

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



## 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 2025

#### FINANCIAL HIGHLIGHTS

	Year ended 31 December 2025 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>	Year-on-year change %
Revenue	265,611	255,488	4.0%
Gross profit	123,416	125,750	-1.9%
<b>Profit and total comprehensive income attributable to equity holders of the Company</b>	<b><u>33,520</u></b>	<b><u>46,192</u></b>	<b><u>-27.4%</u></b>
<b>EBITDA</b>	<b><u>91,777</u></b>	<b><u>96,728</u></b>	<b><u>-5.1%</u></b>
	<b>2025</b> <i>RMB cents</i>	<b>2024</b> <i>RMB cents</i>	
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	<b><u>7.34</u></b>	<b><u>9.86</u></b>	<b><u>-25.6%</u></b>

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-HKFRS Accounting 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 HKFRS Accounting Standards. The use of these non-HKFRS Accounting Standards 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 Accounting Standards.

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 2025 with comparative figures for the previous year of 2024 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue</b>	3	<b>265,611</b>	255,488
Cost of sales		<u>(142,195)</u>	<u>(129,738)</u>
<b>Gross profit</b>		<b>123,416</b>	125,750
Other income		<b>11,075</b>	20,365
Fair value gain on financial assets at fair value through profit or loss		<b>149</b>	150
Selling and distribution expenses		<b>(28,146)</b>	(28,655)
Administrative and other operating expenses		<b>(51,349)</b>	(50,474)
Finance costs		<u>(13,731)</u>	<u>(14,609)</u>
<b>Profit before income tax</b>		<b>41,414</b>	52,527
Income tax expense	4	<u>(7,507)</u>	<u>(5,827)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>33,907</b></u>	<u>46,700</u>
<b>Profit and total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>33,520</b>	46,192
Non-controlling interests		<u>387</u>	<u>508</u>
		<u><b>33,907</b></u>	<u>46,700</u>
		<b>2025</b> <i>RMB cents</i>	2024 <i>RMB cents</i>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	5	<u><b>7.34</b></u>	<u>9.86</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>364,568</b>	356,089
Investment property		<b>34,315</b>	36,262
Land lease prepayment		<b>4,167</b>	4,505
Intangible assets		<b>97,954</b>	87,654
Prepayment of acquisition for property, plant and equipment and intangible assets		<b>50,046</b>	39,269
Deposit		<b>2,100</b>	2,100
Deferred tax assets		<b>1,685</b>	1,349
		<b>554,835</b>	527,228
<b>Current assets</b>			
Inventories		<b>38,563</b>	29,907
Trade and other receivables	7	<b>204,022</b>	215,218
Financial assets at fair value through profit or loss		<b>1,129</b>	980
Pledged and restricted bank balances		<b>17,490</b>	42,500
Cash and cash equivalents		<b>41,769</b>	47,516
		<b>302,973</b>	336,121
<b>Current liabilities</b>			
Contract liabilities		<b>3,597</b>	2,769
Trade and other payables	8	<b>66,480</b>	69,876
Lease liabilities		<b>984</b>	3,389
Discounted bills financing		<b>—</b>	5,176
Bank borrowings		<b>114,090</b>	155,000
Other borrowings		<b>21,752</b>	17,564
Income tax payable		<b>14,651</b>	11,526
		<b>221,554</b>	265,300

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Net current assets</b>	<u>81,419</u>	<u>70,821</u>
<b>Total assets less current liabilities</b>	<u>636,254</u>	<u>598,049</u>
<b>Non-current liabilities</b>		
Other borrowings	15,077	11,935
Bank borrowings	190,000	178,700
Lease liabilities	212	—
Deferred tax liabilities	<u>10,373</u>	<u>7,686</u>
	<u>215,662</u>	<u>198,321</u>
<b>Net assets</b>	<u><u>420,592</u></u>	<u><u>399,728</u></u>
<b>CAPITAL AND RESERVES</b>		
Share capital	3,949	3,949
Reserves	<u>412,731</u>	<u>392,116</u>
Equity attributable to equity holders of the Company	<u>416,680</u>	396,065
Non-controlling interests	<u>3,912</u>	<u>3,663</u>
<b>Total equity</b>	<u><u>420,592</u></u>	<u><u>399,728</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 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 consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

## 2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“**HKFRS Accounting Standards**”) 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**”).

## **Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025**

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments do not have a material impact on the financial statements of the Group.

### **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:**

	<b>2025</b>	2024
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
Packaging papermaking felts	<b>180,529</b>	162,801
Specialty papermaking felts	<b>44,359</b>	47,742
Printing papermaking felts	<b>14,006</b>	18,373
Household papermaking felts	<b>9,132</b>	9,347
Pulp papermaking felts	<b>17,585</b>	17,225
	<b>265,611</b>	255,488

## Information about major customers

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	29,778	38,755
Customer B	<u>29,398</u>	<u>N/A*</u>

\* The corresponding revenue does not contribute over 10% of total revenue of the Group.

## 4. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Current tax</b>		
PRC Enterprise Income Tax	4,401	2,662
PRC withholding tax on dividends	755	955
	<u>5,156</u>	<u>3,617</u>
<b>Deferred tax</b>		
Current year	2,351	2,210
Income tax expense	<u>7,507</u>	<u>5,827</u>

## 5. EARNINGS PER SHARE

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

	2025	2024
<b>Earnings</b>		
Profit for the year attributable to equity holders of the Company ( <i>in RMB'000</i> )	<u>33,520</u>	<u>46,192</u>
Weighted average number of ordinary shares	456,626,000	468,263,000
Earnings per share ( <i>in RMB cents</i> )	<u>7.34</u>	<u>9.86</u>

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 years ended 31 December 2025 and 2024 as there were no dilutive potential ordinary shares in issue during the years.

## 6. DIVIDENDS

### Dividends attributable to the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final dividend of 2 HK cents per ordinary share for the year ended 31 December 2025	8,701	—
Proposed final dividend of 3 HK cents per ordinary share for the year ended 31 December 2024	—	13,639
	<u>8,701</u>	<u>13,639</u>

The final dividend proposed 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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2024 of 3 HK cents per ordinary share (Note)	13,639	—
Final dividend in respect of the financial year ended 31 December 2023 of 4 HK cents per ordinary share (Note)	—	17,559
	<u>13,639</u>	<u>17,559</u>

Note: The amount included dividends entitled by the Shares held for Share Award Scheme of RMB734,000 (2024: RMB979,000).

## 7. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables		
— Third parties	<b>168,135</b>	172,388
— Related parties	<b>3,435</b>	4,289
Less: Expected credit losses (“ECL”) allowance provision	<b>(10,769)</b>	(8,303)
	<b>160,801</b>	168,374
Bills receivables	<b>9,827</b>	38,997
Less: ECL allowance provision	<b>(65)</b>	(216)
	<b>9,762</b>	38,781
Prepayments	<b>940</b>	2,579
Other tax receivables	<b>1,324</b>	63
Loans to a third party	<b>26,649</b>	—
Other receivables	<b>4,546</b>	5,421
	<b>33,459</b>	8,063
	<b>204,022</b>	215,218

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 90 days	<b>108,507</b>	118,791
91 to 180 days	<b>23,506</b>	14,294
181 to 365 days	<b>12,815</b>	16,215
Over 365 days	<b>26,742</b>	27,377
	<b>171,570</b>	176,677

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

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 90 days	<b>8,617</b>	23,549
91 to 180 days	<b>1,202</b>	15,070
181 to 365 days	<b>8</b>	378
	<b>9,827</b>	38,997

## 8. TRADE AND OTHER PAYABLES

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Trade payables</b>		
— Third parties	<b>40,278</b>	39,004
<b>Other payables</b>		
Other payables	<b>2,405</b>	4,204
Construction payables	<b>4,563</b>	6,364
Accrued salaries	<b>7,619</b>	7,931
Receipt in advance from a tenant	<b>742</b>	700
Accruals	<b>1,230</b>	1,900
Warranty provision	<b>5,737</b>	5,519
Other tax payables	<b>3,223</b>	4,254
Deferred income from government grant	<b>683</b>	—
	<b>26,202</b>	30,872
	<b>66,480</b>	69,876

The Group is granted by its suppliers a credit periods of 30 to 90 days (2024: 30 to 90 days). Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	<b>2025</b>	2024
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	<b>11,030</b>	6,904
31 to 60 days	<b>11,516</b>	10,404
61 to 90 days	<b>6,590</b>	8,694
91 to 180 days	<b>7,680</b>	10,253
181 to 365 days	<b>2,935</b>	2,126
Over 365 days	<b>527</b>	623
	<hr/>	<hr/>
	<b>40,278</b>	39,004
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Industry Landscape was Deeply Reshaped in 2025, and Structural Opportunities Emerged*

In 2025, China's papermaking industry demonstrated a significant structural differentiation in the midst of deep adjustment. According to the National Bureau of Statistics, the output of machine paper and paperboard reached a record high of 164,054 thousand tons in the year, representing a year-on-year growth of 2.9%, and the value of export delivery exceeded RMB80 billion for the first time. The logic of competition in the industry has shifted from "achieve success through quantity" to "achieve success through quality", enterprises with technological advantages and capability of globalized deployment have gained more room for development during the industry consolidation.

On the policy level, the revision of the national standard of "Recycled Pulp" has been initiated, and the continuous upgrade of the thresholds for environmental protection and energy consumption is accelerating the process of backward capacity being phased out. The Group believes that this will create a more favourable competitive environment for enterprises with technological reserves and green manufacturing capabilities.

#### **Operating Results: Steady Growth Demonstrates Strategic Resilience**

During the reporting period of 2025, the Group achieved a 4.0% year-on-year growth in operating revenue, of which revenue from high-speed products increased by 26.4% and revenue from the international market increased by 49.4%, which not only continued the internationalization breakthrough in 2025, but also demonstrated the anti-cyclical ability of high-end products against the backdrop of slowing down of the average growth rate of the industry. Revenue growth was mainly attributable to the optimization of high-end product structure brought by the capacity release of the 14.5m high-end production line, as well as the localization of overseas channels in Southeast Asia and Europe. On the cost side, the commissioning of the new production line has brought about phased depreciation pressure, but the Group has effectively controlled the cost impact through lean production and product structure optimization, laying a foundation for the subsequent release of production capacity.

## ***Technological Innovation and Intelligent Manufacturing***

During the reporting period, the Group realised crucial breakthrough in key sectors such as the wide-width and high-speed packaging felts and the ultra-wide double-seamed pulp board felt. The self-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)” has been recognised as “Internationally Advanced” by Science and Technology Achievement Evaluation, fully contributing to the green upgrade of the papermaking industry.

“Paper Machine Efficiency · Pressing Section Data Platform” launched comprehensively, realised data real-time transformation and visualisation service, and further upgraded intelligent manufacturing system. Sichuan Vanov Technology Fabrics Co., Ltd.\* (四川環龍技術織物有限公司) was recognised as “Chengdu Intelligent Plant” and Shanghai Jinxiong was awarded “Shanghai Brand Leading Model Enterprise (上海市品牌引領標桿企業)”, which demonstrates the synergy between green manufacturing and branding building.

## ***Green and Low-Carbon Transformation***

In 2025, the Group actively implemented the principle of low carbon operation and green transformation shifted from cost focus to value driving. The “Photovoltaic Power Generation Project (光伏發電項目)” of Sichuan Vanov Technology Fabrics has been fully operational, with the effect of clean energy replacement started to show and the benefits of green economy continued to be realized. In respect of operation energy efficiency, we enhanced resource utilization efficiency through process optimization and equipment upgrades. Our plant in Chengdu was awarded “Chengdu Intelligent Plant”, realizing a double breakthrough in green manufacturing and intelligent manufacturing; Shanghai Jinxiong was awarded “Shanghai Brand Leading Model Enterprise (上海市品牌引領標桿企業)”, further consolidating the foundation of low-carbon, green and intelligent development.

## **Future Plans**

Looking forward to 2026, the Group will adhere to the core objective of “Enhancing the capability of long-term corporate value creation” and focus on promoting the following tasks:

- (1) Deepen the global strategic layout. We will accelerate the integration of global resources, improve overseas and local service system, promote the full release of the production capacity of high-end production lines, and realize the strategic leap from “Products Going Overseas” to “Brands Going Overseas”.

- (2) Consolidate our technology leadership. We will steadily implement the technology roadmap for the next three years, promote the industrialized application of “international advanced” technology achievements, and deepen the strategic partnership with customers through the iteration of core technologies.
- (3) Establishing a benchmark for excellent operation. We will systematically optimize our production capacity structure, production scheduling and delivery guarantee mechanism to build a definite advantage in the three dimensions of cost, delivery and quality, and to create a high-quality delivery system that is highly trusted by customers.
- (4) Lead the green and low-carbon transformation. We will continue to improve our carbon emission data management system, prepare capacity reserves for coping with the carbon constraints of the industry, expand the proportion of clean energy applications, and fulfil our commitments to society and the environment through practical actions.

## **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·品质. The revenue for the year ended 31 December 2025 was approximately RMB265.6 million, representing an increase of 4.0% as compared to approximately RMB255.5 million for the year ended 31 December 2024. Such increase in revenue was mainly attributable to the continued operation of the brand new high-end production line in Shanghai Jinxiong production site, an improvement of high-end production capacities; the constant optimization of order and product structure, driving the sales of high speed product to increase; the international market continuously attained breakthroughs with stable growth in overseas revenue. The combined effects of the aforementioned factors facilitated the rise of the Group’s overall sales and selling price, thereby achieving an overall growth in revenue.

### ***Gross Profit and Gross Profit Margin***

The Group’s gross profit for the year ended 31 December 2025 was approximately RMB123.4 million, representing a decrease of approximately RMB2.4 million from approximately RMB125.8 million for the year ended 31 December 2024. Its gross profit margin decreased from approximately 49.2% for the year ended 31 December 2024 to approximately 46.5% for the year ended 31 December 2025, which was mainly attributable to the brand new high-end production line in Shanghai Jinxiong production site operated at full capacity during the year, with a corresponding year-on-year increase of approximately RMB5.2 million in depreciation expenses, and the Company effectively resolved part of the depreciation cost pressure through cost reduction measures.

## *Other Income*

Other income for the Group decreased by approximately RMB9.3 million from approximately RMB20.4 million for the year ended 31 December 2024 to approximately RMB11.1 million for the year ended 31 December 2025, which was mainly attributable to the decrease in income from government subsidies. In 2024, the Company received a one-time investment project subsidy, and the related project commenced production and completed in the same year, and there were no similar one-time related grants in 2025.

## *EBITDA*

The Group's EBITDA for the year ended 31 December 2025 was RMB91.8 million, representing a decrease of 5.1% as compared to approximately RMB96.7 million for the year ended 31 December 2024. EBITDA is calculated base on the profit for the year excluding interest expense and income, income tax expense, depreciation and amortisation, which is a non-HKFRS Accounting 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 HKFRS Accounting Standards. The use of these non-HKFRS Accounting Standards 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 Accounting Standards.

Reconciliation between "Profit for the year" and EBITDA for the year ended 31 December 2025 and 2024 is as follows:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year — HKFRS Accounting Standards measure</b>	<b>33,907</b>	46,700
Adjustment for:		
Interest expense	<b>13,731</b>	14,609
Interest income	<b>(2,794)</b>	(2,311)
Income tax expense	<b>7,507</b>	5,827
Depreciation	<b>31,840</b>	25,695
Amortisation of intangible assets	<b>7,586</b>	6,208
<b>EBITDA — Non-HKFRS Accounting Standards measure</b>	<b><u>91,777</u></b>	<u>96,728</u>

### ***Selling and Distribution Expenses***

For the year ended 31 December 2025, selling and distribution expenses of the Group was approximately RMB28.1 million, as compared to approximately RMB28.7 million for the year ended 31 December 2024. Selling and distribution expenses for the year ended 31 December 2025 accounted for approximately 10.6% (2024: 11.2%) of its revenue, representing an decrease of approximately RMB0.5 million from the year ended 31 December 2024, which was mainly attributable to the adjustment made in the Group's marketing investment structure based on the dynamics of the brand development stage, with one-off expenditure on strategic brand activities in 2024 and a focus on daily refined operations in 2025.

### ***Administrative and Other Operating Expenses***

For the year ended 31 December 2025, administrative and other operating expenses of the Group was approximately RMB51.3 million, as compared to approximately RMB50.5 million for the year ended 31 December 2024. Its increase is mainly due to the upgrade of office facilities at the Shanghai base and the depreciation and amortization costs increased accordingly.

### ***Finance Cost***

For the year ended 31 December 2025, total finance cost of the Group reached approximately RMB13.7 million, representing a decrease of approximately RMB0.9 million as compared to approximately RMB14.6 million for the year ended 31 December 2024. Such decrease was mainly attributable to the optimization of the Group's loan structure and the reduced scale of bank borrowings.

### ***Income Tax Expense***

Income tax expense of the Group for the year ended 31 December 2025 reached approximately RMB7.5 million, representing an increase of approximately RMB1.7 million from approximately RMB5.8 million for the year ended 31 December 2024. Effective tax rate (income tax expense divided by profit before income tax for the current year) for the year ended 31 December 2025 was approximately 18.1%, as compared to 11.1% for the year ended 31 December 2024. Such increase was mainly attributable to the large scale facility project in Shanghai Jinxiong production site commenced production in 2024, and there was a year-on-year decrease in the offsetting effect of the accelerated depreciation tax preferential on fixed assets during the reporting period.

### ***Turnover Days of Inventories and Trade Payables***

Turnover days of inventories of the Group for the year ended 31 December 2025 were 87.9 days, as compared to 69.0 days for the year ended 31 December 2024.

Turnover days for trade payables of the Group for the year ended 31 December 2025 were 101.8 days, as compared to 91.5 days for the year ended 31 December 2024.

### ***Liquidity, Financial Resources and Capital Structure***

As at 31 December 2025, net assets of the Group reached approximately RMB420.6 million (31 December 2024: approximately RMB399.7 million). As at 31 December 2025, current assets and current liabilities of the Group reached approximately RMB303.0 million (31 December 2024: approximately RMB336.1 million) and approximately RMB221.6 million (31 December 2024: approximately RMB265.3 million). As at 31 December 2025, the current ratio of the Group was 136.7%, as compared to 126.7% as at 31 December 2024.

The Group normally finances its operations from cash generated from its operating activities and bank and other borrowings. As at 31 December 2025, outstanding bank borrowings and other borrowings of the Group was approximately RMB340.9 million (31 December 2024: approximately RMB363.2 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 31 December 2025, bank balances and cash and pledged and restricted bank balances of the Group reached approximately RMB41.8 million (31 December 2024: approximately RMB47.5 million) and approximately RMB17.5 million (31 December 2024: approximately RMB42.5 million), respectively. Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 31 December 2025 was 71.1% (31 December 2024: 80.3%).

The Group has sufficient cash and available banking facilities to meet its commitment and operating cash requirement.

The Group's trading and monetary assets are primarily 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 focus on the unpredictability and volatility of 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 2025 was approximately 81.1% as compared to approximately 92.2% as at 31 December 2024. The decrease in gearing ratio was mainly due to the decrease in short-term loans in 2025.

### ***Pledge of Assets***

As at 31 December 2025, certain of the Group's assets were pledged to secure banking facilities, bank and other borrowings of the Group. The aggregate carrying amount of the pledged assets of the Group as at 31 December 2025 was approximately RMB154.5 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 as at 31 December 2025, of which bank balances and trade receivables denominated in US dollars amounted to approximately RMB11.3 million and RMB2.0 million, respectively, and bank balances denominated in Hong Kong dollars amounted to approximately RMB2.7 million, which expose the Group to foreign currency risk. The Group does not have any 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 2025, 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 2025.

### **Employee and Remuneration Policy**

As at 31 December 2025, the Group had 431 employees (as at 31 December 2024: 401 employees). As at 31 December 2025, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB50.2 million (2024: RMB49.1 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.

Further, the Group has adopted the Share Option Scheme (as defined below) and the Share Award Scheme (as defined below) to reward the eligible participants for their contribution to the success of the Group and to provide incentives for their continuing contribution. No share option or Awarded Shares (as defined below) has been granted, awarded, exercised, cancelled or lapsed since the date of the adoption of the Share Option Scheme and the Adoption Date (as defined below) up to 31 December 2025.

### **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.

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 of use of net proceeds is 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 31 December 2025 (HK\$ million)	Unused balance as of 31 December 2025 (HK\$ million)
Purchase machinery to upgrade production sites	40%	38.8	38.8	5.0	5.0	—
Strengthen research and development capabilities	20%	19.4	19.4	4.7	4.7	—
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>9.7</u>	<u>—</u>

As of 31 December 2025, the net proceeds from the listing were fully utilized in accordance with the planned use as previously disclosed in the Prospectus and the Announcement.

## 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 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 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 2025, and there was no outstanding share option as at 31 December 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 annual result announcement (i.e., 27 March 2026). Accordingly, at the end of the financial year (i.e., 31 December 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 or its subsidiaries and directors and employees of its holding companies, fellow subsidiaries or 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. On 27 March 2026, the scheme limit of the Share Award Scheme was increased from a maximum number of shares that may be awarded of not exceeding 30,000,000 shares, representing approximately 6.21 per cent of the issued share capital of the Company as at the Adoption Date, to 47,000,000 shares, representing 9.72 per cent 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 announcements dated 9 May 2024 and 27 March 2026. As at 31 December 2025, 26,816,000 (as at 31 December 2024: 26,816,000 shares) shares were held by an independent trustee appointed by the Company for the Share Award Scheme with no Awarded Shares had been awarded to any Eligible Participant.

## **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 2025 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

During the year ended 31 December 2025, the Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

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

As of 31 December 2025, there was no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares) by the Company or any of its subsidiaries.

## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

Save for the Share Option Scheme and the Share Award Scheme, as of 31 December 2025, 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 2025 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 26 June 2026.

## **DIVIDEND**

The Board recommended the payment of a final dividend of 2 HK cents per share of the Company for the year ended 31 December 2025 (2024: 3 HK cents) to the shareholders of the Company whose names shall be on the register of members of the Company on Tuesday, 7 July 2026. 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 October 2026.

## **CLOSURE OF REGISTER OF MEMBERS**

### **For Determining the Eligibility to Attend and Vote at the 2026 AGM**

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (both days inclusive) for the purpose of determining the entitlement of attending and voting at the AGM to be held on Friday, 26 June 2026. The record date will be Friday, 26 June 2026. 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, 22 June 2026.

## **ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND**

The register of members of the Company will be closed from Friday, 3 July 2026 to Tuesday, 7 July 2026 (both days inclusive) for the purpose of determining the entitlement of receiving the final dividend for the year ended 31 December 2025. The record date will be Tuesday, 7 July 2026. 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 Thursday, 2 July 2026.

## **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 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, as of 31 December 2025, 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 2025 containing all the information required by the Listing Rules will be dispatched to its shareholders, if necessary, 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, 27 March 2026

*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*