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions (the "Required Standard of Dealings").

The Company has confirmed, having made specific enquiry of the directors, all the directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register pursuant to Section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

Long position in shares and underlying shares of the Company

Name	Capacity in which interests are held	Number of shares/underlying shares held/interested in			Approximate percentage of interests (Note 2)
		Ordinary shares	Shares issuable on share options held (Note 1)	Total interests	
Li Yang	Beneficial owner	–	36,700,000	36,700,000	1.81%
Tin Yat Yu Carol	Beneficial owner	–	36,700,000	36,700,000	1.81%
Cheung Ka Lung	Beneficial owner	–	5,000,000	5,000,000	0.25%
Chan Ming Leung Terence (Note 3)	Beneficial owner	14,400,000	3,500,000	17,900,000	0.88%
Gong Xiaohan	Beneficial owner	–	36,700,000	36,700,000	1.81%
Tang Shu Pui Simon	Beneficial owner	5,000,000	2,000,000	7,000,000	0.35%
Hon Ming Sang	Beneficial owner	–	2,000,000	2,000,000	0.10%
Lo Wing Sze	Beneficial owner	–	2,000,000	2,000,000	0.10%

Notes:

1. Details of share options held by the Directors are shown above in note 22 to the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.
2. Based on 2,024,774,324 Shares in issue as at 30 June 2023.
3. Based on the disclosure of interests forms filed on 19 May 2023 and 20 June 2023 respectively, Mr. Chan Ming Leung Terence provided an interest in the 14,400,000 Shares as security to a person other than a qualified lender.

Save as disclosed above, as at 30 June 2023, none of the directors or chief executive of the Company have or are deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Long position in shares and underlying shares of the Company

Name	Capacity/nature of interest	Number of shares/underlying shares held/interested in			Approximate percentage of interests (Note 1)
		Ordinary shares	Underlying shares in respect of the convertible bonds issued	Total interests	
World Field Industries Limited (Note 2)	Beneficial owner	283,994,000	–	283,994,000	14.03%
Value Convergence Holdings Limited (Note 3)	Beneficial owner	155,334,000	66,844,919	222,178,919	10.97%
	Interest of controlled corporation	11,658,000	–	11,658,000	0.58%
Anli Investment Fund SPC-Anli Greater China Opportunity Fund Segregated Portfolio (Note 4)	Beneficial owner	265,650,887	–	265,650,887	13.12%

Notes:

1. Based on 2,024,774,324 Shares in issue as at 30 June 2023.
2. Based on the disclosure of interests form filed on 19 July 2022, World Field Industries Limited is owned as to 100% by Green Astute Limited, which is in turn owned as to 100% by Hao Tian Media & Culture Holdings Limited, which is in turn owned as to 100% by Aceso Life Science Group Limited (“Aceso”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 474.HK). Based on the disclosure of interest forms in relation to Aceso dated 25 March 2022 and 24 August 2021 respectively, Aceso is owned as to 46.19% by Asia Link Capital Investment Holdings Ltd. (“Asia Link”) and as to 10.83% by Century Golden Resources Investment Co., Ltd (“Century Golden”). Asia Link is owned as to 100% by Li Shao Yu (李少宇). Century Golden is owned as to 50% by Huang Tao (黃濤) and as to 40% by Huang Shiying (黃世熒).
3. Based on the disclosure of interest forms filed on 22 March 2023, Value Convergence Holdings Limited (“VCH”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 821.HK), was (i) the beneficial owner of 216,580,919 shares/underlying shares of the Company, of which 66,844,919 referred to interests in underlying shares (unlisted derivatives – convertible instruments). VCH was deemed to be interested in 66,844,919 underlying shares of the Company which may be issued and allotted upon exercise of the conversion rights attaching to the convertible bonds at a principal amount of HK\$10,000,000 at the conversion price of HK\$0.1496 per share. For details, please refer to the announcements of the Company dated 13 December 2021 and 6 January 2022. To the best knowledge and information of the Company, as at 30 June 2023, VCH was the beneficial owner of 155,334,000 Shares. Also, by virtue of the SFO, VCH is deemed to be interested in 11,658,000 Shares which are held by VC Brokerage Limited, which in turn is owned as to 100% by VC Financial Group Limited, which is in turn owned as to 100% by VCH.
4. Based on the disclosure of interest forms filed on 16 September 2022, Anli Investment Fund SPC-Anli Greater China Opportunity Fund Segregated Portfolio (“Anli Fund”) is interested in 265,650,887 Shares. To the best knowledge and information of the Company, VC International Asset Management Limited (formerly known as Anli Asset Management Limited) (“VCIAM”) is a wholly-owned subsidiary of VCH. VCIAM is the investment manager of Anli Fund.

Save as disclosed above, as at 30 June 2023, the directors of the Company were not aware of any other persons/entities (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, its Group members or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

In view of the amendments to the Listing Rules in relation to share option scheme with effect from 1 January 2023, the Company adopted a new share option scheme at the annual general meeting of the Company held on 9 June 2023 (the “2023 Scheme”) and terminated the share option scheme which was adopted on 22 November 2013 (the “2013 Scheme”).

As at 1 January 2023, the number of options available for grant under the 2013 Scheme was 180,126,737 Shares.

As at 30 June 2023, the Company granted options relating to 315,950,000 underlying Shares to eligible participants of the Group under the 2013 Scheme, representing approximately 15.60% of the total issued Shares. 14,400,000 options had been exercised and 19,000,000 options had been lapsed. As at 30 June 2023, options relating to 282,550,000 underlying Shares are valid and outstanding, and remain valid under the 2013 Scheme after the termination of the 2013 Scheme.

No share options were granted or outstanding under the 2023 Scheme for the six months ended 30 June 2023. As at 30 June 2023, the number of options available for grant under the 2023 Scheme was 202,477,432 Shares.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

CHANGE OF DIRECTORS’ AND CHIEF EXECUTIVE’S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Company’s directors subsequent to the date of the Annual Report 2022 are set out below:

Ms. Tin Yat Yu Carol, an executive director of the Company, was appointed as the vice-chairman of InvesTech Holdings Limited (stock code: 1087.HK) with effect from 15 June 2023.

Mr. Tang Shu Pui Simon, an independent non-executive director of the Company, was appointed as an independent non-executive director of Finsoft Financial Investment Holdings Limited (stock code: 8018.HK) with effect from 7 July 2023.

Ms. Lo Wing Sze, an independent non-executive director of the Company, (i) was appointed as an independent non-executive director of Goldlion Holdings Limited (stock code: 00533.HK) with effect from 3 April 2023; (ii) was appointed as an independent non-executive director of China Resources Mixc Lifestyle Services Limited (stock code: 1209.HK) with effect from 1 July 2023; (iii) resigned as an independent non-executive director of Finsoft Financial Investment Holdings Limited (stock code: 8018.HK) with effect from 7 July 2023; and (iv) was appointed as an independent non-executive director of Lee & Man Paper Manufacturing Limited (stock code: 2314) with effect from 2 August 2023.

Save as disclosed above, the Company is not aware of other changes in the directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Hong Kong, 29 August 2023

As at the date of this Report, the Board is comprised of 8 directors:

Executive directors:

Mr. Li Yang

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*