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Yadong Group Holdings Limited

亞東集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1795

2025

INTERIM REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Xue Shidong
(Chairman of the Board)
Mr. Wang Bin
Mr. Xiang Wenbin
Ms. Zhang Yeping
Mr. Jin Rongwei

Independent Non-Executive Directors

Mr. Zhu Qi
Mr. Ho Kin Cheong Kelvin
Mr. Wang Hongliang

Board Committees

Audit Committee

Mr. Ho Kin Cheong Kelvin *(Chairman)*
Mr. Zhu Qi
Mr. Wang Hongliang

Remuneration Committee

Mr. Zhu Qi *(Chairman)*
Mr. Xue Shidong
Mr. Ho Kin Cheong Kelvin

Nomination Committee

Mr. Xue Shidong *(Chairman)*
Mr. Zhu Qi
Mr. Wang Hongliang
Ms. Zhang Yeping
Mr. Ho Kin Cheong Kelvin

Company Secretary

Ms. Li Ching Yi

Authorised Representatives

Mr. Xue Shidong
Ms. Li Ching Yi

Principal Place of Business in The People's Republic of China

No. 381 Laodong East Road
Tianning District, Changzhou
Jiangsu Province
The People's Republic of China

Headquarters and Principal Place of Business in Hong Kong

7/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Registered Office in the Cayman Islands

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
17/F, Chubb Tower
Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

Legal Adviser

as to Hong Kong laws

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

Principal Bank

Jiangnan Rural Commercial Bank

Stock Code

1795

Company Website

www.yadongtextile.com

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile

Yadong Group Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is principally engaged in the design, process and sale of textile fabric products, which can be categorised into two broad types, namely (i) plain weave fabrics; and (ii) corduroy fabrics. These textile fabric products feature a variety of different colours, patterns, textures and functionalities. The Group sells its textile fabric products mainly to garment manufacturers as well as trading companies for further processing into finished garments for apparel brand operators. These textile fabric products are mainly sold or distributed in the People’s Republic of China (“**PRC**”), Japan and certain other markets in Asia, such as Taiwan, Vietnam, Bangladesh and Indonesia.

Industry Overview

Despite persistent headwinds in the PRC consumer market, including elevated youth unemployment, cautious household spending, and ongoing stress in the property sector, the overall economy demonstrated resilience and steady improvement during the first half of 2025. According to the National Bureau of Statistics of China, GDP grew by approximately 5.3% year-on-year in the first half of 2025, surpassing the 5.0% growth recorded during the same period in 2024.

Stimulated by the central government’s proactive fiscal and monetary policies aimed at boosting domestic demand and consumer sentiment, signs of recovery emerged across several consumption categories. Total retail sales of consumer goods increased by approximately 5.0% year-on-year, with notable strength in food and beverage, automotive, and health-related products. However, traditional categories such as apparel, footwear, headwear, and knitwear continued to face challenges, with retail sales in these segments growing only 3.1% compared to the same period last year. While consumer confidence remains subdued and households continue to maintain high savings rates, the momentum in emerging sectors and the success of national shopping festivals suggest a cautiously optimistic outlook for the remainder of the year.

Business Overview

During the first half of 2025, due to the strong encouragement of consumption by the central government, the increase in demand for the apparel and textiles industries in the PRC led to more orders from customers of the Group.

The Group recorded revenue of approximately RMB489.0 million for the six months ended 30 June 2025, representing an increase of approximately 1.7% as compared to approximately RMB481.1 million for the six months ended 30 June 2024, which was mainly attributable to the increase in purchase orders placed by customers of the Group. The Group's gross profit increased by approximately 11.1% from approximately RMB56.5 million for the six months ended 30 June 2024 to approximately RMB62.7 million for the six months ended 30 June 2025. The gross profit margin of the Group increased from approximately 11.7% for the six months ended 30 June 2024 to approximately 12.8% for the six months ended 30 June 2025. The Group's profit increased by approximately 11.0% from approximately RMB17.8 million for the six months ended 30 June 2024 to approximately RMB19.8 million for the six months ended 30 June 2025.

Prospect

Stepping into the second half of 2025, the Group remains optimistic about the outlook for the market. With the central government's continued efforts to stimulate consumer spending, domestic demand is expected to strengthen further, driving increased activity across the apparel and textile sectors. Rising consumer engagement is anticipated to support a more vibrant retail environment, creating favourable conditions for industry growth. Looking ahead, the Group maintains a positive view of its prospects for the remainder of the year. As part of its strategic focus, the Group will continue to enhance its capabilities in product design and development, with particular emphasis on environmentally friendly textile fabrics. This aligns with the growing environmental consciousness among consumers and the broader industry shift toward sustainability. In particular, cotton fabric products made from more sustainable raw materials are expected to emerge as a key growth driver for the textile industry in 2025. As a leading manufacturer of cotton fabrics in the PRC, the Group is well-positioned to capitalise on these opportunities and advance in step with market momentum.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group has recently entered into an acquisition agreement to acquire a company incorporated in Singapore, which holds a controlling interest in a Vietnamese entity possessing the land use rights for a parcel of land in Vietnam. Through this transaction, the Group is positioned to obtain indirect control over the land, which it intends to use for the development of new manufacturing facilities. For details, please refer to the announcement of the Company dated 25 July 2025. This expansion reflects the Group's commitment to diversifying its production base, enhancing operational efficiency, and capturing growth opportunities in Southeast Asia's fast-developing industrial landscape.

The Group will remain committed to delivering high-quality products, which are essential to its long-term development. Backed by its strong brand reputation, diversified product portfolio, robust R&D capabilities, and experienced management team, the Group is confident in its ability to enhance competitiveness, elevate its market position, and achieve sustainable growth, ultimately maximising long-term value for its shareholders.

Financial Review

Revenue

The revenue of the Group increased by approximately RMB8.0 million or approximately 1.7% from approximately RMB481.1 million for the six months ended 30 June 2024 to approximately RMB489.0 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in purchase orders placed by customers of the Group.

Cost of Sales

The cost of sales of the Group increased by approximately RMB1.7 million or approximately 0.4% from approximately RMB424.6 million for the six months ended 30 June 2024 to approximately RMB426.3 million for the six months ended 30 June 2025. Such increase was in line with the increase in the revenue during the same period.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by approximately RMB6.2 million or approximately 11.1% from approximately RMB56.5 million for the six months ended 30 June 2024 to approximately RMB62.7 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in revenue of the Group as discussed above. The gross profit margin of the Group increased from approximately 11.7% for the six months ended 30 June 2024 to approximately 12.8% for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in the average unit price of sales for the six months ended 30 June 2025.

Other Income

Other income of the Group decreased from approximately RMB4.8 million for the six months ended 30 June 2024 to approximately RMB2.8 million for the six months ended 30 June 2025. Such decrease was primarily attributable to the decrease in bank interest income from approximately RMB1,045,000 to approximately RMB54,000 during the same period.

Selling and Distribution Expenses

The selling and distribution expenses of the Group slightly increased from approximately RMB10.0 million for the six months ended 30 June 2024 to approximately RMB10.1 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in salaries of sales staff for the six months ended 30 June 2025.

Administrative Expenses

Administrative expenses of the Group increased from approximately RMB24.6 million for the six months ended 30 June 2024 to approximately RMB25.0 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in depreciation of right-of-use assets during the six months ended 30 June 2025.

Finance Costs

Finance costs of the Group increased from approximately RMB5.6 million for the six months ended 30 June 2024 to approximately RMB6.8 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in the principal amount and interest of borrowings during the same period.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

Income tax expenses of the Group increased from approximately RMB3.3 million for the six months ended 30 June 2024 to approximately RMB3.9 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in the current tax from approximately RMB3.3 million to approximately RMB3.9 million during the same period which was mainly due to the increase in the profit before tax leading to the increase in the taxable profit.

The effective income tax rate of the Group increased from approximately 15.6% for the six months ended 30 June 2024 to approximately 16.5% for the six months ended 30 June 2025.

Profit

As a result of the foregoing, the profit for the six months ended 30 June 2025 of the Group increased by approximately RMB2.0 million or approximately 11.0% from approximately RMB17.8 million for the six months ended 30 June 2024.

Material Acquisitions and Disposal of Subsidiaries and Associated Companies

There were no material acquisitions or disposals of subsidiaries and associated companies by the Group during the six months ended 30 June 2025.

Capital Commitments

As at 30 June 2025, the Group had capital commitments of approximately RMB3.0 million, which were mainly related to the acquisition of the plant and machineries, and the development of the design and research centre.

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities (30 June 2024: nil). The Group is currently not a party to any litigation that is likely to have a material adverse effect on the business, results of operations or financial condition.

Foreign Exchange Exposure

The Group's major operating subsidiary has foreign currency sales, which expose the Group to foreign currency risk. The Group also exposes to foreign currency risk relates principally to its trade receivables, trade and bills payables, other payables and bank balances denominated in foreign currencies other than the functional currency of the relevant Group entities. Foreign currencies are also used to settle expenses for overseas operations, which expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Gearing Ratio

As at 30 June 2025, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 61.6% (31 December 2024: approximately 66.1%).

Liquidity and Financial Resources and Capital Structure

The Group has principally funded the liquidity and capital requirements through capital contributions from the Shareholders, bank borrowings and net cash generated from operating activities. As at 30 June 2025, the Group had bank balances and cash of approximately RMB35.4 million (31 December 2024: approximately RMB65.0 million). As at 30 June 2025, the current ratio of the Group was approximately 1.5 times (31 December 2024: approximately 1.3 times). The financial resources that are presently available to the Group include bank borrowings, the Directors believe that the Group have sufficient working capital for the future requirements.

As at 1 January 2025, the Company had an issued share capital of HK\$6,000,000 divided into 600,000,000 shares. There has been no change in the capital structure of the Group during the six months ended 30 June 2025.

Debts and Charge on Assets

The total interest-bearing bank borrowings of the Group amounted to approximately RMB276.1 million as at 30 June 2025 (31 December 2024: approximately RMB276.4 million).

As at 30 June 2025, the Group's assets amounted to approximately RMB116.8 million was charged (31 December 2024: approximately RMB119.0 million) to secure certain banking facilities for the Group.

Significant Investments Held

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 30 June 2025.

In the future, the Group will continue to identify new opportunities for business development. As at 30 June 2025, the Group has not executed any agreement in respect of material acquisitions, investments or capital asset and does not have any other future plans relating to material acquisitions, investments or capital asset. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Employees and Remuneration Policies

As at 30 June 2025, the Group had a total of 595 full-time employees (31 December 2024: 569). The Group believes that employees are valuable assets that are crucial to the success of the Group. The Group generally pays its employees a fixed salary and discretionary year-end bonus and other allowances based on their respective positions and responsibilities. For the six months ended 30 June 2025, staff costs of the Group increased from approximately RMB35.0 million to approximately RMB41.7 million, the increase was mainly due to the increase in salaries, allowances and other benefits for the additional full-time employees.

Environmental Policies and Performance

The Group's business is subject to the relevant national and local environmental laws and regulations in the PRC, such as the Environmental Protection Law of the People's Republic of China. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous waste. A summary of the environmental protection laws and regulations applicable to the Group is set out in "Regulatory overview" in the prospectus of the Company dated 30 October 2020 (the "**Prospectus**").

Subsequent Event After Reporting Period

The Group has recently entered into an acquisition agreement to acquire a company incorporated in Singapore, which holds a controlling interest in a Vietnamese entity possessing the land use rights for a parcel of land in Vietnam. Through this transaction, the Group is positioned to obtain indirect control over the land, which it intends to use for the development of new manufacturing facilities. For details, please refer to the announcement of the Company dated 25 July 2025.

Save as the aforementioned, as at the date of this interim report, the Group has no significant event occurred after the six months ended 30 June 2025 which require additional disclosures or adjustments.

Use of Net Proceeds from Listing

The net proceeds from the Listing received by the Company, after deducting the underwriting commissions and expenses paid by the Company, are approximately HK\$81.9 million (the "**Net Proceeds**"). As disclosed in the annual results announcement of the Company for the year ended 31 December 2023, the Net Proceeds had been fully utilised.

Dividend

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

OTHER INFORMATION

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Company has complied with all applicable code provisions of the CG Code during the six months ended 30 June 2025, except for deviation from code provision C.2.1 as explained under the paragraph headed “Chairman and Chief Executive Officer” below.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. However, the Company at present does not have a chief executive officer.

The overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels and the Board believes that the current management structure enables effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended 30 June 2025.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Change in Directors' and the Senior Management's Information

There is no change in the information of the Directors and senior management of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2025, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

OTHER INFORMATION

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company (%) ⁽¹⁾
Oriental Ever Holdings Limited	Beneficial interest	450,000,000 (L)	75%
Mr. Xue Liang	Interest in a controlled corporation ⁽²⁾	450,000,000 (L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Oriental Ever Holdings Limited, which is owned as to 100% by Mr. Xue Liang, directly held 450,000,000 Shares. By virtue of the SFO, Mr. Xue Liang was deemed to have an interest in the Shares held by Oriental Ever Holdings Limited.

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any other persons (other than the Directors) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Option Scheme

The Company has adopted the share option scheme on 21 October 2020 (the "**Share Option Scheme**"). No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to the date of this interim report.

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2025, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Purchase, Sale or Redemption of Listed Securities or Sale of Treasury Shares

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities or sold any treasury Shares (as defined under the Listing Rules). As at 30 June 2025, the Company did not hold any treasury Shares (as defined under the Listing Rules).

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Group's unaudited financial results for the six months ended 30 June 2025 and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financing reporting matters with management including a review of the unaudited consolidated financial statements for the six months ended 30 June 2025. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

On behalf of the Board

Mr. XUE Shidong

Chairman of the Board

Hong Kong, 28 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	4	489,040	481,054
Cost of sales		(426,294)	(424,554)
Gross profit		62,746	56,500
Other income	6	2,816	4,776
Selling and distribution expenses		(10,071)	(9,966)
Administrative expenses		(24,981)	(24,560)
Finance costs	7	(6,790)	(5,635)
Profit before tax		23,720	21,115
Income tax expenses	8	(3,922)	(3,286)
Profit for the period	9	19,798	17,829
Other comprehensive income (expense) for the period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translating a foreign operation		3,928	(1,741)
Total comprehensive income for the period attributable to owners of the Company		23,726	16,088
Earnings per share			
Basic and diluted (RMB cents)	11	3.30	2.97

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	162,379	155,866
Right-of-use assets		38,084	40,429
Intangible assets		81	111
Investment properties		44,530	45,297
Deferred tax assets		379	379
		245,453	242,082
Current Assets			
Inventories		133,384	119,970
Trade and bills receivables	13	296,778	292,120
Prepayments and other receivables	14	93,969	110,012
Amount due from a related company	15	2,572	16,319
Time deposits	16	18,814	19,465
Bank balances and cash		35,356	65,021
		580,873	622,907
Current Liabilities			
Trade and bills payables	17	130,019	189,756
Accruals and other payables		47,474	49,032
Contract liabilities	18	1,460	2,124
Income tax payable		6,580	2,932
Lease liabilities		132	3,307
Borrowings	19	190,041	237,046
		375,706	484,197
Net current assets		205,167	138,710
Total assets less current liabilities		450,620	380,792

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Non-current Liabilities			
Borrowings	19	116,608	70,432
Lease liabilities		10	85
Deferred tax liabilities		17,012	17,012
		133,630	87,529
Net assets		316,990	293,263
Capital and Reserves			
Share capital		5,035	5,035
Reserves		311,955	288,228
Total Equity		316,990	293,263

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company						
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 (Audited)	5,035	25,046	(4,313)	(7,048)	20,827	253,717	293,264
Profit for the period	—	—	—	—	—	19,798	19,798
Exchange difference arising on translating a foreign operation	—	—	—	3,928	—	—	3,928
Total comprehensive income for the period	—	—	—	3,928	—	19,798	23,726
Appropriation to statutory reserve	—	—	—	—	155	(155)	—
At 30 June 2025 (Unaudited)	5,035	25,046	(4,313)	(3,120)	20,982	273,360	316,990
At 1 January 2024 (Audited)	5,035	41,670	(4,313)	(3,698)	20,320	217,201	276,215
Profit for the period	—	—	—	—	—	17,829	17,829
Exchange difference arising on translating a foreign operation	—	—	—	(1,741)	—	—	(1,741)
Total comprehensive income for the period	—	—	—	(1,741)	—	17,829	16,088
Appropriation to statutory reserve	—	—	—	—	120	(120)	—
At 30 June 2024 (Unaudited)	5,035	41,670	(4,313)	(5,439)	20,440	234,910	292,303

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
NET CASH GENERATED (USED IN) FROM OPERATING ACTIVITIES	(20,818)	10,182
INVESTING ACTIVITIES		
Placement in deposits	—	(19,218)
Payments for purchase of property, plant and equipment ("PPE")	(14,208)	(14,403)
Repayment from (advances to) a related company	13,747	(241)
Interest received	54	1,045
Withdrawal of deposits	—	66,745
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(407)	33,928
FINANCING ACTIVITIES		
New borrowings raised	123,488	267,134
Government subsidies received	56	77
Payments of lease liabilities	(3,244)	(4,113)
Interest paid	(6,730)	(5,575)
Dividend paid	—	(21,027)
Repayments of borrowings	(124,317)	(313,365)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(10,747)	(76,869)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,972)	(32,759)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	65,021	100,238
Effect of foreign exchange rate changes	2,307	(1,741)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	35,356	65,738

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. Corporate Information

Yadong Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 22 September 2016 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18 November 2020 (the “Listing”). Its immediate and ultimate holding company is Oriental Ever Holdings Limited (“Oriental Ever Holdings”), a company with limited liability incorporated in the British Virgin Islands (the “BVI”). Oriental Ever Holdings is wholly and directly owned by Mr. Xue Liang, who is the son of a director of the Company, Mr. Xue Shidong (the “Controlling Shareholder”).

The address of the registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and the principal place of business of the Company is located at No. 381 Laodong East Road, Tianning District, Changzhou, Jiangsu Province, China.

The Company is an investment holding company and its subsidiaries (together referred to as the “Group”) are principally engaged in sales of fabrics products and provision of dyeing and processing services.

The condensed consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

2. Basis of Preparation

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 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 requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

These condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

In the current period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRS Accounting Standards and the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. Principal Accounting Policies (Continued)

The application of the amendments to HKFRS Accounting Standards in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. Revenue

Revenue represents the amounts received and receivable arising from sales of fabric products and provision of dyeing and processing services, net of sales related taxes for the period. The Group's revenue is recognised at a point in time. An analysis of the Group's revenue disaggregated by major products or service lines is as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Sales of plain weave fabrics	338,598	361,600
Sales of corduroy fabrics	130,378	99,231
Provision of dyeing and processing services	20,064	20,223
	489,040	481,054

5. Segment Information

The directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group is principally engaged in sales of fabrics products and provision of dyeing and processing services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Company as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

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For the six months ended 30 June 2025

5. Segment Information (Continued)

Geographical information

The Group's manufacturing and operations are all located in the PRC. Non-current assets of the Group are all located in the PRC.

An analysis of the Group's revenue from external customers is presented based on the locations of customers.

	Revenue from external customers	
	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
The PRC	330,507	340,688
Bangladesh	68,539	60,122
Vietnam	41,063	24,583
Japan	13,385	17,643
Others	35,546	38,018
	489,040	481,054

Information about major customers

No revenue from customers contributing over 10% of the total revenue of the Group for the six months ended 30 June 2025 and 2024.

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For the six months ended 30 June 2025

6. Other Income

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Bank interest income	54	1,045
Exchange gain, net	455	2,396
Government subsidies (note i)	56	77
Rental income	1,529	1,192
Sundry income	722	66
	2,816	4,776

Note:

- (i) The government subsidies represent the one-off government subsidies that were received from local government authorities of which the entitlements were unconditional and under the discretion of the relevant authorities. The amounts were therefore immediately recognised as other income during the six months ended 30 June 2025 and 2024.

7. Finance Costs

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interests on:		
Borrowings	6,770	5,553
Lease liabilities	20	82
	6,790	5,635

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For the six months ended 30 June 2025

8. Income Tax Expenses

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	3,922	3,286
PRC Enterprise Income Tax ("EIT")	—	—
	3,922	3,286
Deferred tax		
Current year	—	—
	3,922	3,286

8. Income Tax Expenses (Continued)

- (i) Pursuant to the rules and regulation of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.
- (ii) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the six months ended 30 June 2025 and 2024, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.
- (iii) Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory EIT rate of Yadong (Changzhou) Science and Technology Co., Ltd. (“Yadong (Changzhou)”), a subsidiary of the Group established in PRC is 25% for both years. In December 2024, Yadong (Changzhou) obtained a high-tech enterprise certificate and is subject to EIT at a reduced rate of 15% for three years from 2024 to 2026.
- (iv) A tax concession of 100% was granted to the Group under Hong Kong tax jurisdiction which is subject to a ceiling of HK\$1,500 (six months ended 30 June 2024: HK\$3,000) per company for the six months ended 30 June 2025.

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For the six months ended 30 June 2025

9. Profit for the Period

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	1,175	1,269
Salaries, allowances and other benefits (excluding directors' emoluments)	35,425	29,306
Contributions to retirement benefits scheme (excluding directors' emoluments)	5,083	4,431
Total staff costs	41,683	35,006
Auditor's remuneration	153	149
Amortisation of intangible assets	29	58
Amount of inventories recognised as an expense	401,458	394,911
Depreciation of property, plant and equipment	11,699	9,765
Depreciation of investment properties	767	767
Depreciation of right-of-use assets	1,554	5,126

10. Dividends

No interim dividend has been declared in respect of the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. Earnings Per Share

The calculation of the basic earnings per share during the six months ended 30 June 2025 and 2024 is based on the profit for the period attributable to the owners of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	19,798	17,829
Weighted average number of ordinary shares for the purpose of basic earnings per share	'000 600,000	'000 600,000

Diluted earnings per share

Diluted earnings per share is as same as basic earnings per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2025 and 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. Movements in Property, Plant and Equipment

During the six months ended 30 June 2025, the Group has addition of property, plant and equipment of approximately RMB18,212,000 (six months ended 30 June 2024: RMB14,403,000).

13. Trade and Bills Receivables

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	277,828	267,082
Bills receivables	19,947	26,035
Less: Impairment	(997)	(997)
	296,778	292,120

As at 30 June 2025, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB297,775,000 (2024: RMB293,117,000).

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For the six months ended 30 June 2025

13. Trade and Bills Receivables (Continued)

The Group allows credit period of up to 90 days to its trade customers. The Group does not hold any collateral over its trade and bills receivables. The following is an aged analysis of trade and bills receivables, net of impairment, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 30 days	196,880	216,631
31 to 60 days	55,008	44,349
61 to 90 days	23,030	24,295
91 to 180 days	21,860	6,845
Total	296,778	292,120

The Group applies simplified approach to provide for expected credit loss ("ECL") prescribed by HKFRS 9. The Group assessed the ECL for trade and bills receivables in grouped based on shared credit risk characteristics as at 30 June 2025 and 31 December 2024.

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For the six months ended 30 June 2025

13. Trade and Bills Receivables (Continued)

Impairment assessment on trade and bills receivables subject to ECL model

The Group measures the loss allowance for trade and bills receivables at an amount equal to lifetime ECL. The ECL on trade and bills receivables are estimated using a provision matrix by reference to past default experience of the debtor adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due ageing status is not further distinguished between the Group's different customer bases.

There has been no change in the estimation techniques or significant assumption made during the six months ended 30 June 2025 and year ended 31 December 2024.

The movement in the impairment losses of trade and bills receivables during the six months ended 30 June 2025 and year ended 31 December 2024 is as follows:

	Impairment loss allowance RMB'000
Balance as at 1 January 2024 (Audited)	1,430
Impairment loss recognised	(433)
Balance as at 31 December 2024 (Audited)	997
Impairment loss recognised	—
Balance as at 30 June 2025 (Unaudited)	997

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. Prepayments and Other Receivables

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Refundable deposit for potential investments (note a)	54,416	55,690
Prepayments	31,532	41,270
Other tax recoverables	302	3,591
Others	7,719	9,461
	93,969	110,012

Note a: As at 30 June 2025, a refundable deposit of USD7.6 million (equivalent to approximately RMB54,416,000) (31 December 2024: RMB55,690,000) was paid to an independent third party for potential investments with prospective business expansion in Southeast Asia.

Note b: ECL on prepayments and other receivables are insignificant as they are low risk of default and no significant increase in credit risk as at 30 June 2025 and 31 December 2024.

15. Amount Due from a Related Company

The amount due from a related company is unsecured, non-interest bearing, repayable on demand and non-trade in nature.

The management considered that the amount due from a related company to be low credit risk and thus no impairment provision is recognised during the six months ended 30 June 2025 and year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. Time Deposits

As at 30 June 2025, the Group had fixed-term time deposit in a bank in the PRC with maturity of one year. The deposit carry fixed interests rate at 0.35% (31 December 2024: 0.35%) per annum.

17. Trade and Bills Payables

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	123,954	189,756
Bills payables	6,065	—
	130,019	189,756

The following is an aged analysis of trade and bills payables presented based on invoice date at the end of the reporting period.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 30 days	56,417	140,322
31 to 60 days	25,878	28,385
61 to 90 days	8,917	10,990
91 to 180 days	25,965	9,594
181 to 365 days	12,338	301
Over 365 days	504	164
Total	130,019	189,756

17. Trade and Bills Payables (Continued)

The average credit period on purchases of goods is ranging from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

18. Contract Liabilities

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contract liabilities	1,460	2,124

Contract liabilities represent advances received from customers related to sales of fabric products.

19. Movements in Borrowings

During the current interim period, the Group raised borrowings of approximately RMB123,488,000 (six months ended 30 June 2024: approximately RMB267,134,000) and repaid borrowings of approximately RMB123,317,000 (six months ended 30 June 2024: approximately RMB313,365,000).

The weighted average effective interest rate of borrowings for the six months ended 30 June 2025 was 3.57% per annum (six months ended 30 June 2024: 4.1% per annum).

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20. Pledge of Assets

At 30 June 2025 and 31 December 2024, the Group had pledged the following assets to secure banking facilities granted to the Group:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Building	35,904	36,621
Right-of-use assets	36,391	37,116
Investment properties	44,530	45,297
	116,825	119,034

21. Share-Based Payment Transactions

Share-option scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) upon Listing. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The maximum number of unexercised share options issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from 21 October 2020 (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) (the “Adoption Date”) must not in aggregate exceed 10% of all the shares in issue as at the Listing. Therefore, it is expected that the Company may grant options in respect of up to 60,000,000 shares (or such numbers of shares as shall result from a sub-division or a consolidation of such 60,000,000 shares from time to time) to the participants under the Share Option Scheme.

21. Share-Based Payment Transactions (Continued)

Share-option scheme (Continued)

Share options granted to a Director, chief executive or substantial shareholder (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). In addition, any grant of share options to a substantial shareholder or an independent non-executive Director (or any of their respective close associates), in excess of 0.1% of the shares of the Company in issue on the date of offer with an aggregate value (based on the closing price of the Company's shares quoted on the Stock Exchange at the date of grant) in excess of HK\$5 million made within any 12-month period from the date of grant (inclusive) would be subject to shareholders' approval in a general meeting.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option of the Company. During the six months ended 30 June 2025, no options were granted under the Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. Related Party Transactions

- (a) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with related parties during the six months ended 30 June 2025 and year ended 31 December 2024:

	Notes	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Amount due from a related party			
Changzhou Dongxia Real Estate Agency Ltd. (常州市東霞房地產代理有限公司) ("Dongxia")	(i) & (ii)	2,572	16,319
Maximum amount outstanding during the period/year			
Dongxia		16,319	16,319
Rental expenses paid to a related party			
Dongxia		1,600	3,200

Notes:

- (i) The balances are unsecured, interest free, repayable on demand and non-trade in nature.
- (ii) Dongxia is a related company incorporated in the PRC and is beneficially owned by Mr. Xue Shidong, the director of the Company.

22. Related Party Transactions (Continued)

(b) Compensation of key management personnel

The emoluments of the directors of the Company and other members of key management were as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Short-term benefits	2,067	1,996
Post-employment benefits	108	90
	2,175	2,086

The emoluments of key management personnel are determined by the remuneration committee having regard to the performance of the individuals and market trends.

(c) Right-of-use assets

Certain right-of-use assets are leased from a related company. For the six months ended 30 June 2025, the amount of rent payable by the Group under the lease is nil (2024: RMB3,200,000).

As at 30 June 2025, the carrying amount of the related lease liabilities was nil (2024: approximately RMB3,184,000).

(d) Guarantee

Certain of the Group's banking facilities were granted from pledged assets or guarantees given by the related party.

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23. Capital Commitments

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment and construction in progress contracted for but not provided in the condensed consolidated financial statements	3,011	15,800

24. Event After the Reporting Period

On 25 July 2025, the Group entered into a sale and purchase agreement to acquire 100% issued share capital of Brilliant Textile Pte. Ltd (“Brilliant Textile”) at a consideration of USD8.9 million (equivalent to approximately RMB65,200,000).

Upon the completion of the transaction, Brilliant Textile will become a subsidiary of the Group. Details of the aforesaid transaction are disclosed in the Company’s announcement dated 25 July 2025.