

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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



Virtual Mind Holding Company Limited

天機控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1520)

SHARE SUBSCRIPTION FACILITY AGREEMENT RELATING TO SUBSCRIPTION OF SHARES AND ISSUE OF WARRANTS

SHARE SUBSCRIPTION

The Board is pleased to announce that on 29 August 2025 (after trading hours), the Company entered into the Agreement with the Investor and GYBL, pursuant to which the Investor agrees to grant to the Company an option to require the Investor to subscribe for the Subscription Shares for up to an aggregate amount of HK\$225,000,000 subject to the terms and conditions of the Agreement.

The Subscription Price for subscription of the Shares by the Investor shall be higher of (i) the Determined Price; and (ii) the Floor Price.

ISSUE OF WARRANTS

Pursuant to the Agreement, the Company agrees to issue the Warrants to the Investor to subscribe for Shares up to 31,000,000 Shares at the exercise price of HK\$1.97 per Share (subject to adjustments). The Warrants are exercisable for a period of eighteen (18) months after the issue of the Warrants.

The maximum aggregate gross proceeds from Share Subscription are expected to be HK\$225,000,000. The maximum net proceeds from the Share Subscription (after deduction of the Fee, and other related expenses including, among others, the professional fees) are estimated to be approximately HK\$175,000,000.

The maximum aggregate gross proceeds from the full subscription of the Warrants Shares at the Exercise Price of HK\$1.97 (subject to adjustments) are expected to be HK\$61,070,000. The maximum net proceeds from the full subscription of the Warrant Shares (after deduction of related expenses) are estimated to be approximately HK\$60,000,000, representing a net issue price of approximately HK\$1.935 per Warrant Share.

The proceeds raised from the Share Subscription and issue of Warrant Shares would enable the Group to obtain funding for its business development if and when needed, and, thus increase the capital base of the Company. The net proceeds so raised would be used for development of the AI and Web3 businesses of the Group.

SPECIFIC MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND THE WARRANT SHARES

The issue and allotment of the Subscription Shares and the Warrant Shares are subject to the Specific Mandate to be sought from the Shareholders at the EGM.

A circular containing other information of the Agreement, the Share Subscription, the issue of Warrants and the Specific Mandate together a notice to convene the EGM will be despatched to the Shareholders in due course.

Application shall be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares to be issued to the Investor pursuant to the Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be allotted and issued upon exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on the exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there is no other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants at the Exercise Price of HK\$1.97, a maximum of 31,000,000 Warrant Shares will be allotted and issued, representing (i) approximately 3.26% of the existing issued Shares as at the date of this announcement; (ii) approximately 3.15% of the issued Shares as enlarged by the allotment and

issue of the Warrant Shares, and (iii) approximately 2.74% of the issued Shares as enlarged by the allotment and issue of the Warrant Shares and the Subscription Shares (as for illustrative purpose only). Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

WARNING

The Agreement is subject to, among other things, fulfillment of the conditions precedent in the Agreement. As such, the Share Subscription and the issue of Warrants may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 29 August 2025 (after trading hours), the Company entered into the Agreement with the Investor and GYBL, pursuant to which the Investor agrees to grant to the Company an option to require the Investor to subscribe for the Subscription Shares for up to an aggregate amount of HK\$225,000,000 subject to the terms and conditions of the Agreement.

THE AGREEMENT

Date: 29 August 2025

Parties: (1) the Company
(2) the Investor
(3) GYBL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor and GYBL and their respective ultimate beneficial owners are independent of the Company and connected persons of the Company (as defined in the Listing Rules).

Subject Matter

The Investor agrees to grant to the Company an option to require the Investor to subscribe for the Subscription Shares for up to an aggregate amount of HK\$225,000,000 subject to the terms and conditions of the Agreement.

Subject to the satisfaction (or waiver in writing by the Investor) of the conditions (as set out in the paragraph "Conditions Precedent" below), the Company shall be entitled to issue the Subscription Notice to the Investor specify the Draw Down Amount and the Floor Price to require the Investor to subscribe for the Subscription Shares.

Conditions Precedent

The Company may deliver the Subscription Notice if the following conditions have been and remain satisfied (or waived by the Investor in writing in respect of the relevant Subscription Notice):

- (a) the Fee shall have been deposited in an escrow account with an escrow agent agreeable to GYBL;
- (b) the Shares are and remain listed on the Stock Exchange;
- (c) the Agreement and the Promissory Note have been duly executed and delivered to the Investor, and the Warrants have been duly issued in favour of and warrant certificates in respect thereof have been delivered to the Investor;
- (d) if the Subscription Notice is issued on or after the first twelve-month anniversary of the Agreement, the Company has paid the Fee in full, or, if the Subscription Notice is issued before the first twelve-month anniversary of the Agreement, the Company has deposited, and there remains in escrow with the escrow agent a cash amount sufficient to pay the balance of the Fee in full in accordance with the Agreement;
- (e) based on the Investor's filings with Applicable Securities Regulators or as advised by written notice of the Investor to the Company, the issuance of Subscription Shares to the Investor will not result in the Investor holding more than nineteen point nine per cent. (19.9%) of the issued and outstanding share capital of the Company;
- (f) the Company has delivered to the Investor legal opinions in respect of the laws of its country of incorporation and laws of Hong Kong, addressed to the Investor and GYBL and dated as of a date before the date of the first Subscription Notice, from law firms reasonably acceptable to the Investor;
- (g) the Company having nominated by written notice to the Investor a person or persons as Share Provider and such adherence remaining in full force and effect as at the date of the relevant Subscription Notice;
- (h) the Subscription Shares relating to the relevant Subscription Notice have been delivered to the Investor;
- (i) the representations and warranties of the Company and the Share Providers (if any) contained herein are true and correct in all respects as of the relevant date of the Subscription Notice as repeated at that time (except that representations and warranties that are expressed by their terms to be made as of a specific date need be true and correct in all respects only as of such date);

- (j) each Share Provider (if any) and the Company have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Agreement to be performed, satisfied or complied with by such Share Provider or the Company (as the case may be) at or prior to the date of the Subscription Notice;
- (k) no Material Adverse Event has occurred or is reasonably expected to occur;
- (l) no Material Change in Ownership has occurred or is reasonably expected to occur;
- (m) no inquiry, investigation or other proceeding, whether formal or informal, has been commenced, announced or threatened, no order has been issued against the Company by any governmental or regulatory organisation or stock exchange and there has been no change of law or policy, or the interpretation or administration thereof, in each case which operates or could operate to prevent, suspend, hinder, delay, restrict or otherwise have a significant adverse effect on the transactions contemplated by the Agreement or which could have a material adverse effect on the Investor;
- (n) listing or trading of the issued Shares has not been suspended or threatened to be suspended by the Stock Exchange during the thirty (30) trading days prior to the relevant date of the Subscription Notice;
- (o) no event or circumstance has arisen or is threatening to arise which would entitle the Investor to terminate the Agreement;
- (p) the Company has obtained all the required approvals and such approvals are in full force and effect; and
- (q) all mechanisms, including in relation to any potential regulatory processes or approvals that may be required in connection with the execution, delivery and performance of the Agreement in accordance with the terms thereof to the satisfaction of the Investor, necessary or desirable for the Investor to (i) consummate and make effective the Subscription Notice or (ii) trade in the Shares at its discretion (including the Investor's trading account) being fully accessible and operable by the Investor.

Subscription Price

The Subscription Price for subscription of the Shares by the Investor shall be higher of (i) the Determined Price; and (ii) the Floor Price.

Number of Subscription Shares to be subscribed by the Investor

The Investor shall not be obliged to subscribe for such number of Subscription Shares which is more than 50% of the Draw Down Amount and the Investor shall be entitled at its sole discretion to elect to subscribe for up to 200 per cent. of the Draw Down Amount, provided that the Investor shall not be

obliged to subscribe for such number of Subscription Shares which in aggregate exceed HK\$225,000,000, or the Investor would in consequence to make a mandatory general offer under the Takeovers Code.

Within twelve months of any closing date, being the date of the notice of Subscription Notice (the “**Closing Date**”), the Company shall issue to the Investor the corresponding number of Subscription Shares subscribed for by the Investor on the relevant Closing Date.

Upon receipt of the relevant Subscription Notice and subject to the satisfaction of the conditions above, the Investor shall apply to the Company to subscribe for the Subscription Shares and pay the subscription money equal to the number of Shares to be subscribed by the Investor and the applicable Subscription Price.

For illustrative purpose only, assuming the Subscription Price is HK\$1.523 per Subscription Share, being 90% of the average of the closing price of the Shares of HK\$1.692 as quoted on the Stock Exchange for a period of 15 consecutive trading days immediately before the Last Trading Day, the maximum number of Subscription Shares to be issued and allotted to the Investor shall be 147,734,734 Shares, representing (i) approximately 15.52% of the existing issued Shares as at the date of this announcement; (ii) approximately 13.44% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 13.07% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Warrant Shares.

Representations, Warranties and Undertakings

The Company represents, warrants and undertakes to the Investor that the warranties as set out in the Agreement are true and accurate in all respects as at the date of the Agreement. The warranties shall be deemed to have been repeated as at each date of Subscription Notice, as at each Closing Date and as at each date on which Subscription Shares become issued, sold or listed pursuant to the Agreement or the exercise of the Warrants, each date on which a Warrant is exercised and each date on which Warrant Shares are transferred pursuant to a Warrant with reference to the facts and circumstances existing on that date.

ISSUE OF WARRANTS

Pursuant to the Agreement, the Company agrees to issue the Warrants to the Investor to subscribe for up to 31,000,000 Shares at the exercise price of HK\$1.97 per Share (subject to adjustments). The Warrants are exercisable for a period of eighteen (18) months after the issue of the Warrants.

Principal terms of the Warrants

Exercise Price: HK\$1.97 per Share (subject to adjustments)

The Exercise Price is subject to adjustment if on the twelve month anniversary from the date of the Agreement, the Current Market Price is less than 90% of the Exercise Price, then the Exercise Price shall be adjusted to 105% of the Current Market Price.

‘Current Market Price’ means the average of the volume weighted average price for a Share on the Stock Exchange for the five consecutive trading days

Subscription period:	For a period of 18 months after the issue of the Warrants
Transferability:	the holder of the Warrants shall transfer or assign the Warrant without the consent of the Company, save that any transfer or assignment shall be subject to and comply with the restrictions set forth in the Warrant, particularly, restriction on transfer or assign to connected persons of the Company
Ranking of the Warrant Shares:	The Warrant Shares, when allotted and issued, will rank <i>pari passu</i> in all respects among themselves and with all other Shares then in issue

The Warrant Shares

Assuming full exercise of the subscription rights attaching to the Warrants at the Exercise Price of HK\$1.97, a maximum of 31,000,000 Warrant Shares will be allotted and issued, representing (i) approximately 3.26% of the existing issued Shares as at the date of this announcement; (ii) approximately 3.15% of the issued Shares as enlarged by the allotment and issue of the Warrant Shares, and (iii) approximately 2.74% of the issued Shares as enlarged by the allotment and issue of the Warrant Shares and the Subscription Shares (as for illustrative purpose only).

The Exercise Price

The Exercise Price of HK\$1.97 represents:

- (1) a premium of approximately 22.36% over the closing price of HK\$1.61 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 19.68% over the average of the closing prices of HK\$1.646 per Share as quoted on the Stock Exchange for the last five consecutive trading days including the Last Trading Day; and
- (3) a premium of approximately 17.12% over the average of the closing price of HK\$1.682 per Share as quoted on the Stock Exchange for the last ten consecutive trading days including the Last Trading Day.

The Exercise Price was arrived at after an arm's length negotiation between the Company and the Investor with reference to the recent trading performance of the Shares. The Directors consider that the Exercise Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Warrant Instrument

The Company shall create the Warrants by way of a deed poll instrument. The principal terms and conditions of the Warrants are set forth below:

Issuer:

The Company

Number of Warrants:

The Warrants are exercisable into 31,000,000 Warrant Shares at the Exercise Price of HK\$1.97 per Share (subject to adjustments)

Exercisable Period:

The Warrant may be exercised by the holder, in whole or in part, at any time during the period from the date of issue of the Warrants (the “**Issue Date**”) and expiring on the eighteen (18) months after the Issue Date

Adjustments:

The Exercise Price and the number of Warrant Shares will be subject to adjustment from time to time as follows:

- (a) If, at any time or from time to time on or after the Issue Date, there shall be an alteration to the nominal value of the Shares as a result of the consolidation or subdivision thereof, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A equals the nominal amount of one Share immediately after such alteration; and

B equals the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date on which the alteration takes effect.

(b) If, at any time or from time to time on or after the Issue Date, the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) then, on the occasion of each such issue or grant, the Company shall either:

(i) adjust the Exercise Price by multiplying the Exercise Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A equals the Current Market Price of an Ordinary Share on the date on which the terms of such offer or grant are publicly announced; and

B equals the fair market value on the date of such announcement of the portion of the rights attributable to one Ordinary Share; or

(ii) make a like issue or grant of options, rights, warrants or securities to each holder of the Warrant as if each holder of the Warrant had submitted an Exercise Notice in respect of the entire Warrant on the record date applicable to such issue or grant at the Exercise Price per Warrant Share then applicable.

Such adjustment shall become effective on the date on which the issue or grant is made.

(c) If, at any time or from time to time on or after the Issue Date, the Company shall issue Shares to Shareholders by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than the Relevant Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A equals the number of Shares in issue immediately before such announcement;

B equals the number of Shares which the aggregate amount (if any) payable for the Shares being issued by way of rights, or for the options or warrants or other rights being issued by way of rights and for the total number of Shares comprised therein would purchase at the Relevant Price; and

C equals the number of Shares being issued or, as the case may be, comprised in the grant.

Such adjustment shall be effective from the date of such issue or grant.

- (d) If, at any time or from time to time on or after the Issue Date, the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve), other than to the extent that any such Shares are issued instead of the whole or part of a cash dividend, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A equals the aggregate nominal amount of the issued Shares immediately before such issue; and

B equals the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares.

- (e) If, at any time or from time to time on or after the Issue Date, the Company shall pay or make any capital distribution to the Shareholders, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A equals the Current Market Price of one Share on the first public announcement of the relevant capital distribution or, in the case of a spin-off, is the mean of the average prices of a Share for the five consecutive trading days ending on the trading day immediately preceding the date on which the Shares are traded ex- the relevant spin-off; and

B equals the portion of the fair market value of the capital distribution attributable to one Share, determined by dividing the fair market value of the aggregate capital distribution by the number of Shares entitled to receive the capital distribution.

Such adjustment shall become effective on the date on which such capital distribution is made or if later, the first date upon which the fair market value of the capital distribution is capable of being determined as provided herein.

- (f) If, at any time or from time to time on or after the Issue Date, the Company shall issue wholly for cash or for no consideration any Shares (other than Shares issued upon exercise of the Warrants) or issue or grant wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Shares, at a price per Share which is less than the Relevant Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A equals the number of Shares in issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B equals the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at the Relevant Price; and

C equals the number of Shares to be issued pursuant to such issue or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or rights.

- (g) If, at any time or from time to time on or after the Issue Date, the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other person shall issue wholly for cash or for no consideration any securities (or enter into any contractual arrangements which would have an equivalent economic effect of issuing securities) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares (other than Shares already in issue at the time of the issue of the securities referred to) (or shall grant any such rights in respect of

existing securities so issued) or securities which by their terms might be redesignated as Shares, and the consideration per Share receivable upon conversion, exchange, subscription or redesignation is less than the Relevant Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such issue (or grant) by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A** equals the number of Shares in issue immediately before such issue or grant (but where the relevant securities carry rights of conversion into or rights of exchange or subscription for Shares which have been issued by the Company for the purposes of or in connection with such issue, less the number of such Shares so issued);
- B** equals the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such securities or, as the case may be, for the Shares to be issued or to arise from any such redesignation would purchase at the Relevant Price; and
- C** equals the maximum number of Shares to be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Shares which may be issued or arise from any such redesignation,

provided that if at the time of issue of the relevant securities or date of grant of such rights (the “**(g) Specified Date**”) such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such securities are redesignated or at such other time as may be provided) then “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on (g) Specified Date.

Such adjustment shall become effective on the date of issue of such securities or, as the case may be, the grant of such rights.

- (h) If, at any time or from time to time on or after the Issue Date, there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities (other than in accordance with the terms (including terms as to adjustment) applicable to such securities upon

issue) so that following such modification the consideration per Share receivable has been reduced and is less than the Relevant Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately prior to such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A** equals the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into or rights of exchange or subscription for Shares which have been issued by the Company for the purposes of or in connection with such issue, less the number of such Shares so issued);
- B** equals the number of Shares which the aggregate consideration (if any) receivable for the Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the securities so modified would purchase at the Relevant Price; and
- C** equals the maximum number of Shares which may be issued or otherwise made available upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an independent investment bank of international repute, selected by the Company and approved in writing by the majority holders within five Business Days of a written request for such approval from the Company shall, acting as an expert, consider appropriate for any previous adjustment under paragraphs (h) or (g),

provided that if at the time of such modification (the “**(h) Specified Date**”) such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such securities are converted or exchanged or rights of subscription are exercised or at such other time as may be provided) then for the purposes of paragraph (h), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the (h) Specified Date and as if such conversion, exchange or subscription had taken place on the (h) Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) If, at any time or from time to time on or after the Issue Date, the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other person shall offer any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted or an offer falls to be

made to Holders under paragraphs (b), (c), (d), (e), (f) or (g), or would fall to be so adjusted or made if the relevant issue or grant was at less than the Relevant Price) the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

where:

A equals the Current Market Price of one Share on the date on which the terms of such offer are first publicly announced; and

B equals the fair market value on the date of such announcement of the portion of the relevant offer attributable to one Share.

Such adjustment shall become effective on the first date on which the Shares are traded ex-rights on the Stock Exchange.

Listing

No application will be made for the listing of the Warrants on the Stock Exchange or any other stock or securities exchange.

SPECIFIC MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND THE WARRANT SHARES

The issue and allotment of the Subscription Shares and the Warrant Shares are subject to the Specific Mandate to be sought from the Shareholders at the EGM.

Application shall be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Warrant Shares to be issued to the Investor pursuant to the Agreement.

A circular containing other information of the Agreement, the Share Subscription, the issue of Warrants and the Specific Mandate together a notice to convene the EGM will be despatched to the Shareholders in due course.

INFORMATION OF THE PARTIES

The Company is a company incorporated in the Cayman Islands with limited liability.

The Group is principally engaged in (i) apparel operation; (ii) money lending operation; and (iii) IP application and products operation. The Group has been actively seeking for expansion of its business to strength its competitive.

The Investor is a well-known investment institution on Wall Street in the United States that focuses on investing in emerging market economies, it is a US\$3.4 billion alternative investment group based in Paris, New York and the Bahamas. It manages a diverse set of investment vehicles across the world. Each investment vehicle has a different degree of operational control, risk-adjusted return and liquidity profile. Their family of funds and investment vehicles provide the Investor and its partners with exposure to Small-Mid Cap Management Buyouts, Private Investments in Public Equities (PIPEs), and select venture investments.

GYBL is a member of the Global Emerging Markets Group (the Investor).

REASONS FOR THE SHARE SUBSCRIPTION, THE ISSUE OF WARRANTS AND USE OF PROCEEDS

The Group has been actively seeking to expand the Group's business. With the recent revolutionary innovations in AI and Web3 technologies, traditional consumer market business models are facing both new opportunities and challenges. While maintaining the momentum in continuous optimization of the exiting business structure i.e. apparel operations and IP application/product management, the Group will capitalize on the favorable business environment and opportunities created by the Web3 era for the digital IP economy. We will focus on harnessing the creative and innovative potential of Web3 in IP applications. By integrating blockchain technology and AI big models, we aim to accelerate the development of IP utilization and product operations, with the cutting-edge blockchain technologies, under Web3 era, including smart transactions and automated revenue allocation, this will revolutionize our supply chain systems and settlement methods. Also, the use of AI models enables the analysis of consumer behavior, creating more precise and efficient transactional interactions among products, supply chains, and end consumers. The Group will further strengthen in-depth collaborations with IP partners, expand partnerships with world renowned IPs, broaden product cooperation scopes, diversify business collaboration models and continuously innovate multi-dimensional IP applications, thereby fostering synergistic effects of the Company's existing business with new technology applications.

The maximum aggregate gross proceeds from Share Subscription are expected to be HK\$225,000,000. The maximum net proceeds from the Share Subscription (after deduction of the Fee, and other related expenses including, among others, the professional fees) are estimated to be approximately HK\$175,000,000.

The maximum aggregate gross proceeds from the full subscription of the Warrants Shares at the Exercise Price of HK\$1.97 (subject to adjustments) are expected to be HK\$61,070,000. The maximum net proceeds from the full subscription of the Warrant Shares (after deduction of related expenses) are estimated to be approximately HK\$60,000,000, representing a net issue price of approximately HK\$1.935 per Warrant Share.

The proceeds to be raised from the Share Subscription and issue of Warrant Shares would enable the Group to obtain funding for its business development if and when needed, and, thus increase the capital base of the Company. The net proceeds so raised would be used for development of the AI and Web3 businesses of the Group.

The Directors consider that the Agreement was entered into on an arm's length basis and on normal commercial terms between the Company and the Investor and that the terms of the Agreement (including, but not limited to, the Subscription Price and the Exercise Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be allotted and issued upon exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on the exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit. As at the date of this announcement, there is no other securities with subscription rights outstanding and not yet exercised. Assuming full exercise of the subscription rights attaching to the Warrants at the Exercise Price of HK\$1.97, a maximum of 31,000,000 Warrant Shares will be allotted and issued, representing (i) approximately 3.26% of the existing issued Shares as at the date of this announcement; (ii) approximately 3.15% of the issued Shares as enlarged by the allotment and issue of the Warrant Shares, and (iii) approximately 2.74% of the issued Shares as enlarged by the allotment and issue of the Warrant Shares and the Subscription Shares (as for illustrative purpose only). Accordingly, the issue of the Warrants will be in compliance with Rule 15.02(1) of the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming the Subscription Shares to be issued at HK\$1.523 per Share (for illustrative purpose only); and (iii) assuming the Warrants are exercised in full:

Shareholders	As at the date of this announcement		Assuming the Subscription Shares to be issued at HK\$1.523 per Share (for illustrative purpose only)		Assuming the Warrants are exercised in full	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Directors						
Mei Weiyi	3,750,000	0.39	3,750,000	0.34	3,750,000	0.33
Tang Shu Pui Simon	1,250,000	0.13	1,250,000	0.11	1,250,000	0.11
Substantial Shareholder						
King Castle Enterprises Limited (<i>Note 1</i>)	122,500,000	12.87	122,500,000	11.14	122,500,000	10.84
Others						
Investor	–	–	147,734,734	13.44	178,734,734	15.81
Other Public Shareholders	<u>824,336,313</u>	<u>86.60</u>	<u>824,336,313</u>	<u>74.97</u>	<u>824,336,313</u>	<u>72.91</u>
Total	<u>951,836,313</u>	<u>100.00</u>	<u>1,099,571,047</u>	<u>100.00</u>	<u>1,130,571,047</u>	<u>100.00</u>

Notes:

- King Castle Enterprises Limited is wholly and beneficially owned by Mr. Wong Kin Ting, the father of Mr. Wong Wai Kai Richard, an executive Director.
- The approximate percentage figures as shown above are rounded to the nearest two decimal place and therefore may not add up to 100% due to rounding.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
10 October 2024, 23 October 2024, 18 November 2024 and 12 December 2024	Connected transaction in relation to the issue of new shares under specific mandate by way of subscription	approximately HK\$9.85 million	approximately HK\$9.85 million for provision of general working capital of the Group	Used the net proceeds of approximately HK\$9.85 million for provision of general working capital of the Group
1 April 2025 and 28 April 2025	Placing of 122,652,000 new shares under general mandate	approximately HK\$47.59 million	(i) approximately HK\$12.00 million for repayment of outstanding liabilities, (ii) approximately HK\$20.59 million for provision of general working capital, and (iii) approximately HK\$15.00 million for development of businesses	Used the net proceeds of (i) approximately HK\$12.00 million for repayment of outstanding liabilities, (ii) approximately HK\$20.59 million for provision of general working capital, and (iii) approximately HK\$15.00 million for development of businesses
15 July 2025 and 28 July 2025	Placing of 158,639,385 new shares under general mandate	approximately HK\$79.92 million	(i) approximately HK\$2.50 million for repayment of outstanding liabilities; (ii) approximately HK\$38.00 million for development of businesses; and (iii) approximately HK\$39.42 million for provision of general working capital	Used the net proceeds of (i) approximately HK\$2.50 million for repayment of outstanding liabilities; and (ii) HK\$10.00 million for general working capital. Remaining will be used as intended

WARNING

The Agreement is subject to, among other things, fulfillment of the conditions precedent in the Agreement. As such, the Shares Subscription and the issue of Warrants may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Agreement”	the share subscription facility agreement entered into between the Company, the Investor and GYBL on 29 August 2025 relating to, among others, the Share Subscription and issue of Warrants
“Applicable Securities Regulators”	U.S. Securities and Exchange Commission, the Securities and Futures Commission of Hong Kong, or any other equivalent institution with jurisdiction over the parties to the Agreement
“Board”	the board of Directors
“Business Day”	any day (except any Saturday or Sunday or public holiday) in Hong Kong, London or New York, or any day on which a tropical typhoon warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong (at any time between 9:00 am and 5:00 pm), on which banks in Hong Kong, London and New York are generally open for business
“Commitment Period”	the period commencing on the first trading day and expiring on the earlier of: (a) the third anniversary of the date of the Agreement; and (b) the date on which the Investor has subscribed for the Subscription Shares with an aggregate Subscription Price of HK\$225,000,000 (excluding any Shares subscribed pursuant to any Warrants)
“Company”	Virtual Mind Holding Company Limited, a company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Determined Price”	90 per cent. of the average of the closing prices of the Shares during the Pricing Period
“Director(s)”	the director(s) of the Company

“Draw Down Amount”	in respect of a particular Subscription Notice, the aggregate number of Subscription Shares stated in such Subscription Notice, provided that, among others, the Draw Down Amount in each Subscription Notice shall not exceed seven hundred (700) per cent. of the average daily trading volume during the 15 trading days immediately preceding the relevant date of Subscription Notice
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving, the issue of Warrants, the Specific Mandate for issue of the Subscription Shares and the Warrant Shares pursuant to the Agreement
“Exercise Price”	an exercise price equal to HK\$1.97 per Share, subject to adjustments
“Fee”	a fee of HK\$4,500,000 shall be payable by the Company to GYBL within a period of twelve months from the date of the Agreement
“Floor Price”	a price set by the Company in each Subscription Notice below which the Company does not wish to issue the Subscription Shares, and at no time set below the par value of the Shares
“Group”	the Company and its subsidiaries
“GYBL”	GEM Yield Bahamas Limited, a company organised under the laws of the Bahamas
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor”	GEM Global Yield LLC SCS, a company organized under the laws of Luxembourg
“Last Trading Day”	28 August 2025, being the last trading day before the signing of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Event”	any event or series of events which has led or may reasonably be expected to lead to i) any material adverse effect on the business, operations, properties, financial condition or prospects of the Company that is material and adverse for the Group and its affiliates, taken as a whole, ii) the Company or a Share Provider being prohibited from performing their respective obligations under or in respect of the Agreement or the Warrants or the authority or ability of the Company or of the Share Provider to perform such obligations being otherwise materially interfered with iii) the Shares ceasing to be listed on the Stock Exchange, or iv) the listing or trading of the Shares on the Stock Exchange being suspended for five or more consecutive trading days
“Material Change in Ownership”	any sale or disposal of Shares or other transaction or event which results in the officers and directors of the Company for the time being collectively owning less than 5 per cent. of the outstanding Shares in issue from time to time or the chairman of the Board Company resigning or being removed from such position
“Pricing Period”	a period of fifteen (15) consecutive trading days immediately preceding a Closing Date
“Promissory Note”	the promissory note in the principal amount of HK\$4,500,000 to be issued by the Company in favour of GYBL for the payment of the Fee due on the date which is twelve months following the date of the Agreement
“Relevant Price”	in relation to any issue, grant or modification to in paragraphs (c), (f), (g) or (h) of the adjustments in the sub-section “Principal terms of the Warrants”, the Current Market Price per Share on the date of first public announcement of the terms of issue, grant or modification referred to in the relevant paragraphs of adjustments
“Share Provider”	the person or persons to be appointed by the Company to assume the rights and obligations of a Share Provider to provide the Subscription Shares to the Investor as set out in the Agreement
“Share Subscription”	the subscription of the Subscription Shares by the Investor pursuant to the terms and conditions of the Agreement
“Share(s)”	ordinary share(s) of par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Specific Mandate”	the specific mandate to be sought from the Shareholders for the issue and allotment of the Subscription Shares and the Warrant Shares pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Notice”	a notice from the Company to the Investor delivered on any trading day during the Commitment Period
“Subscription Price”	with respect to any Pricing Period, being the higher of (i) the Determined Price; and (ii) the Floor Price
“Subscription Shares”	the Shares to be subscribed by the Investor pursuant to the terms and conditions of the Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Buy-backs
“Warrants”	the warrants to be issued by the Company to the Investor for the subscription by the Investor of up to 31,000,000 Shares at the Exercise Price, subject to adjustments
“Warrant Shares”	the Shares to be issued and allotted to the Investor upon exercising of the rights attaching to the Warrants at the Exercise Price
“US\$”	United States dollars, the lawful currency of United States of America
“%”	per cent.

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

Hong Kong, 29 August 2025

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 Mr. Zheng Kaixin and the independent non-executive Directors are Mr. Tang Shu Pui Simon, Mr. Hon Ming Sang and Ms. Yeung Riviera.

** For identification purpose only*