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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 2025

SUMMARY OF UNAUDITED RESULTS

	Six months ended 30 June		
	2025	2024	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
	(Unaudited)	(Unaudited)	
Revenue	<u>102,579</u>	<u>96,537</u>	<u>6.3%</u>
Profit and total comprehensive income for the period	<u>6,727</u>	<u>18,631</u>	<u>-63.9%</u>
EBITDA	<u>32,400</u>	<u>38,176</u>	<u>-15.1%</u>

Earnings Before Interest, Taxes, Depreciation, and Amortisation (“**EBITDA**”) is calculated based on profit for the period excluding interest expenses and income, income tax expense, depreciation and amortisation, which is a non-Hong Kong Financial Reporting Standards measure used by the Company’s management in assessing the operating performance and trends of the Group’s core business for strategic decisions such as capital allocation and investment. EBITDA is not a measure required by or presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”). The use of these non-HKFRS measure has limitations as an analytical tool, and such measure should not be considered in isolation from, or as a substitute for analysis of, the Group’s results or financial condition as reported under HKFRS.

The board (the “**Board**”) of directors (the “**Directors**”) of Vanov Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 with comparative figures for corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	102,579	96,537
Cost of sales		(59,834)	(49,047)
Gross profit		42,745	47,490
Other income		4,537	8,105
Fair value gain on financial assets at fair value through profit or loss		88	29
Selling and distribution expenses		(11,231)	(11,482)
Administrative and other operating expenses		(21,917)	(17,242)
Finance costs		(6,824)	(6,565)
Profit before income tax		7,398	20,335
Income tax expense	5	(671)	(1,704)
Profit and total comprehensive income for the period		6,727	18,631
Profit and total comprehensive income attributable to:			
Equity holders of the Company		6,645	18,441
Non-controlling interests		82	190
		6,727	18,631
		Six months ended 30 June	Six months ended 30 June
		2025	2024
		RMB cents	RMB cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted	6	1.46	3.84

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025	As at 31 December 2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		352,630	356,089
Investment property		35,336	36,262
Land lease prepayment		4,336	4,505
Intangible assets		94,218	87,654
Prepayment of acquisition for property, plant and equipment and intangible assets		37,827	39,269
Deposit		2,100	2,100
Deferred tax assets		1,379	1,349
		<u>527,826</u>	<u>527,228</u>
Current assets			
Inventories		38,191	29,907
Trade and other receivables	8	189,428	215,218
Financial assets at fair value through profit or loss		1,068	980
Pledged and restricted bank balances		42,500	42,500
Cash and cash equivalents		50,846	47,516
		<u>322,033</u>	<u>336,121</u>

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Contract liabilities		1,607	2,769
Trade and other payables	9	50,480	69,876
Dividend payables	7	13,639	—
Lease liabilities		1,143	3,389
Discounted bills financing		—	5,176
Bank borrowings		148,500	155,000
Other borrowings		23,755	17,564
Income tax payable		10,997	11,526
		<u>250,121</u>	<u>265,300</u>
Net current assets		<u>71,912</u>	<u>70,821</u>
Total assets less current liabilities		<u>599,738</u>	<u>598,049</u>
Non-current liabilities			
Bank borrowings		173,200	178,700
Other borrowings		25,818	11,935
Deferred tax liabilities		8,042	7,686
		<u>207,060</u>	<u>198,321</u>
Net assets		<u><u>392,678</u></u>	<u><u>399,728</u></u>
CAPITAL AND RESERVES			
Share capital		3,949	3,949
Reserves		<u>385,122</u>	<u>392,116</u>
Equity attributable to equity holders of the Company		389,071	396,065
Non-controlling interests		<u>3,607</u>	<u>3,663</u>
Total equity		<u><u>392,678</u></u>	<u><u>399,728</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 (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 immediate holding company is Perfect Angle Limited (“**Perfect Angle**”), a company incorporated in the British Virgin Islands (“**BVI**”). The Company's ultimate controlling parties are Ms. Shen Genlian and Mr. Zhou Jun, the spouse of Ms. Shen Genlian (together, the “**Controlling Shareholders**”).

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” as 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.

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 interim 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 interim 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 2024.

3. ADOPTION OF AMENDED HKFRS ACCOUNTING STANDARDS

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the Amendments to HKAS 21 "Lack of Exchangeability" which are effective as of 1 January 2025.

The adoption of the amended HKFRS Accounting Standards 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	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Packaging papermaking felts	65,516	59,584
Specialty papermaking felts	19,389	20,089
Printing papermaking felts	5,761	7,391
Household papermaking felts	4,769	3,533
Pulp papermaking felts	7,144	5,940
	<u>102,579</u>	<u>96,537</u>

Information about major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	<u>10,631</u>	<u>10,654</u>

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	346	1,424
Deferred tax		
Current year	325	280
Income tax expense	<u>671</u>	<u>1,704</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	
	2025	2024
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company (<i>in RMB'000</i>)	<u>6,645</u>	<u>18,441</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>Note</i>)	456,626,000	480,129,454
Earnings per share (<i>in RMB cents</i>)	<u>1.46</u>	<u>3.84</u>

Note: The calculation of weighted average number of ordinary shares during the period is based on outstanding ordinary shares in issue less weighted average number of ordinary shares held for the Share Award Scheme (as defined hereinafter).

Diluted earnings per share is the same as basic earnings per share for six months ended 30 June 2025 and 2024 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 2025 (six months ended 30 June 2024: nil).

A final dividend in respect of the year ended 31 December 2024 of 3 HK cents per ordinary share, in an aggregate amount of approximately HK\$14,503,000 (equivalent to approximately RMB13,639,000) has been approved in the annual general meeting of the Company held on 20 June 2025 has been recorded as “dividend payables” as at 30 June 2025.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade receivables		
— Third parties	147,877	172,388
— Related parties	4,282	4,289
Less: Expected credit loss (“ECL”) allowance provision	(8,441)	(8,303)
	<u>143,718</u>	<u>168,374</u>
Bills receivables	9,107	38,997
Less: ECL allowance provision	(216)	(216)
	<u>8,891</u>	<u>38,781</u>
Prepayments	3,147	2,579
Other tax receivables	1,278	63
Loans to a shareholder (<i>note</i>)	26,136	—
Other receivables	6,258	5,421
	<u>36,819</u>	<u>8,063</u>
	<u><u>189,428</u></u>	<u><u>215,218</u></u>

Note: In January 2025 and March 2025, a subsidiary of the Company entered into loan agreements with a shareholder of the Company to lend USD1,400,000 (equivalent to RMB10,063,000) and USD2,200,000 (equivalent to RMB15,784,000), respectively. The loans are unsecured, interest-bearing at 4% per annum and are repayable in February 2026 and March 2026 respectively. The directors of the Company consider the loans to a shareholder that have not deteriorated significantly in credit quality since initial recognition and have low credit risk.

The ageing analysis of trade receivables (before ECL allowance provision) based on the delivery date is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
0 – 90 days	77,415	118,791
91 – 180 days	8,252	14,294
181 – 365 days	42,658	16,215
Over 365 days	23,834	27,377
	<u>152,159</u>	<u>176,677</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 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
0 – 90 days	7,009	23,549
91 – 180 days	2,098	15,070
181 – 365 days	—	378
	<u>9,107</u>	<u>38,997</u>

9. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables		
— Third parties	<u>31,998</u>	<u>39,004</u>
Other payables		
Other payables	3,171	4,204
Construction payables	3,883	6,364
Accrued salaries	3,881	7,931
Receipt in advance from a tenant	742	700
Accruals	520	1,900
Warranty provision	5,649	5,519
Other tax payables	498	4,254
Dividend payables to non-controlling interests	<u>138</u>	<u>—</u>
	<u>18,482</u>	<u>30,872</u>
	<u>50,480</u>	<u>69,876</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 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
0 – 30 days	7,212	6,904
31 – 60 days	7,413	10,404
61 – 90 days	6,706	8,694
91 – 180 days	6,533	10,253
181 – 365 days	3,793	2,126
Over 365 days	<u>341</u>	<u>623</u>
	<u>31,998</u>	<u>39,004</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Paper Industry in the PRC Achieved Steady Growth under Global Papermaking Industry Differentiation

During the first half of 2025, the global papermaking industry demonstrated a trend of structural differentiation. Under the influence of high energy costs in European and American markets, certain pulp and paper production capacity whereof has been shifting to Southeast Asia, while the PRC's papermaking industry achieved resilient growth through optimization of production capacity and diversification of export under the guidance of "Dual Circulation" (「雙循環」) policy. From January to June 2025, the production volume of machine paper and paperboard of the PRC was approximately 79.332 million tons, representing a year-on-year increase of 3.2%. The cumulative export trade of papermaking and paper-based product industry of the PRC was approximately RMB38.78 billion, representing a cumulative year-on-year increase of 2.6%.

Stable Growth and Solid Foundation Demonstrating Significant Results in Sustained Growth of Internationalization

Facing the macro environment featured with sluggish growth of the papermaking industry and intensifying competition, the Group has resolutely implemented its strategy of "latest equipment, latest model, latest system, latest value" (「新裝備、新模式、新體系、新價值」) and continued to strengthen its management capabilities. During the reporting period, the Group achieved a period-to-period growth of 6.3% of revenue, of which revenue from high speed products and the international market achieved a period-to-period increase of 23.5% and 100.1%, respectively. Although the commencement of operation of the new production line caused phased-cost pressures, the Group remained its on-going investments in technological innovation and productivity upgrade, steadily advanced its high-end and large-scale layout, and deepened its strategic cooperation with core papermaking customers, aiming for laying a solid foundation for sustainable improvement in subsequent profitability.

Photovoltaic TPU and Low-Carbon Dual-Driven Force Contributing to the Sustainable Development of Environmental, Social and Governance (ESG)

During the reporting period, the “Photovoltaic Power Generation Project (光伏發電項目)” at the production site of Sichuan Vanov Technology Fabrics Co., Ltd.* (四川環龍技術織物有限公司), a subsidiary of the Company, has been fully operational, and through replacing traditional energy resources by clean and sustainable energy, the effectiveness and benefits of energy-saving and consumption reduction have begun to emerge. Such project injects a steady stream of green economic benefits into the Group and further solidify the foundation for its ESG development. Meanwhile, the independently-developed project, namely “Key Technology Research for the Development and Application of Green, High-Performance TPU Papermaking Felts (綠色高性能TPU造紙毛毯的研發與應用關鍵技術研究)”, of Sichuan Vanov Technology Fabrics Co., Ltd.* (四川環龍技術織物有限公司) has been recognised as “Internationally Advanced” by Science and Technology Achievement Evaluation. Such project is characterised by three main advantages of highly effective dehydration, outstanding durability and low environmental impact, fully contributing to the green upgrade of the papermaking industry.

Accelerating Deep-Cultivation of the Papermaking Felt Sector Powered by Green and Intelligent Manufacturing

Looking forward, the Group will continue to deep-cultivate the papermaking felt sector through focusing on its green and intelligent transformation to promote industry upgrade by technological innovation. Through digital and intelligent upgrades, strengthened product and service capabilities and refined management, cost reduction and efficiency enhancement would be achieved to boost operational performance. In the future, the Group will enhance customer stickiness through technological iteration, promote efficient and sustainable development in the industry and accelerate internationalisation to create long-term value for the Company’s shareholders and stakeholders.

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 2025 was approximately RMB102.6 million, representing an increase of 6.3% as compared to approximately RMB96.5 million for the six months ended 30 June 2024, which was mainly attributable to the significant increase in high-end market shares of the Group and the corresponding rise in average price of products, following the commencement of operation of the 14.5-metre high-end production line of Shanghai Jinxiong Fabrics Co., Ltd.* (上海金熊造紙網毯有限公司).

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2025 was approximately RMB42.7 million, representing a decrease of approximately RMB4.8 million from approximately RMB47.5 million for the six months ended 30 June 2024. The Group's gross profit margin for the six months ended 30 June 2025 was approximately 41.7%, representing a decline of 7.5 percentage point from that of 49.2% for the six months ended 30 June 2024, which was mainly attributable to the increase in depreciation resulted from the commencement of operation the 14.5-metre high-end production line of Shanghai Jinxiong Fabrics Co., Ltd.* (上海金熊造紙網毯有限公司).

EBITDA

The Group's EBITDA for the six months ended 30 June 2025 was RMB32.4 million, representing a decrease of 15.1% as compared with the corresponding period of last year. EBITDA is calculated base on the profit for the period excluding interest expense or income, income tax expense, depreciation and amortisation, which is a non-Hong Kong Financial Reporting Standards measure used by the Company's management in assessing the operating performance and trends of the Group's core business for strategic decisions such as capital allocation and investment. EBITDA is not a measure required by or presented in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The use of these non-HKFRSs measure has limitations as an analytical tool, and such measure should not be considered in isolation from, or as a substitute for analysis of, the Group's results or financial condition as reported under HKFRSs.

Reconciliation between “Profit for the period” and EBITDA for the six months ended 30 June 2025 and 2024 is as follows:

	Six months ended 30 June 2025 RMB'000 (Unaudited)	Six months ended 30 June 2024 RMB'000 (Unaudited)
Profit for the period — HKFRS measure	6,727	18,631
Adjustment for:		
Interest expense	6,824	6,565
Interest income	(998)	(1,742)
Income tax expense	671	1,704
Depreciation	15,390	10,192
Amortisation of intangible assets	3,786	2,826
EBITDA — Non-HKFRS measure	<u>32,400</u>	<u>38,176</u>

Other Income

Other income of the Group decreased by approximately RMB3.6 million from approximately RMB8.1 million for the six months ended 30 June 2024 to approximately RMB4.5 million for the six months ended 30 June 2025, which was mainly attributable to the decrease in government subsidies and the additional value-added tax credit.

Selling and Distribution Expenses

For the six months ended 30 June 2025, selling and distribution expenses of the Group was approximately RMB11.2 million, remained basically at the similar level as compared with that of approximately RMB11.5 million for the six months ended 30 June 2024. Selling and distribution expenses for the six months ended 30 June 2025 accounted for 10.9% of its revenue.

Administrative and Other Operating Expenses

For the six months ended 30 June 2025, administrative and other operating expenses of the Group was approximately RMB21.9 million, representing an increase of approximately RMB4.7 million from that of approximately RMB17.2 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in investments in research and development and depreciation charges.

Finance Cost

For the six months ended 30 June 2025, total finance cost of the Group reached approximately RMB6.8 million, representing an increase of approximately RMB0.2 million as compared to approximately RMB6.6 million for the six months ended 30 June 2024. Such increase was mainly attributable to the increase in finance cost resulted from cessation of loan interest capitalisation of the corresponding projects upon completion of construction of the 14.5-metre high-end production line of Shanghai Jinxiong Fabrics Co., Ltd.* (上海金熊造紙網毯有限公司), as well as the increase in discounted bills financing.

Income Tax Expense

Income tax expense of the Group for the six months ended 30 June 2025 amounted to approximately RMB0.7 million, representing a decrease of approximately RMB1 million from approximately RMB1.7 million for the six months ended 30 June 2024, which was mainly attributable to the decrease in profit before tax.

Trade and Other Receivables

For the six months ended 30 June 2025, the Group's trade and other receivables were approximately RMB189.4 million (31 December 2024: approximately RMB215.2 million).

Turnover Days of Inventories and Trade Payables

Turnover days of inventories of the Group for the six months ended 30 June 2025 were 103.0 days, as compared to 90.1 days for the six months ended 30 June 2024.

Turnover days of trade payables of the Group for the six months ended 30 June 2025 were 107.4 days, as compared to 102.6 days for the six months ended 30 June 2024.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2025, net assets of the Group reached approximately RMB392.7 million (31 December 2024: approximately RMB399.7 million). As at 30 June 2025, current assets and current liabilities of the Group reached approximately RMB322.0 million (31 December 2024: approximately RMB336.1 million) and approximately RMB250.1 million (31 December 2024: approximately RMB265.3 million). As at 30 June 2025, the current ratio of the Group was 128.8%, as compared to 126.7% as at 31 December 2024.

The Group mainly finances its operations from cash generated from its operating activities and bank and other borrowings. As at 30 June 2025, discounted bills financing, outstanding bank borrowings and other borrowings of the Group were approximately RMB371.3 million (31 December 2024: approximately RMB368.4 million). These bank borrowings and other borrowings were generally secured by the Group's pledged and restricted bank balances, property, plant and equipment and land lease prepayment. As at 30 June 2025, bank balances and cash and restricted bank balances of the Group reached approximately RMB50.8 million (31 December 2024: approximately RMB47.5 million) and approximately RMB42.5 million (31 December 2024: RMB42.5 million), respectively. Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 30 June 2025 was 82.4% (31 December 2024: 81.0%).

The Group has sufficient cash and available banking facilities 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 2025 was approximately 94.5% as compared to 92.2% as at 31 December 2024.

Pledge of Assets

As at 30 June 2025, certain of the Group's assets were pledged to secure bank facilities, bank and other borrowings of the Group. The aggregate carrying amount of the assets of the Group pledged as at 30 June 2025 was approximately RMB158.7 million (31 December 2024: approximately RMB178.5 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, among which bank balances and trade receivables denominated in US dollars amounted to approximately RMB4.0 million and RMB3.1 million, respectively, and bank balances denominated in Hong Kong dollars amounted to approximately RMB2.8 million as at 30 June 2025, 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 2025, 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 2025, 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 2025.

Employees and Remuneration Policy

As at 30 June 2025, the Group had 407 employees (six months ended 30 June 2024: 396 employees). For the six months ended 30 June 2025, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB20.7 million (six months ended 30 June 2024: approximately RMB19.1 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.

On 10 March 2025, the Company announced to change the use of the remaining unutilised net proceeds from the Listing in the amount of HK\$9.7 million from pursue strategic acquisitions to purchase machinery to upgrade production sites and strengthen research and development capabilities. Please refer to the announcement of the Company dated 10 March 2025 (the “**Announcement**”) for details.

The particulars and the updated proposed timetable for the use of unutilised net proceeds are as follows:

	Percentage	Allocated use of proceeds (HK\$ million)	Used as of 31 December 2024 (HK\$ million)	Revised allocated use of proceeds according to the Announcement (HK\$ million)	Used as of 30 June 2025 (HK\$ million)	Unused balance as of 30 June 2025 (HK\$ million)	Proposed timetable for the use of unutilised net proceeds
Purchase machinery to upgrade production sites	40%	38.8	38.8	5.0	1.8	3.2	On or before 31 December 2025
Strengthen research and development capabilities	20%	19.4	19.4	4.7	4.5	0.2	On or before 31 December 2025
Pursue strategic acquisitions	10%	9.7	—	—	—	—	
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>87.3</u>	<u>9.7</u>	<u>6.3</u>	<u>3.4</u>	

As at 30 June 2025, the amount of unutilised net proceeds amounted to approximately HK\$3.4 million. The unutilised net proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong and the PRC.

Up to 30 June 2025, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the Announcement 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 2025.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as set out in Appendix C3 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 2025.

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 2023 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 2025, and there was no outstanding share option as at 30 June 2025.

At the beginning of the financial year (i.e., 1 January 2025), number of share option available for grant under the Share Option Scheme was 48,000,000; while the Company did not grant any share option under the Share Option Scheme during the period from the adoption date of the Share Option Scheme up to the date of this interim result announcement (i.e., 22 August 2025). Accordingly, as of 30 June 2025, number of share option available for grant remained as 48,000,000.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 9 May 2024 (the “**Adoption Date**”), under which the shares of the Company (the “**Awarded Shares**”) may be awarded to directors and employees of the Company, its holding companies, fellow subsidiaries and associated companies (the “**Eligible Participants**”) pursuant to the terms of the scheme. The purpose of the Share Award Scheme is to recognise and reward the contribution of the Eligible Participants to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board pursuant to the rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date. The maximum number of the Awarded Shares shall not exceed 30,000,000

shares of the Company, representing approximately 6.21% of the issued share capital of the Company as at the Adoption Date. The maximum number of Awarded Shares that may be granted to an Eligible Participant under the Share Award Scheme shall not exceed 1 per cent of the issued share capital of the Company from time to time. Details of the Share Award Scheme have been set out in the Company's announcement dated 9 May 2024. Since the Adoption Date up to 30 June 2025, no Awarded Shares had been awarded.

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 2025 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 30 June 2025, 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

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 2025.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme and the Share Award Scheme, at no time during the six months ended 30 June 2025 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 2025 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 2025.

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 2025 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, 22 August 2025

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*