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Vanov Holdings Company Limited

環龍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2260)

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

The board (the “**Board**”) of directors (the “**Directors**”) of Vanov Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 with comparative figures for corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	As at 30 June 2023	As at 31 December 2022
<i>Note</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	228,259	176,718
Investment property	39,279	40,296
Land lease prepayment	5,012	5,180
Intangible assets	72,730	69,019
Prepayment of acquisition for property, plant and equipment and intangible assets	98,498	88,137
Deposit	2,100	2,100
Deferred tax assets	850	760
	446,728	382,210
Current assets		
Inventories	27,323	17,333
Trade and other receivables	160,480	181,543
Financial assets at fair value through profit or loss	1,016	984
Cash and cash equivalent	104,237	85,618
	293,056	285,478

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Current liabilities			
Contract liabilities		415	486
Trade and other payables	9	55,021	48,534
Lease liabilities		3,543	3,460
Discounted bills financing		1,259	—
Bank borrowings		42,239	57,500
Other borrowings		28,354	24,381
Income tax payable		7,656	14,557
		<u>138,487</u>	<u>148,918</u>
Net current assets		<u>154,569</u>	<u>136,560</u>
Total assets less current liabilities		<u>601,297</u>	<u>518,770</u>
Non-current liabilities			
Lease liabilities		4,881	6,673
Bank borrowings		202,907	104,500
Other borrowings		12,797	29,122
Deferred tax liabilities		4,928	5,121
		<u>225,513</u>	<u>145,416</u>
Net assets		<u><u>375,784</u></u>	<u><u>373,354</u></u>
CAPITAL AND RESERVES			
Share capital		3,949	3,949
Reserves		368,870	366,409
Equity attributable to equity holders of the Company		372,819	370,358
Non-controlling interests		2,965	2,996
Total equity		<u><u>375,784</u></u>	<u><u>373,354</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 5 November 2018 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its headquarter is situated at No. 519, Section 2, Xinhua Avenue, Chengdu Strait Science and Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan Province, the People's Republic of China (“**China**” or the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sales of papermaking felts.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 January 2022.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements is presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2022.

3. ADOPTION OF NEW OR AMENDED HKFRSs

The condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective as of 1 January 2023.

HKFRS 17	Insurance Contracts with related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The adoption of these new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

4. REVENUE AND SEGMENT REPORTING

The Group was engaged in the design, manufacture and sales of papermaking felts. An analysis of the Group's revenue by products during the period is as follows:

Recognised at a point in time:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Packaging papermaking felts	48,843	55,255
Specialty papermaking felts	16,178	11,910
Printing papermaking felts	11,541	4,818
Household papermaking felts	4,097	1,929
Pulp papermaking felts	5,882	3,460
	<u>86,541</u>	<u>77,372</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	<u>2,351</u>	<u>2,455</u>
Deferred tax		
Current year	<u>(283)</u>	<u>(40)</u>
Income tax expense	<u><u>2,068</u></u>	<u><u>2,415</u></u>

6. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company (<i>in RMB'000</i>)	<u>20,287</u>	<u>15,066</u>
Number of ordinary shares for the purpose of calculating basic earnings per share	483,442,000	476,409,979
Earnings per share (<i>in RMB cents</i>)	<u><u>4.20</u></u>	<u><u>3.16</u></u>

As at 30 June 2023 and 2022, the total shares of the Company in issue were 483,442,000 ordinary shares. The number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2022 has been determined on the assumption that (i) the Reorganisation and the capitalisation issue of 365,788,000 ordinary shares as detailed in paragraph headed “Statutory and General Information — A. Further Information about Our Company — 3. Written resolutions of our Shareholders passed on 9 December 2021 and 22 December 2021” in Appendix V to the Prospectus had been effective on 1 January 2021; and (ii) 110,621,979 ordinary shares, representing the weighted average of 117,642,000 new ordinary shares issued pursuant to the initial public offering of shares of the Company during the six months ended 30 June 2022.

Diluted earnings per share is the same as basic earnings per share for six months ended 30 June 2023 and 2022 as there were no dilutive potential ordinary shares in issue during the periods.

7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

A final dividend in respect of the year ended 31 December 2022 of 4 HK cents per ordinary share, in an aggregate amount of approximately HK\$19,338,000 has been approved and approximately RMB17,826,000 has been recorded as a liability as at 30 June 2023.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade receivables		
— Third parties	139,068	152,282
— Related parties	3,852	3,372
Bills receivables	8,757	19,907
Less: Expected credit loss allowance provision	(5,123)	(4,312)
	<u>146,554</u>	<u>171,249</u>
Prepayments	2,356	1,379
Refundable deposits	8,140	8,140
Other tax receivables	1,357	—
Other receivables	2,073	775
	<u>13,926</u>	<u>10,294</u>
	<u><u>160,480</u></u>	<u><u>181,543</u></u>

The ageing analysis of trade receivables based on the delivery date is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0–90 days	61,083	94,527
91–180 days	10,950	20,204
181–365 days	53,702	22,543
Over 365 days	17,185	18,380
	<u>142,920</u>	<u>155,654</u>

The ageing analysis of bills receivables presented based on issue date at the end of each reporting period is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
0–90 days	5,129	12,146
91–180 days	3,368	7,301
181–365 days	260	460
	<u>8,757</u>	<u>19,907</u>

9. TRADE AND OTHER PAYABLES

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Trade payables		
— Third parties	<u>21,750</u>	<u>20,768</u>
Other payables		
Other payables	3,686	3,585
Construction payables	1,631	905
Accrued salaries	1,639	5,824
Receipt in advance from a tenant	—	700
Accruals	2,036	3,334
Warranty provision	4,940	4,699
Other tax payables	1,311	8,719
Dividends payable	<u>18,028</u>	<u>—</u>
	<u>33,271</u>	<u>27,766</u>
	<u>55,021</u>	<u>48,534</u>

The Group is granted by its suppliers a credit periods of 30 to 90 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
0–30 days	6,526	9,285
31–60 days	3,117	4,450
61–90 days	6,125	2,804
91–180 days	4,138	2,919
181–365 days	1,398	901
Over 365 days	<u>446</u>	<u>409</u>
	<u>21,750</u>	<u>20,768</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, global economies recovered slowly, worldwide inflation remained relatively high, the spillover effect caused by monetary tightening policy in major economies was prominent. Against the complex and severe external environment, the growth of China's economy has significantly outpaced those of major developed economies around the world, showing the strong resilience of China's economic development. According to the data from the National Bureau of Statistics of the PRC, China's GDP grew by 5.5% on a year-on-year basis in the first half of 2023, representing a stable economy of China with good progress in general, which fostered the momentum of recovery.

According to the China Papermaking Industry Annual Report 2022* (《中國造紙工業2022年度報告》) published by the China Paper Association* (中國造紙協會) in 2023, the production volume and operating revenue of paper and paperboard in China both maintained their growth, while the total consumption showed a slight decrease in 2022. The production volume of paper and paperboard in 2022 was approximately 124.3 million tons, representing an increase of 2.64% over the previous year. Operating revenue from the entire papermaking industry was approximately RMB1.52 trillion, representing a year-on-year increase of 0.44%, while the consumption volume showed a year-on-year increase of -1.94%.

The Group experienced a stable growth in product sales and net profit in the first half of 2023, laying a good foundation for the Group to achieve its annual performance target. In the first half of 2023, revenue of the Group amounted to approximately RMB86.5 million, representing a growth of 11.9%, while net profit demonstrated a year-on-year increase of 34.5%, with a 100% production-to-sales rate.

The Group regards technology innovation as its lifeline to the survival and development of enterprises. Members of the Group were named as the PRC's national high-tech enterprise, provincial technology centre and provincial specialization and special new enterprise. As of 30 June 2023, the Group has been granted more than 110 invention patents, utility models and appearance designs, and has more than 30 patents under application for registration. Other than investments in intellectual property, commercialization and marketization of research and development technology are also key factors for the Group's comprehensive competitiveness enhancement. Based on the Huanlong Paper Machine Efficiency Operation System* (造紙機運營效率優化服務數字平台系統), the Group combined data collected from product operation and customer feedback to provide solutions for operation efficiency enhancement of paper machines, as well as to provide relevant technical service and training, thereby adding value to its product through such technology.

In 2023, Sichuan Huanlong Technology Fabrics Co., Ltd.* (四川環龍技術織物有限公司) and Shanghai Jinxiong Paper Making Net Carpet Co., Ltd.* (上海金熊造紙網毯有限公司), each a subsidiary of the Company, have commenced the verification work for carbon footprint, which is the project serving as the Group's target of green manufacturing, and also lays a foundation for the green and sustainable development of the Group.

Looking forward, the Group will continue to implement the measures to boost business development as disclosed in the Prospectus (as defined below) including: (i) the execution of the three phases of production capacity expansion plan from 2021 to 2024 in order to satisfy the increasing demand for its high-speed papermaking felts; (ii) the upgrade of the Huanlong Paper Machine Efficiency Operation System* (造紙機運營效率優化服務數字平台系統) to facilitate the collection of information from customers' papermaking machines and production machinery and equipment, support the analysis of the data collected from the machines, build database and promote customised product services based on its analysis of the data; (iii) pursue of strategic acquisitions that complement its business and strategic priorities, such as for expanding the business horizontally in the industry chain and supply chain, taking into account factors such as the financial and competitive positions of potential acquisition targets.

FINANCIAL REVIEW

Revenue

The Group principally engages in the design, manufacture and sales of papermaking felts under the brands of **VANOV** and **Gobear**. The revenue for the six months ended 30 June 2023 was approximately RMB86.5 million, representing an increase of 11.9% as compared to approximately RMB77.4 million for the six months ended 30 June 2022, which was mainly attributable to the increase in the unit price and sales of products.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2023 was approximately RMB42.7 million, representing an increase of approximately RMB3.0 million from approximately RMB39.7 million for the six months ended 30 June 2022. Its gross profit margin decreased from approximately 51.3% for the six months ended 30 June 2022 to approximately 49.3% for the six months ended 30 June 2023, which was mainly attributable to the increase in the cost of imported raw materials.

Other Income

Other income for the Group decreased by approximately RMB0.8 million from approximately RMB9.0 million for the six months ended 30 June 2022 to approximately RMB8.2 million for the six months ended 30 June 2023, which was mainly attributable to the decrease in exchange gains.

Selling and Distribution Expenses

For the six months ended 30 June 2023, selling and distribution expenses of the Group was approximately RMB7.1 million, as compared to approximately RMB7.5 million for the six months ended 30 June 2022. Selling and distribution expenses for the six months ended 30 June 2023 accounted for approximately 8.2% of its revenue, representing a decrease of approximately RMB0.4 million from the six months ended 30 June 2022. Such decrease was mainly attributable to the decrease in travel and entertainment fees in connection with sales.

Administrative and Other Operating Expenses

For the six months ended 30 June 2023, administrative and other operating expenses of the Group was approximately RMB15.4 million, as compared to approximately RMB18.6 million for the six months ended 30 June 2022. Such decrease was mainly due to the one-off listing expenses incurred in 2022.

Finance Cost

For the six months ended 30 June 2023, total finance cost of the Group reached approximately RMB5.8 million, representing an increase of approximately RMB0.8 million as compared to approximately RMB5.0 million for the six months ended 30 June 2022. The main reason for such increase was the increase in loan interests of bank borrowings.

Income Tax Expense

Income tax expense of the Group for the six months ended 30 June 2023 amounted to approximately RMB2.1 million, representing a decrease of approximately RMB0.3 million from approximately RMB2.4 million for the six months ended 30 June 2022, which was mainly attributable to the decrease in the Group's non-deductible tax expenses.

Effective tax rate (income tax expense divided by profit before income tax for the current year) for the six months ended 30 June 2023 was approximately 9.2%, as compared to 13.7% for the six months ended 30 June 2022. Such decrease was mainly attributable to the decrease in the Group's non-deductible tax expenses.

Turnover Days of Inventories and Trade Payables

Turnover days of inventories of the Group for the six months ended 30 June 2023 were 92.1 days, as compared to 80.4 days for the six months ended 30 June 2022.

Turnover days of trade payables of the Group for the six months ended 30 June 2023 were 87.7 days, as compared to 110.6 days for the six months ended 30 June 2022.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023, net assets of the Group reached approximately RMB375.8 million (31 December 2022: approximately RMB373.4 million). As at 30 June 2023, current assets and current liabilities of the Group reached approximately RMB293.1 million (31 December 2022: approximately RMB285.5 million) and approximately RMB138.5 million (31 December 2022: approximately RMB148.9 million). As at 30 June 2023, the current ratio of the Group was 211.6%, as compared to 191.7% as at 31 December 2022.

The Group mainly finances its operations from cash generated from its operating activities and bank borrowings. As at 30 June 2023, outstanding bank borrowings and other borrowings of the Group were approximately RMB286.3 million (31 December 2022: approximately RMB215.5 million). These bank borrowings and other borrowings were generally secured by the Group's property, plant and equipment and land lease payment. As at 30 June 2023, bank balances and cash of the Group reached approximately RMB104.2 million (31 December 2022: approximately RMB85.6 million). Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 30 June 2023 was 49.2% (31 December 2022: 35.1%).

The Group has sufficient cash and available bank credit to meet the commitment and its operating cash requirement.

The Group's trading and monetary assets are denominated in RMB. The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policies focuses on the unpredictability and volatility at financial markets and seeks to minimise potential adverse effects on the financial position, financial performance and cash flows of the Group. No derivative financial instruments are used to hedge any risk exposures.

Gearing Ratio

Gearing ratio is calculated by dividing total borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2023 was approximately 78.8% as compared to 60.4% as at 31 December 2022. The increase in gearing ratio was mainly due to the increase in long-term borrowings of the Group as at 30 June 2023.

Pledge of Assets

As at 30 June 2023, certain of the Group's assets were pledged to secure bank and other borrowings of the Group. The aggregate carrying amount of the assets of the Group pledged as at 30 June 2023 was approximately RMB131.7 million.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the period. 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 at all times.

Foreign Exchange Risk

The Group mainly operates in the PRC. Most of the operating transactions and revenue were settled in RMB and the Group's assets and liabilities are primarily denominated in RMB. However, the Group has certain bank balances and other payables denominated in Hong Kong dollars amounting to approximately RMB75.2 million and RMB1.4 million, respectively, as at 30 June 2023, which expose the Group to foreign currency risk. The Group does not have a foreign currency hedging policy. However, the Group manages the risk by closely monitoring the movements of the foreign currency rate and would consider hedging against significant foreign currency exposure should it be necessary.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

Significant Investments Held, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

For the six months ended 30 June 2023, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at 30 June 2023.

Trade and Other Receivables

For the six months ended 30 June 2023, the Group's trade and other receivables were approximately RMB160.5 million.

Employees and Remuneration Policy

As at 30 June 2023, the Group had 343 employees (six months ended 30 June 2022: 315 employees). For the six months ended 30 June 2023, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB18.7 million.

The remuneration package offered by the Group to its employees generally includes salary, allowances and payment for welfare contributions, including social insurance contributions and housing provident fund contributions. The Group determines its employees' remunerations based on each employee's qualification, relevant experience, position and seniority. The Group conducts annual review on salary increments, bonuses and promotions based on the performance of each employee. The Group provides regular on-the-job training to the employees and conducts yearly reviews of their performance. The Group believes that these initiatives have contributed to stronger work incentive among its employees.

Use of Net Proceeds From the Share Offer

On 29 December 2021, the Company offered 114,200,000 ordinary shares (the "**Shares**") at the range of HK\$1.22 per Share to HK\$1.44 per Share for subscription. The offer price was determined at HK\$1.22 and the Shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 January 2022 (the "**Listing**"). Net proceeds from the Listing (after deduction of underwriting fees and commissions and other listing expense) were approximately HK\$92.8 million. In addition, the Over-allotment Option (as defined in the prospectus of the Company for the purpose of the Listing dated 29 December 2021 (the "**Prospectus**")) was partially exercised and the Company further issued 3,442,000 Shares, representing approximately 3.0% of the number of Shares of the Company initially offered at HK\$1.22. The additional net proceeds from the partial exercise of the Over-allotment Option were approximately HK\$4.2 million.

An analysis of the utilisation of the net proceeds from the date of the Listing up to 30 June 2023 is set out below:

	Percentage	Allocated use of proceeds (HK\$ million)	Used as of 30 June 2023 (HK\$ million)	Unused balance as of 30 June 2023 (HK\$ million)	Proposed timetable for the use of unutilised net proceeds
Purchase machinery to upgrade production sites	40%	38.8	38.8	—	N/A
Strengthen research and development capabilities	20%	19.4	7.3	12.1	On or before 31 December 2023
Pursue strategic acquisitions	10%	9.7	—	9.7	On or before 31 December 2023
Reduce indebtedness	20%	19.4	19.4	—	N/A
Working capital and other general corporate purpose	10%	9.7	9.7	—	N/A
	<u>100%</u>	<u>97.0</u>	<u>75.2</u>	<u>21.8</u>	

As at 30 June 2023, the amount of unutilised net proceeds amounted to approximately HK\$21.8 million. The unutilised net proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and the PRC.

Up to 30 June 2023, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned. The remaining unutilised net proceeds are expected to be utilised on or before 31 December 2023.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the six months ended 30 June 2023.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 9 December 2021. Details of the Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2022 and the section headed “Appendix V — Statutory and General Information — D. Share Option Scheme” in the Prospectus. The purpose of the Share Option Scheme is used as an incentive to the directors, employees (full-time or part-time), consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of any member of the Group. No share option has been granted, exercised, cancelled or lapsed since its adoption on 9 December 2021 up to 30 June 2023, and there was no outstanding share option as at 30 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim results announcement, there is no material subsequent event undertaken by the Group after 30 June 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2023.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme, at no time during the six months ended 30 June 2023 was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group’s unaudited interim results for the six months ended 30 June 2023 and discussed with the management of the Company on the accounting principles and practices adopted by the Group. The Audit Committee was of the view that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the six month ended 30 June 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.vanov.cn. The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

On behalf of the Board
Vanov Holdings Company Limited
Shen Genlian
Chairperson of the Board and executive Director

Hong Kong, 25 August 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Shen Genlian, Mr. Zhou Jun, Mr. Xie Zongguo and Ms. Yuan Aomei; and three independent non-executive Directors, namely Mr. Ip Wang Hoi, Mr. Zhang Shenjin and Mr. Wang Yunchen.

* *For identification purpose only*