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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2023**

FINANCIAL HIGHLIGHTS			
	Year ended 31 December 2023 RMB'000	Year ended 31 December 2022 RMB'000	Year-on-year change %
Revenue	237,370	217,756	9.0
Gross profit	126,489	116,817	8.3
Profit and total comprehensive income attributable to equity holders of the Company	53,124	52,437	1.3
	2023 RMB cents	2022 RMB cents	
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10.99	10.93	0.5

The board (the “**Board**”) of directors (the “**Directors**”) of Vanov Holdings Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 with comparative figures for the previous year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Revenue	3	237,370	217,756
Cost of sales		<u>(110,881)</u>	<u>(100,939)</u>
Gross profit		126,489	116,817
Other income		13,500	20,102
Fair value loss on financial assets at fair value through profit or loss		(154)	(1)
Selling and distribution expenses		(22,400)	(21,595)
Administrative and other operating expenses		(42,326)	(40,345)
Finance costs		<u>(11,714)</u>	<u>(10,536)</u>
Profit before income tax		63,395	64,442
Income tax expense	4	<u>(9,712)</u>	<u>(11,442)</u>
Profit and total comprehensive income for the year		<u>53,683</u>	<u>53,000</u>
Profit and total comprehensive income attributable to:			
Equity holders of the Company		53,124	52,437
Non-controlling interests		<u>559</u>	<u>563</u>
		<u>53,683</u>	<u>53,000</u>
		2023 <i>RMB cents</i>	2022 <i>RMB cents</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	5	<u>10.99</u>	<u>10.93</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		358,053	176,718
Investment property		38,261	40,296
Land lease prepayment		4,843	5,180
Intangible assets		80,541	69,019
Prepayment of acquisition for property, plant and equipment and intangible assets		29,843	88,137
Deposit		2,100	2,100
Deferred tax assets		900	760
		514,541	382,210
Current assets			
Inventories		19,123	17,333
Trade and other receivables	7	209,932	181,543
Financial assets at fair value through profit or loss		830	984
Cash and cash equivalents		78,631	85,618
		308,516	285,478
Current liabilities			
Contract liabilities		1,395	486
Trade and other payables	8	55,931	48,534
Lease liabilities		4,125	3,460
Discounted bills financing		3,690	—
Bank borrowings		84,961	57,500
Other borrowings		27,437	24,381
Income tax payable		13,778	14,557
		191,317	148,918

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net current assets	<u>117,199</u>	<u>136,560</u>
Total assets less current liabilities	<u>631,740</u>	<u>518,770</u>
Non-current liabilities		
Lease liabilities	3,389	6,673
Other borrowings	29,815	29,122
Bank borrowings	184,500	104,500
Deferred tax liabilities	<u>5,027</u>	<u>5,121</u>
	<u>222,731</u>	<u>145,416</u>
Net assets	<u><u>409,009</u></u>	<u><u>373,354</u></u>
CAPITAL AND RESERVES		
Share capital	3,949	3,949
Reserves	<u>401,707</u>	<u>366,409</u>
Equity attributable to equity holders of the Company	<u>405,656</u>	370,358
Non-controlling interests	<u>3,353</u>	<u>2,996</u>
Total equity	<u><u>409,009</u></u>	<u><u>373,354</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Vanov Holdings Company Limited (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 (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 “**Listing**”).

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

2. BASIS OF PREPARATION

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

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

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

3. REVENUE

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

Recognised at a point in time:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Packaging papermaking felts	148,317	151,700
Specialty papermaking felts	41,521	26,934
Printing papermaking felts	19,608	14,244
Household papermaking felts	12,030	12,591
Pulp papermaking felts	15,894	12,287
	<u>237,370</u>	<u>217,756</u>

4. INCOME TAX EXPENSE

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
PRC enterprise income tax	7,961	8,642
PRC withholding tax on dividends	1,985	—
	<u>9,946</u>	<u>8,642</u>
Deferred tax		
Current year	(234)	2,800
Income tax expense	<u><u>9,712</u></u>	<u><u>11,442</u></u>

5. EARNINGS PER SHARE

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

	2023	2022
Earnings		
Profit for the year attributable to equity holders of the Company (<i>in RMB'000</i>)	<u>53,124</u>	<u>52,437</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	483,442,000	479,632,581
Earnings per share (<i>in RMB cents</i>)	<u><u>10.99</u></u>	<u><u>10.93</u></u>

As at 31 December 2023 and 2022, the total shares of the Company in issue were 483,442,000 ordinary shares.

Diluted earnings per share is the same as basic earnings per share for years ended 31 December 2023 and 2022 as there were no dilutive potential ordinary shares in issue during the years.

6. DIVIDENDS

Dividends attributable to the year

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of 4 HK cents per ordinary share (2022: 4 HK cents)	<u>17,559</u>	<u>17,826</u>

The final dividend proposed by the board of directors of the Company after the end of the reporting period has not been recognised as a liability at the end of the reporting period and is subject to approval by the shareholders in the forthcoming annual general meeting.

Dividends attributable to the previous financial year, approved and paid during the year

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2022 of 4 HK cents (2021: nil) per ordinary share	<u>17,826</u>	<u>—</u>

7. TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables		
— Third parties	172,449	152,282
— Related parties	6,544	3,372
Less: Expected credit loss (“ECL”) allowance provision	<u>(5,202)</u>	<u>(4,312)</u>
	173,791	151,342
Bills receivables	27,244	19,907
Less: ECL allowance provision	<u>(234)</u>	<u>—</u>
	<u>200,801</u>	<u>171,249</u>
Prepayments	1,213	1,379
Refundable deposits	4,146	8,140
Other tax receivables	3,204	178
Other receivables	<u>568</u>	<u>597</u>
	<u>9,131</u>	<u>10,294</u>
	<u>209,932</u>	<u>181,543</u>

As at each reporting date, the ageing analysis of trade receivables based on the delivery date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0–90 days	113,420	94,527
91–180 days	28,495	20,204
181–365 days	18,895	22,543
Over 365 days	<u>18,183</u>	<u>18,380</u>
	<u>178,993</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0–90 days	14,385	12,146
91–180 days	12,719	7,301
181–365 days	140	460
	<u>27,244</u>	<u>19,907</u>

8. TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables		
— Third parties	<u>26,040</u>	<u>20,768</u>
Other payables		
Other payables	3,523	3,585
Construction payables	9,087	905
Accrued salaries	6,563	5,824
Receipt in advance from a tenant	700	700
Accruals	3,172	3,334
Warranty provision	5,121	4,699
Other tax payables	1,725	8,719
	<u>29,891</u>	<u>27,766</u>
	<u>55,931</u>	<u>48,534</u>

The Group is granted by its suppliers a credit periods of 30 to 90 days (2022: 30 to 90 days). Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	7,952	9,285
31–60 days	6,446	4,450
61–90 days	4,997	2,804
91–180 days	4,720	2,919
181–365 days	1,517	901
Over 365 days	408	409
	<hr/> 26,040 <hr/>	<hr/> 20,768 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group has always seen technological innovation as the lifeline of corporate survival and development. The Group currently has two production sites, namely Chengdu Wenjiang and Shanghai Jinxiong, as well as two renowned papermaking felt brands of **VANOV** and **Gobear** 专业·彰显品质. Technology innovation has always been the core motivation of the Group's sustainability. The members of the Group have been recognized as national high and new technology enterprises, provincial corporate technical center and provincial "specialized and new" enterprises. As of the date of this announcement, the Group owns 97 inventions, utility models and design patents.

During the reporting period, utilizing the Group's self-developed Paper Machine Efficiency Operation System, the Group could provide comprehensive papermaking felt pre-sales, sales and after-sales services. The Group promptly reacted to customers' need and provided them with solutions based on professional technological and digital services. The system not only optimizes the tracking of paper machine efficiency and provision of resolutions, it also provides the best operating condition of the machines and parameter suggestions to customers. The system provides overall efficiency enhancement and training sessions for customers while also provides supporting data for the Group's product design and solution enhancement in order to achieve continuous improvement on product quality, which firmly ensures the sustained growth of the Group and stable customer resources.

In 2023, Sichuan Huanlong Technology Fabric 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), both subsidiaries of the Group, began the evaluation of carbon footprint. This project serves the Group's goal of green manufacturing and lays the foundation for green and sustainable development of the Group. The Group completed the carbon footprint evaluation for papermaking felts and obtained carbon footprint certification. The Group was recognized as one of the "Top 10 Green and Low-Carbon Transformation Enterprise of Chengdu" and a National "Green Factory".

During the reporting period, the PM3 project production line of the Shanghai Jinxiong production site of the Group is progressing as scheduled. The project plans to establish a production site in the PRC which possesses the most advanced papermaking net carpet technology in the world. As of today, the Group is the first enterprise in the PRC which owns an advanced production line for the widest papermaking felt around the world. The launch of the PM3 project not only bridges the gap in the PRC market, it also highly boosts the quality and stability of the products through its advanced production craftsmanship, technologies and reliable equipment. The Group contributes significant value to the papermaking industry of the PRC by ways of craftsmanship enhancement, technology innovation and product upgrade.

FUTURE PLANS

The struggle does not end here, historical performance guides future path.

In order to boost the business development of the Group and facilitate the international development plan of Vanov, the Group will continue to implement the measures as set out in the Prospectus (as defined below) to develop the enterprise. The Directors intend to implement the following measures funded by the Group's internal resources:

- (I) the Group has executed the production capacity expansion plan in three phases from 2021 to 2024 in order to satisfy the expected increasing demand in its high-speed papermaking felts. Such additional production capacity is mainly intended for manufacturing the papermaking felts used for paper machines of higher speed; the PM3 production line in Shanghai Jinxiong production site is expected to launch in the first half of 2024, which will further expand the Group's production capacity.
- (II) the Group will continue to upgrade the Paper Machine Efficiency Operation System 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 customized product services based on its analysis of the data. In 2024, the Group will continue to develop its production machinery and equipment based on the information collected using the online platform and allocate more resources to strengthen the Group's information technology facilities.
- (III) to achieve future growth of the Group, the Group may selectively pursue strategic acquisitions that complement its business and strategic priorities, such as for expanding the business horizontally in the industry chain and supply chain.

Financial Review

Revenue

The Group principally engages in the design, manufacture and sales of papermaking felts under the brands of **VANOV** and **Gobear** 专业·耐磨·品质. The revenue for the year ended 31 December 2023 was approximately RMB237.4 million, representing an increase of 9.0% as compared to approximately RMB217.8 million for the year ended 31 December 2022, which was mainly attributable to the increase in product sales and unit sales price.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 December 2023 was approximately RMB126.5 million, representing an increase of approximately RMB9.7 million from approximately RMB116.8 million for the year ended 31 December 2022. Its gross profit margin decreased from approximately 53.6% for the year ended 31 December 2022 to approximately 53.3% for the year ended 31 December 2023, which was mainly attributable to the increase in the cost of raw materials.

Other Income

Other income for the Group decreased by approximately RMB6.6 million from approximately RMB20.1 million for the year ended 31 December 2022 to approximately RMB13.5 million for the year ended 31 December 2023, which was mainly attributable to the decrease in exchange gains.

Selling and Distribution Expenses

For the year ended 31 December 2023, selling and distribution expenses of the Group was approximately RMB22.4 million, as compared to approximately RMB21.6 million for the year ended 31 December 2022. Selling and distribution expenses for the year ended 31 December 2023 accounted for approximately 9.4% of its revenue, representing an increase of approximately RMB0.8 million from the year ended 31 December 2022, which was mainly attributable to the increase in travel and entertainment fees in connection with sales.

Administrative and Other Operating Expenses

For the year ended 31 December 2023, administrative and other operating expenses of the Group was approximately RMB42.3 million, as compared to approximately RMB40.3 million for the year ended 31 December 2022. Such increase was mainly due to the increase in depreciation and staff cost.

Finance Cost

For the year ended 31 December 2023, total finance cost of the Group reached approximately RMB11.7 million, representing an increase of approximately RMB1.2 million as compared to approximately RMB10.5 million for the year ended 31 December 2022. The main reason for such increase was the increase in loan interest derived from bank borrowings.

Income Tax Expense

Income tax expense of the Group for the year ended 31 December 2023 reached approximately RMB9.7 million, representing a decrease of approximately RMB1.7 million from approximately RMB11.4 million for the year ended 31 December 2022. Such decrease was mainly due to the decrease in the amount of PRC dividend withholding tax.

Effective tax rate (income tax expense divided by profit before income tax for the current year) for the year ended 31 December 2023 was approximately 15.3%, as compared to 17.8% for the year ended 31 December 2022. Such decrease was mainly attributable to the increase in research and development expense and decrease in PRC dividend withholding tax.

Turnover Days of Inventories and Trade Payables

Turnover days of inventories of the Group for the year ended 31 December 2023 were 60.0 days, as compared to 52.9 days for the year ended 31 December 2022.

Turnover days for trade payables of the Group for the year ended 31 December 2023 were 77.0 days, as compared to 82.8 days for the year ended 31 December 2022.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2023, net assets of the Group reached approximately RMB409.0 million (31 December 2022: approximately RMB373.4 million). As at 31 December 2023, current assets and current liabilities of the Group reached approximately RMB308.5 million (31 December 2022: approximately RMB285.5 million) and approximately RMB191.3 million (31 December 2022: approximately RMB148.9 million). As at 31 December 2023, the current ratio of the Group was 161.3%, as compared to 191.7% as at 31 December 2022.

The Group normally finances its operations from cash generated from its operating activities and bank borrowings. As at 31 December 2023, outstanding bank borrowings and other borrowings of the Group was approximately RMB326.7 million (31 December 2022: approximately RMB215.5 million). These bank borrowings and other borrowings were generally secured by its property, plant and equipment and land lease prepayment. As at 31 December 2023, bank balances and cash of the Group reached approximately RMB78.6 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 31 December 2023 was 61.6% (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 risks (including foreign currency risk, interest rate risk and other price 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 31 December 2023 was approximately 82.6% as compared to approximately 60.4% as at 31 December 2022. The increase in gearing ratio was mainly due to the increase in project loans in 2023.

Pledge of Assets

As at 31 December 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 at 31 December 2023 was approximately RMB104.5 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 trade receivables denominated in US dollars and Hong Kong dollars amounting to approximately RMB58.4 million and RMB1.8 million, respectively, as at 31 December 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 31 December 2023, the Group did not have any material contingent liabilities.

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

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2023.

Trade and Other Receivable

For the year ended 31 December 2023, the trade and other receivable of the Group were approximately RMB209.9 million.

Employee and Remuneration Policy

As at 31 December 2023, the Group had 357 employees (as at 31 December 2022: 327 employees). As at 31 December 2023, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB41.2 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 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 on 11 January 2022. 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 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 31 December 2023 is set out below:

	Percentage	Allocated use of proceeds (HK\$ million)	Used as of 31 December 2023 (HK\$ million)	Unused balance as of 31 December 2023 (HK\$ million)	Proposed timetable for the use of unutilised net proceeds
Purchase machinery to upgrade production sites	40%	38.8	38.8	—	
Strengthen research and development capabilities	20%	19.4	12.7	6.7	On or before 31 December 2024
Pursue strategic acquisitions	10%	9.7	—	9.7	On or before 31 December 2024
Reduce indebtedness	20%	19.4	19.4	—	
Working capital and other general corporate purpose	10%	9.7	9.7	—	
	<u>100%</u>	<u>97.0</u>	<u>80.6</u>	<u>16.4</u>	

As at 31 December 2023, the amount of unutilised net proceeds amounted to approximately HK\$16.4 million. The unutilised net proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and the PRC.

As of 31 December 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 2024.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix C3 of 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 year ended 31 December 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 31 December 2023, and there was no outstanding share option as at 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual results announcement, there is no material subsequent event undertaken by the Group after 31 December 2023 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the year ended 31 December 2023, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

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

As of 31 December 2023, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme, as of 31 December 2023, none of the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, was 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.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Grant Thornton Hong Kong Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company (the "AGM") will be held on 21 June 2024.

DIVIDEND

The Board recommended the payment of a final dividend of 4 HK cents per share of the Company for the year ended 31 December 2023 (2022: 4 HK cents) to the shareholders of the Company whose names shall be on the register of members of the Company on Tuesday, 2 July 2024, amounting to approximately HK\$19,337,680. Subject to the approval by the shareholders of the Company in the AGM, the final dividend will be dispatched to Shareholders on or around 30 August 2024.

CLOSURE OF REGISTER OF MEMBERS

FOR DETERMINING THE ELIGIBILITY TO ATTEND AND VOTE AT THE 2023 AGM

The register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024 (both days inclusive) for the purpose of determining the entitlement of attending and voting at the AGM to be held on Friday, 21 June 2024. The record date will be Friday, 21 June 2024. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2024.

ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 27 June 2024 to Tuesday, 2 July 2024 (both days inclusive) for the purpose of determining the entitlement of receiving the final dividend for the year ended 31 December 2023. The record date will be Tuesday, 2 July 2024. In order to qualify for receiving the final dividend, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 26 June 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group's consolidated financial statements for the year ended 31 December 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, as of 31 December 2023, the Company has maintained a sufficient public float as required under the Listing Rules.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual report of the Company for the year ended 31 December 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, 28 March 2024

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*