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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 2024**

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 2024 with comparative figures for corresponding period in 2023 as follows:



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>357,313</b>	358,053
Investment property		<b>37,280</b>	38,261
Land lease prepayment		<b>4,674</b>	4,843
Intangible assets		<b>84,774</b>	80,541
Prepayment of acquisition for property, plant and equipment and intangible assets		<b>39,364</b>	29,843
Deposit		<b>2,100</b>	2,100
Deferred tax assets		<b>735</b>	900
		<b>526,240</b>	514,541
<b>Current assets</b>			
Inventories		<b>29,683</b>	19,123
Trade and other receivables	8	<b>189,481</b>	209,932
Financial assets at fair value through profit or loss		<b>859</b>	830
Cash and cash equivalent		<b>43,413</b>	78,631
		<b>263,436</b>	308,516

		As at <b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
<b>Current liabilities</b>			
Contract liabilities		<b>2,043</b>	1,395
Trade and other payables	9	<b>66,888</b>	55,931
Lease liabilities		<b>1,143</b>	4,125
Discounted bills financing		<b>1,577</b>	3,690
Bank borrowings		<b>185,650</b>	84,961
Other borrowings		<b>24,577</b>	27,437
Income tax payable		<b>11,079</b>	13,778
		<u><b>292,957</b></u>	<u>191,317</u>
<b>Net current (liabilities)/assets</b>		<u><b>(29,521)</b></u>	<u>117,199</u>
<b>Total assets less current liabilities</b>		<u><b>496,719</b></u>	<u>631,740</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>4,367</b>	3,389
Bank borrowings		<b>97,500</b>	184,500
Other borrowings		<b>19,029</b>	29,815
Deferred tax liabilities		<b>5,142</b>	5,027
		<u><b>126,038</b></u>	<u>222,731</u>
<b>Net assets</b>		<u><b>370,681</b></u>	<u>409,009</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>3,949</b>	3,949
Reserves		<b>363,386</b>	401,707
Equity attributable to equity holders of the Company		<b>367,335</b>	405,656
Non-controlling interests		<b>3,346</b>	3,353
<b>Total equity</b>		<u><b>370,681</b></u>	<u>409,009</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The Company's 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 ("**Ms. Shen**") and Mr. Zhou Jun ("**Mr. Zhou**"), the spouse of Ms. Shen.

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.

As at 30 June 2024, the Group had net current liabilities of approximately RMB29,521,000. This condition indicates the existence of an uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have reviewed the current performance and cash flows forecast prepared by the management as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the Directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

- (i) As at 30 June 2024, the Group had bank borrowings classified as current liabilities of RMB185,650,000. Up to the date of approval of these condensed consolidated financial statements, bank borrowing amounted to RMB29,000,000 had been repaid and successfully renewed.
- (ii) Up to the date of approval of these condensed consolidated financial statements, the banks had shown the positive support on the Group and the Group did not received any demand notice from the banks for the repayment of the borrowings.
- (iii) The Group has been actively negotiating with the banks to the renewal and extension of bank loans and credit facilities.
- (iv) The Group may seek other financing resources (including but not limited to rights issue and placing of shares) to meet its liabilities and obligation as and when they fall due.

Accordingly the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis.

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

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 2023.

## 3. ADOPTION OF AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amended HKFRSs which are effective as of 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

#### 4. REVENUE AND SEGMENT REPORTING

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

Recognised at a point in time:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Packaging papermaking felts	59,584	48,843
Specialty papermaking felts	20,089	16,178
Printing papermaking felts	7,391	11,541
Household papermaking felts	3,533	4,097
Pulp papermaking felts	5,940	5,882
	<u>96,537</u>	<u>86,541</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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	<u>10,654</u>	<u>N/A*</u>

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



## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Current tax</b>		
PRC enterprise income tax	1,424	2,351
<b>Deferred tax</b>		
Current year	280	(283)
Income tax expense	<u>1,704</u>	<u>2,068</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	
	2024 (Unaudited)	2023 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company ( <i>in RMB'000</i> )	<u>18,441</u>	<u>20,287</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ( <i>Note</i> )	<u>480,129,454</u>	<u>483,442,000</u>
Earnings per share ( <i>in RMB cents</i> )	<u>3.84</u>	<u>4.20</u>

As at 30 June 2024 and 2023, the total shares of the Company in issue were 483,442,000 ordinary shares and the weighted average number of ordinary shares were 480,129,454 shares (six months ended 30 June 2023: 483,442,000 shares) in issue during the period.

Diluted earnings per share is the same as basic earnings per share for six months ended 30 June 2024 and 2023 as there were no dilutive potential ordinary shares in issue during the periods.

*Note:* Weighted average number of ordinary shares in issue.

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

## 7. DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

A final dividend in respect of the year ended 31 December 2023 of 4 HK cents per ordinary share, in an aggregate amount of approximately HK\$19,338,000 has been approved and approximately RMB17,559,000 has been recorded as a liability as at 30 June 2024.

## 8. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables		
— Third parties	167,251	172,449
— Related parties	7,187	6,544
Less: Expected credit loss (“ECL”) allowance provision	<u>(4,268)</u>	<u>(5,202)</u>
	<b>170,170</b>	173,791
Bills receivables	14,602	27,244
Less: ECL allowance provision	<u>(234)</u>	<u>(234)</u>
	<b>14,368</b>	27,010
Prepayments	1,973	1,213
Refundable deposits	—	4,146
Other tax receivables	232	3,204
Other receivables	<u>2,738</u>	<u>568</u>
	<b>4,943</b>	9,131
	<b>189,481</b>	<b>209,932</b>

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
0 – 90 days	77,342	113,420
91 – 180 days	12,106	28,495
181 – 365 days	69,283	18,895
Over 365 days	15,707	18,183
	<u>174,438</u>	<u>178,993</u>

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

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
0 – 90 days	7,239	14,385
91 – 180 days	5,863	12,719
181 – 365 days	1,500	140
	<u>14,602</u>	<u>27,244</u>

## 9. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>Trade payables</b>		
— Third parties	<u>29,538</u>	<u>26,040</u>
<b>Other payables</b>		
Other payables	2,040	3,523
Construction payables	6,326	9,087
Accrued salaries	2,006	6,563
Receipt in advance from a tenant	700	700
Accruals	2,903	3,172
Warranty provision	5,334	5,121
Other tax payables	285	1,725
Dividend payables	<u>17,756</u>	<u>—</u>
	<u>37,350</u>	<u>29,891</u>
	<u><b>66,888</b></u>	<u><b>55,931</b></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 <b>30 June</b> <b>2024</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
0 – 30 days	7,890	7,952
31 – 60 days	6,854	6,446
61 – 90 days	3,736	4,997
91 – 180 days	8,155	4,720
181 – 365 days	2,368	1,517
Over 365 days	<u>535</u>	<u>408</u>
	<u><b>29,538</b></u>	<u><b>26,040</b></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2024, while facing a more sophisticated and severe external environment with uncertainties, the economy of China continued its path towards recovery with a good momentum at a stable pace with steady progress, and has become a key drive and a stabilising force to the economic growth worldwide. According to the data from the National Bureau of Statistics of China, China's GDP reached approximately RMB61.7 trillion from January to June 2024, representing a year-on-year growth of 5.0%. During the first half of the year, with demands in the papermaking industry continued to resume and external demands also improved, the paper-based product industry was able to maintain a sound and positive development, leading to a transformation towards a green, efficient and intelligent direction. From January to June 2024, the production volume of machine paper and paperboard was approximately 76.613 million tons, representing a year-on-year increase of 11.8%. The cumulative export trade of papermaking and paper-based product industry was approximately RMB38.04 billion, representing a year-on-year increase of 11.9%.

Under the backdrop of a good economic trend and industry development, the Group has always been abiding by its principle of “technological innovation and branding for good” and adhering to Vanov’s philosophy of “being indomitable to build an excellent team; keep improving in making market leading products; focusing on professionalism to build an outstanding brand; attaining sustainable development to lay centuries foundation”. With a customer-oriented service culture, an engineering culture centred on innovation and continuous improvement and a manufacturing culture centred on lean production, the Group has been able to regard technological innovation as the core drive for its sustainable development and work intensively in the papermaking felts segments to assist the papermaking machines to operate efficiently and steadily, in order to jointly create a low-carbon and sustainable future for the papermaking industry. In 2024, the Group received additional awards, among which, Sichuan Vanov Technology Fabrics Co., Ltd.\* (四川環龍技術織物有限公司) was titled “The First Batch of Industrial Quality Products of Chengdu” (第一批成都工業精品) and Shanghai Jinxiong Fabrics Co., Ltd.\* (上海金熊造紙網毯有限公司) (“**Shanghai Jinxiong**”) was awarded the “2024 Top 100 Shanghai Hi-Tech Achievement Transformation Projects” (2024年上海市高新技術成果轉化項目百佳).

On 21 March 2024, the construction of a brand new high-end production line with a length of 14.5 metres in the Shanghai Jinxiong production site of the Group was successfully completed, which marked a historical moment for the Group. The Group is the first enterprise in the PRC to own an advanced production line for the widest papermaking felt around the world up to date. The Group is committed to developing the production line into a leading production base for papermaking mesh with world-class technology. Completion and commencement of operation of such production line would highly boost the quality and stability of the products, thereby enabling the quality growth of the Group with confidence and support. Such production line would also contribute significant value to the papermaking industry by ways of craftsmanship enhancement, promotion of the optimisation and upgrade of the supply chain of the paper industry, technology innovation and product upgrade, which facilitates the papermaking felt industry of the PRC to have footprint around the world in a faster pace with determination.

In the first half of 2024, leveraging on the stable development in the industry and the commencement of operation of the Shanghai brand new high-end production line of 14.5 metres, coupled with the constant enhancement of the Group's management standard, the Group achieved continuous optimisation of its product offerings and steady growth of sales. It also attained major breakthroughs in the international market. In the first half of 2024, the Group recorded a revenue of RMB96.5 million, representing a year-on-year growth of 11.6%, with the revenue from the international market also grew by 45%.

Looking forward, being in the leading position of the PRC's papermaking felt industry, the Group insists on guiding the development of the papermaking felt industry through technological innovation. The Group will constantly create values for shareholders and stakeholders of the Company through boosting its operating results and facilitating the Vanov's international development planning process by the following measures, amongst others, (I) focusing on the papermaking industry through enhancing the research and development of technology and capability, and attaining product technology iteration and update to help reduce energy consumption for customers and extend the service life of products; (II) increasing the investment of resources in the international market to raise the overseas market shares and facilitate the efficiency conversion of the brand new high-end production line of 14.5 metres promptly; (III) seeking strategic acquisition to complement the Group's business and strategy focuses; and (IV) improving the Paper Machine Operation Efficiency Service Digital Platform\* (造紙機運營效率服務數字平台) ("MES" system) and strengthening the construction of MES system to give effect to the seamless connection of the comprehensive process of papermaking felts and facilitate the integration of data for the management of the entire life-cycle of felts, thereby enhancing the product refinement and intelligent management capabilities for the improvement of the product quality.

## 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 2024 was approximately RMB96.5 million, representing an increase of 11.6% as compared to approximately RMB86.5 million for the six months ended 30 June 2023, which was mainly attributable to the increase in the unit sales price and sales of products.

### *Gross Profit and Gross Profit Margin*

The Group's gross profit for the six months ended 30 June 2024 was approximately RMB47.5 million, representing an increase of approximately RMB4.8 million from approximately RMB42.7 million for the six months ended 30 June 2023. The Group's gross profit margin for the six months ended 30 June 2024 was approximately 49.2%, which remained basically at the similar level as compared with that of 49.3% for the six months ended 30 June 2023.

### *Other Income*

Other income for the Group decreased by approximately RMB0.1 million from approximately RMB8.2 million for the six months ended 30 June 2023 to approximately RMB8.1 million for the six months ended 30 June 2024, which was mainly attributable to the decrease in exchange gains.

### *Selling and Distribution Expenses*

For the six months ended 30 June 2024, selling and distribution expenses of the Group was approximately RMB11.5 million, as compared to approximately RMB7.1 million for the six months ended 30 June 2023. Selling and distribution expenses for the six months ended 30 June 2024 accounted for approximately 11.9% of its revenue, representing an increase of approximately RMB4.4 million from the six months ended 30 June 2023. Such increase was mainly attributable to the increase in business promotion fee as well as travel and entertainment fees.

### *Administrative and Other Operating Expenses*

For the six months ended 30 June 2024, administrative and other operating expenses of the Group was approximately RMB17.2 million, representing an increase of approximately RMB1.8 million from that of approximately RMB15.4 million for the six months ended 30 June 2023. Such increase was mainly due to an increase in lease charges and depreciation charges.

### ***Finance Cost***

For the six months ended 30 June 2024, total finance cost of the Group reached approximately RMB6.6 million, representing an increase of approximately RMB0.8 million as compared to approximately RMB5.8 million for the six months ended 30 June 2023. The main reason for such increase was the increase in interest on long-term borrowings and discounted bills financing.

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

Income tax expense of the Group for the six months ended 30 June 2024 amounted to approximately RMB1.7 million, representing a decrease of approximately RMB0.4 million from approximately RMB2.1 million for the six months ended 30 June 2023, which was mainly attributable to the decrease in profit before tax and the decrease in non-deductible tax expenses.

Effective tax rate (income tax expense divided by profit before income tax for the current year) for the six months ended 30 June 2024 was approximately 8.4%, as compared to 9.2% for the six months ended 30 June 2023. Such decrease was mainly attributable to the decrease in non-deductible tax expenses.

### ***Trade and Other Receivables***

For the six months ended 30 June 2024, the Group's trade and other receivables were approximately RMB189.5 million (31 December 2023: approximately RMB209.9 million).

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

Turnover days of inventories of the Group for the six months ended 30 June 2024 were 90.1 days, as compared to 92.1 days for the six months ended 30 June 2023.

Turnover days of trade payables of the Group for the six months ended 30 June 2024 were 102.6 days, as compared to 87.7 days for the six months ended 30 June 2023.

### ***Interim Dividend***

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

As at 30 June 2024, net assets of the Group reached approximately RMB370.7 million (31 December 2023: approximately RMB409.0 million). As at 30 June 2024, current assets and current liabilities of the Group reached approximately RMB263.4 million (31 December 2023: approximately RMB308.5 million) and approximately RMB293.0 million (31 December 2023: approximately RMB191.3 million). As at 30 June 2024, the current ratio of the Group was 89.9%, as compared to 161.3% as at 31 December 2023.



The Group mainly finances its operations from cash generated from its operating activities and bank borrowings. As at 30 June 2024, discounted bills financing, outstanding bank borrowings and other borrowings of the Group were approximately RMB328.3 million (31 December 2023: approximately RMB330.4 million). The bank borrowings and other borrowings were generally secured by the Group's property, plant and equipment and land lease prepayment. As at 30 June 2024, bank balances and cash of the Group reached approximately RMB43.4 million (31 December 2023: approximately RMB78.6 million). Net gearing ratio (total borrowings minus cash and cash equivalents and divided by shareholders' equity) of the Group as of 30 June 2024 was 76.9% (31 December 2023: 61.6%).

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

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

### ***Gearing Ratio***

Gearing ratio is calculated by dividing total borrowings by total equity at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2024 was approximately 90.1% as compared to 82.6% as at 31 December 2023. The increase in gearing ratio was mainly due to the introduction of Share Award Scheme (as defined hereinafter) resulting in the decrease in the reserves.

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

As at 30 June 2024, certain of the Group's assets were pledged to secure bank and other borrowings of the Group. The aggregate carrying amount of the assets of the Group pledged as at 30 June 2024 was approximately RMB145.7 million (31 December 2023: approximately RMB150.3 million).

### ***Treasury Policy***

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements at all times.

### ***Foreign Exchange Risk***

The Group mainly operates in the PRC. Most of the operating transactions and revenue were settled in RMB and the Group's assets and liabilities are primarily denominated in RMB. However, the Group has certain bank balances and other payables denominated in US dollars and Hong Kong dollars, among which bank balances denominated in US dollars amounted to approximately RMB36.1 million, and bank balances and other payables denominated in Hong Kong dollars amounted to approximately RMB1.9 million and RMB0.4 million, respectively, as at 30 June 2024, 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 2024, 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 2024, 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 2024.

### ***Employees and Remuneration Policy***

As at 30 June 2024, the Group had 396 employees (six months ended 30 June 2023: 343 employees). For the six months ended 30 June 2024, the total staff cost, including salaries, wages and other benefits, and contributions to defined contribution plans, amounted to approximately RMB19.1 million (six months ended 30 June 2023: approximately RMB18.7 million).

The remuneration package offered by the Group to its employees generally includes salary, allowances and payment for welfare contributions, including social insurance contributions and housing provident fund contributions. The Group determines its employees' remunerations based on each employee's qualification, relevant experience, position and seniority. The Group conducts annual review on salary increments, bonuses and promotions

based on the performance of each employee. The Group provides regular on-the-job training to the employees and conducts yearly reviews of their performance. The Group believes that these initiatives have contributed to stronger work incentive among its employees.

### *Use of Net Proceeds From the Share Offer*

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

An analysis of the utilisation of the net proceeds from the date of the Listing up to 30 June 2024 is set out below:

	Percentage	Allocated use of proceeds (HK\$ million)	Used as of 30 June 2024 (HK\$ million)	Unused balance as of 30 June 2024 (HK\$ million)	Proposed timetable for the use of unutilised net proceeds
Purchase machinery to upgrade production sites	40%	38.8	38.8	—	
Strengthen research and development capabilities	20%	19.4	18.7	0.7	On or before 31 December 2024
Pursue strategic acquisitions	10%	9.7	—	9.7	On or before 31 December 2024
Reduce indebtedness	20%	19.4	19.4	—	
Working capital and other general corporate purpose	10%	9.7	9.7	—	
	<u>100%</u>	<u>97.0</u>	<u>86.6</u>	<u>10.4</u>	

As at 30 June 2024, the amount of unutilised net proceeds amounted to approximately HK\$10.4 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 2024, the utilised net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned. The remaining unutilised net proceeds are expected to be utilised on or before 31 December 2024.

## **OTHER INFORMATION**

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code as set out in Appendix C3 of the 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 2024.

### **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 2024, and there was no outstanding share option as at 30 June 2024.

### **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 2024, nil 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 2024 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2024, 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 2024.

## **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 2024 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 2024 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 2024.

## **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](http://www.hkexnews.hk) and the website of the Company at [www.vanov.cn](http://www.vanov.cn). The interim report of the Company for the six months ended 30 June 2024 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, 23 August 2024

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

\* *For identification purpose only*