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 2026

SUMMARY OF UNAUDITED RESULTS

	Six months ended 30 June		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**135,147**	102,579	31.7%
Profit and total comprehensive income for the period	**8,251**	6,727	22.7%
Profit for the period attributable to equity holders of the Company	**8,142**	6,645	22.5%
Earnings per share *(in RMB cents)*	**1.82**	1.46	24.7%
EBITDA	**37,092**	32,400	14.5%

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 unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 with comparative figures for corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**135,147**	102,579
Cost of sales		**(77,645)**	(59,834)
Gross profit		**57,502**	42,745
Other income, net		**3,630**	4,537
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(815)**	88
Selling and distribution expenses		**(12,438)**	(11,231)
Administrative and other operating expenses		**(31,471)**	(21,917)
Finance costs		**(6,995)**	(6,824)
Profit before income tax		**9,413**	7,398
Income tax expense	*5*	**(1,162)**	(671)
Profit and total comprehensive income for the period		**8,251**	6,727
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**8,142**	6,645
Non-controlling interests		**109**	82
		8,251	6,727
		Six months ended 30 June	
		2026	2025
		RMB cents	*RMB cents*
Earnings per share attributable to equity holders of the Company			
Basic and diluted	*6*	**1.82**	1.46

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**As at 30 June 2026** *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**401,889**	364,568
Investment property		**33,294**	34,315
Land lease prepayment		**3,998**	4,167
Intangible assets		**96,635**	97,954
Prepayment of acquisition for property, plant and equipment and intangible assets		**44,374**	50,046
Deposit		**2,100**	2,100
Deferred tax assets		**1,738**	1,685
		584,028	554,835
Current assets			
Inventories		**49,920**	38,563
Trade and other receivables	*8*	**192,761**	204,022
Financial assets at fair value through profit or loss		**314**	1,129
Pledged and restricted bank balances		**21,770**	17,490
Cash and cash equivalents		**14,744**	41,769
		279,509	302,973

	Notes	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current liabilities			
Contract liabilities		**2,589**	3,597
Trade and other payables	*9*	**67,385**	66,480
Dividend payables	*7*	**8,701**	—
Lease liabilities		**4,348**	984
Bank borrowings		**134,370**	114,090
Other borrowings		**16,215**	21,752
Income tax payable		**12,099**	14,651
		245,707	221,554
Net current assets		**33,802**	81,419
Total assets less current liabilities		**617,830**	636,254
Non-current liabilities			
Bank borrowings		**182,100**	190,000
Other borrowings		**10,000**	15,077
Lease liabilities		**15,855**	212
Deferred tax liabilities		**11,115**	10,373
		219,070	215,662
Net assets		**398,760**	420,592
CAPITAL AND RESERVES			
Share capital		**3,949**	3,949
Reserves		**390,893**	412,731
Equity attributable to equity holders of the Company		**394,842**	416,680
Non-controlling interests		**3,918**	3,912
Total equity		**398,760**	420,592

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 Principal Place of Business in China 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 2025.

3. ADOPTION OF AMENDED HKFRS ACCOUNTING STANDARDS

Amended HKFRS Accounting Standards that are effective for annual period beginning on 1 January 2026

In the current period, the Group has applied for the first time the following amendments to the HKFRS Accounting Standards which are effective as of 1 January 2026.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The adoption of these 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Packaging papermaking felts	**100,527**	65,516
Specialty papermaking felts	**15,992**	19,389
Printing papermaking felts	**5,192**	5,761
Household papermaking felts	**4,046**	4,769
Pulp papermaking felts	**9,390**	7,144
	135,147	102,579

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**N/A***	10,631
Customer B	**48,710**	N/A*

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

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	**473**	346
Deferred tax		
Current year	**689**	325
Income tax expense	**1,162**	671

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	
	2026	2025
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company *(in RMB'000)*	**8,142**	6,645
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(Note)*	**447,817,000**	456,626,000
Earnings per share *(in RMB cents)*	**1.82**	1.46

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.

Diluted earnings per share is the same as basic earnings per share for six months ended 30 June 2026 and 2025 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 2026 (six months ended 30 June 2025: nil).

A final dividend in respect of the year ended 31 December 2025 of 2 HK cents per ordinary share, in an aggregate amount of approximately HK$9,669,000 (equivalent to approximately RMB8,701,000) has been approved in the annual general meeting of the Company held on 26 June 2026 has been recorded as "dividend payables" as at 30 June 2026.

8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Trade receivables		
— Third parties	**149,190**	168,135
— Related parties	**1,558**	3,435
Less: Expected credit loss ("**ECL**") allowance provision	**(10,477)**	(10,769)
	140,271	160,801
Bills receivables	**20,100**	9,827
Less: ECL allowance provision	**(65)**	(65)
	20,035	9,762
Prepayments	**3,815**	940
Other tax receivables	**1,850**	1,324
Loans to a third party *(Note)*	**22,988**	26,649
Other receivables	**3,802**	4,546
	32,455	33,459
	192,761	204,022

Note: In January 2025 and March 2025, a subsidiary of the Company entered into loan agreements with a third party 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 and therefore no ECL allowance has been provided.

In February 2026, the loans have been extended for 12 months and would be repayable in February and March 2027 respectively.

The directors considered that the fair values of trade and other receivables are not materially different from their carrying amounts.

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

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
0 – 90 days	**80,578**	108,507
91 – 180 days	**7,796**	23,506
181 – 365 days	**38,629**	12,815
Over 365 days	**23,745**	26,742
	150,748	171,570

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 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
0 – 90 days	**13,492**	8,617
91 – 180 days	**6,608**	1,202
181 – 365 days	**—**	8
	20,100	9,827

9. TRADE AND OTHER PAYABLES

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Trade payables		
— Third parties	**45,576**	40,278
Other payables		
Other payables	**2,561**	2,405
Construction payables	**3,572**	4,563
Accrued salaries	**5,022**	7,619
Receipt in advance from a tenant	**733**	742
Accruals	**268**	1,230
Warranty provision	**6,560**	5,737
Other tax payables	**2,307**	3,223
Dividend payables to non-controlling interests	**103**	—
Deferred income from government grant	**683**	683
	21,809	26,202
	67,385	66,480

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 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
0 – 30 days	**12,029**	11,030
31 – 60 days	**10,553**	11,516
61 – 90 days	**8,766**	6,590
91 – 180 days	**9,415**	7,680
181 – 365 days	**4,169**	2,935
Over 365 days	**644**	527
	45,576	40,278

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2026, the overall operations environment of the papermaking industry in PRC improved as compared with the corresponding period of last year. The domestic consumption demand gradually recovered, with the national production volume of machine paper and paperboard reaching 83,132,000 tonnes from January to June, representing a period-on-period increase of 6%; the total profit of the industry reached RMB19.61 billion from January to June, representing a period-on-period increase of 27.5%, reflecting that the industry's profitability significantly improved period-on-period.

The performance of the packaging paper market was particularly positive, which served as the main impetus to the current industry recovery. Exports of domestic goods maintained strong growth, with the cumulative export value of the papermaking and paper products industry reaching RMB40.5 billion from January to June, representing a period-on-period increase of 6.1%, which provides strong support for demand for packaging paper. Leading enterprises promote paper price recovery through phased shutdown and maintenance, appropriate price adjustments, and other market-based approaches. Prices of certain paper categories increased successively during the period, and market prices and profitability gradually rebounded.

Meanwhile, the prices of pulp, which is the main raw material for the papermaking industry, remained at a low level, and the alleviation of pressure on the cost side further created favourable conditions for the profitability recovery of downstream papermaking enterprises. With the constant optimization of the industry's supply structure, leading enterprises steadily increase their market share by leveraging the integrated pulp and paper layout and scale advantages, which further consolidates industry concentration, and creates a favourable operations environment for the upstream supply chain.

In response to the aforementioned changes in the industry environment, as an upstream core consumables supplier of the papermaking industry, the Group seized the opportunities arising from industry structural adjustments and increased concentration among downstream leading players. Abiding by its development principle of "technological innovation and branding for good", following its five strategic goals of "internationalization, branding, refinement, digitalization and systematization", and continuously relying on three strategic foundations of "latest technology, latest manufacturing and latest value", the Group achieved notable results in production capacity structural upgrades and market share expansion. During the reporting period, the Group's production volume achieved a growth of 33.6%, of which production volume of high-speed products increased by 65.6%; the Group's operating revenue achieved a growth of 31.7%, of which operating revenue from high-speed products increased by 48.7%, and export income also achieved a growth of 34.4%. The rapid growth in income from high-speed products and overseas exports demonstrates the strategic effectiveness of the Group's transformation towards a high-end product structure.

The Group has always been abiding by its core mission of “Enhancing the capability of long-term corporate value creation.” During the reporting period, the Group continued to strengthen technological research and development of products, coordinated equipment and human resource allocation, optimized the raw material supply chain management system, comprehensively improved operational efficiency, and promoted the orderly release of production capacity and efficiency gains of high-end production lines. During the reporting period, the Group’s gross profit achieved a period-on-period growth of 34.5%, with notable results in product structure optimization and operational efficiency enhancement. While focusing on long-term development and continuously increasing its investment in technological research and development, the Group continued to achieve a period-on-period increase of 22.7% in current net profit through rational cost control and continuous optimization of resource allocation.

The Group actively responded to the industry’s transformation towards green and the development trend of intelligent manufacturing, integrating low-carbon environmental protection and digital intelligent constructions into its corporate development framework, and continuously promoting the green and intelligent upgrades of the entire production process. During the reporting period, Sichuan Vanov Technical Fabrics Co., Ltd.* (四川環龍技術織物有限公司) and Shanghai Jinxiong Fabrics Co., Ltd.* (上海金熊造紙網毯有限公司) obtained the “Carbon Footprint of Products Verification Statement” (產品碳足跡證書) for their papermaking press felts; and Sichuan Vanov Technical Fabrics Co., Ltd.* (四川環龍技術織物有限公司) was recognised as “2026 Sichuan Advanced Intelligent Plant” (2026年度四川省先進級智能工廠).

Prospect

Looking forward to the second half of the year, the papermaking industry in PRC is expected to continue the trend of “structural optimization and supply-demand rebalancing”. With the persistent effects of national policies and measures boosting consumption and stabilizing foreign trade, coupled with the leading papermaking enterprises’ efforts in consolidating their cost advantages through pulp and paper integration layout, exports of domestic goods had maintained strong growth. Downstream market demand for packaging paper is expected to maintain steady growth, providing room for stable development for the upstream papermaking felts industry.

In response to the aforementioned industry environment, the Group will adhere to its established operational strategies and promote various key tasks steadily. In respect of production and operations, the Group will continue to promote the full release of the production capacity of high-end production lines, rationally optimize production scheduling, and enhance product quality and delivery capabilities. In respect of market expansion, the Group will continue to deepen its strategic cooperation with downstream leading enterprises, seize business opportunities arising from the growth in market demand for packaging paper, and consolidate and expand its market share. In respect of technological innovation and research and development, the Group adheres to a customer-oriented approach guided by industry development trends, with high-speed paper machine application scenarios as its core, focusing on enhancing the operational efficiency of high-speed paper machines. The Group will continue to tackle key technological problems and develop new products, constantly improve the comprehensive performance and stability of its products. The Group is committed to meeting the personalized and high-end needs of downstream customers, while leading the technological advancement and industrial upgrades of the papermaking felts industry through technological innovation.

The management of the Group believes that the aforementioned work arrangements are in line with the industry development trends and the Group's actual conditions and would contribute to the achievement of long-term stable development. The Group will continue to uphold its core mission of "enhancing the capability of long-term corporate value creation", striving to create sustainable returns for 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 2026 was approximately RMB135.1 million, representing an increase of 31.7% as compared to approximately RMB102.6 million for the six months ended 30 June 2025, which was mainly attributable to the increase in income from sales of high-speed packaging papermaking felts of the Group.

Gross Profit and Gross Profit Margin

The Group's gross profit for the six months ended 30 June 2026 was approximately RMB57.5 million, representing an increase of approximately RMB14.8 million from approximately RMB42.7 million for the six months ended 30 June 2025. The Group's gross profit margin for the six months ended 30 June 2026 was approximately 42.5%, representing an increase of 0.8 percentage point from that of 41.7% for the six months ended 30 June 2025, which maintained steady growth. The increase in gross profit was, on the one hand, attributable to the increase in income from high-speed packaging felts driven by the capacity release of the 14.5m high-end production line of Shanghai Jinxiong. On the other hand, it was also attributable to the Group's continuous promotion of lean production as well as cost reduction and efficiency enhancement measures, which further improved overall operating efficiency.

EBITDA

The Group's EBITDA for the six months ended 30 June 2026 was RMB37.1 million, representing an increase of 14.5% as compared with the corresponding period of last year. EBITDA is calculated base on the profit for the period 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 period" and EBITDA for the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June 2026 *RMB'000* **(Unaudited)**	Six months ended 30 June 2025 *RMB'000* (Unaudited)
Profit for the period — HKFRS Accounting Standards measure	**8,251**	6,727
Adjustment for:		
Interest expense	**6,995**	6,824
Interest income	**(736)**	(998)
Income tax expense	**1,162**	671
Depreciation	**16,826**	15,390
Amortisation of intangible assets	**4,594**	3,786
EBITDA — Non-HKFRS Accounting Standards measure	**37,092**	32,400

Other Income

Other income of the Group decreased by approximately RMB0.9 million from approximately RMB4.5 million for the six months ended 30 June 2025 to approximately RMB3.6 million for the six months ended 30 June 2026, which was mainly attributable to the slight decrease in sales of scrap materials and foreign exchange gains, net.

Selling and Distribution Expenses

For the six months ended 30 June 2026, selling and distribution expenses of the Group was approximately RMB12.4 million, representing an increase of RMB1.2 million as compared to approximately RMB11.2 million for the six months ended 30 June 2025. Selling and distribution expenses for the six months ended 30 June 2026 accounted for 9.2% of its revenue, representing a decline of 1.7 percentage points from that of 10.9% for the six months ended 30 June 2025. The increase in expenses was mainly attributable to the corresponding increase in sales-related performance wages and logistics fees driven by the growth in revenue; Meanwhile, the Group continues to promote the optimization of sales resource allocation and enhance the overall sales efficiency, thus achieving a period-on-period decrease in sales expense ratio.

Administrative and Other Operating Expenses

For the six months ended 30 June 2026, administrative and other operating expenses of the Group was approximately RMB31.5 million, representing an increase of approximately RMB9.6 million from that of approximately RMB21.9 million for the six months ended 30 June 2025. Such increase was mainly due to the continued increase in investments in technological research and development under the Group's focus on long-term development, as well as the increase in wages and amortisation of intangible assets.

Finance Cost

For the six months ended 30 June 2026, total finance cost of the Group reached approximately RMB7.0 million, representing an increase of approximately RMB0.2 million as compared to approximately RMB6.8 million for the six months ended 30 June 2025. Such increase was mainly attributable to the adjustment of the Group's loan structure and the phased increase in interest on bank borrowings.

Income Tax Expense

Income tax expense of the Group for the six months ended 30 June 2026 amounted to approximately RMB1.2 million, representing an increase of approximately RMB0.5 million from approximately RMB0.7 million for the six months ended 30 June 2025, which was mainly attributable to the increase in current taxable income driven by the growth in profits.

Trade and Other Receivables

For the six months ended 30 June 2026, the Group's trade and other receivables were approximately RMB192.8 million (31 December 2025: approximately RMB204.0 million).

Turnover Days of Inventories and Trade Payables

Turnover days of inventories of the Group for the six months ended 30 June 2026 were 103.1 days, as compared to 103.0 days for the six months ended 30 June 2025.

Turnover days of trade payables of the Group for the six months ended 30 June 2026 were 100.1 days, as compared to 107.4 days for the six months ended 30 June 2025.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

Liquidity, Financial Resources and Capital Structure

As at 30 June 2026, net assets of the Group reached approximately RMB398.8 million (31 December 2025: approximately RMB420.6 million). As at 30 June 2026, current assets and current liabilities of the Group reached approximately RMB279.5 million (31 December 2025: approximately RMB303.0 million) and approximately RMB245.7 million (31 December 2025: approximately RMB221.6 million). As at 30 June 2026, the current ratio of the Group was 113.8%, as compared to 136.7% as at 31 December 2025.

The Group mainly finances its operations from cash generated from its operating activities and bank and other borrowings. As at 30 June 2026, outstanding bank borrowings and other borrowings of the Group were approximately RMB342.7 million (31 December 2025: approximately RMB340.9 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 2026, bank balances and cash and restricted bank balances of the Group reached approximately RMB14.7 million (31 December 2025: approximately RMB41.8 million) and approximately RMB21.8 million (31 December 2025: RMB17.5 million), respectively. Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 30 June 2026 was 83.1% (31 December 2025: 71.1%).

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, 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 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 30 June 2026 was approximately 85.9% as compared to 81.1% as at 31 December 2025.

Pledge of Assets

As at 30 June 2026, 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 2026 was approximately RMB143.7 million (31 December 2025: 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, among which bank balances and trade receivables denominated in US dollars amounted to approximately RMB2.5 million and RMB4.6 million, respectively, and bank balances denominated in Hong Kong dollars amounted to approximately RMB0.5 million as at 30 June 2026, 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 2026, 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 2026, 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 2026.

Employees and Remuneration Policy

As at 30 June 2026, the Group had 473 employees (six months ended 30 June 2025: 407 employees). For the six months ended 30 June 2026, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB33.3 million (six months ended 30 June 2025: approximately RMB20.7 million).

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

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 (as defined below) 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 30 June 2026.

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 2026.

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 2025 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 2026, and there was no outstanding share option as at 30 June 2026.

At the beginning of the financial year (i.e., 1 January 2026), 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., 25 August 2026). Accordingly, as of 30 June 2026, 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. 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% of the issued share capital of the Company as at the Adoption Date, to 47,000,000 shares, representing 9.72% 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 and 27 March 2026. As at 30 June 2026, 47,000,000 shares (as at 30 June 2025: 26,816,000 shares) were held by an independent trustee appointed by the Company for the Share Award Scheme, but no Awarded Shares had been awarded to any Eligible Participants.

During the six months ended 30 June 2026, as no awards had been granted under the Share Award Scheme since its adoption, no awards were vested, cancelled or lapsed in accordance with the terms of the Share Award Scheme during the period under review.

As no options or awards had been granted under all schemes of the Company during the reporting period, the number of shares that may be issued in respect of options and awards granted under all schemes of the Company (the Share Option Scheme and the Share Award Scheme) during the reporting period divided by the weighted average number of shares in issue during the reporting period is not applicable.

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 2026 and up to the date of this announcement.

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, 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

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities including sale of treasury shares (as defined in the Listing Rules) except that the trustee of the Share Award Scheme of the Company purchased on the Stock Exchange a total of 20,184,000 shares of the Company at a total consideration of RMB21,279,000 pursuant to the terms of the rules and trust deed of the Share Award Scheme in relation thereto. As at 30 June 2026, there were no treasury shares held by the Company or its subsidiaries (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

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 2026 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 2026 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 2026.

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 2026 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, 25 August 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. Jiang Chaozhe and Mr. Wang Yunchen.

* *For identification purpose only*