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亞東

**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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

- Revenue slightly decreased by approximately RMB5.1 million or approximately 0.5% from approximately RMB1,078.6 million for the year ended 31 December 2024 to approximately RMB1,073.5 million for the year ended 31 December 2025.
- Gross profit increased by approximately RMB8.1 million or approximately 5.9% from approximately RMB136.5 million for the year ended 31 December 2024 to approximately RMB144.6 million for the year ended 31 December 2025.
- Gross profit margin increased from approximately 12.7% for the year ended 31 December 2024 to approximately 13.5% for the year ended 31 December 2025.
- Profit increased by approximately RMB0.3 million or approximately 0.8% from approximately RMB37.0 million for the year ended 31 December 2024 to approximately RMB37.3 million for the year ended 31 December 2025.
- Basic and diluted earnings per share was approximately RMB6.31 cents for the year ended 31 December 2025.
- The Board does not recommend the payment of any final dividend for the year.

The board (the “**Board**”) of directors (the “**Directors**”) of Yadong Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the corresponding year ended 31 December 2024. The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in relation to preliminary announcements of annual results which is prepared in accordance with the HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and audited by SHINEWING (HK) CPA Limited (“**SHINEWING**”), the auditor of the Group. Such annual results have also been reviewed and confirmed by the Board and the audit committee of the Board. Unless otherwise stated, the financial data of the Company are presented in Renminbi (“**RMB**”).

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

*FOR THE YEAR ENDED 31 DECEMBER 2025*

	<i>Notes</i>	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 (Audited) RMB'000
Revenue	4	<b>1,073,500</b>	1,078,589
Cost of sales		<u><b>(928,863)</b></u>	<u>(942,134)</u>
Gross profit		<b>144,637</b>	136,455
Other income	6	<b>7,292</b>	9,373
Selling and distribution expenses		<b>(35,235)</b>	(35,759)
Administrative expenses		<b>(58,800)</b>	(56,261)
Finance costs	7	<u><b>(12,458)</b></u>	<u>(11,832)</u>
Profit before tax		<b>45,436</b>	41,976
Income tax expenses	8	<u><b>(8,095)</b></u>	<u>(4,953)</u>
Profit for the year	9	<u><b>37,341</b></u>	<u>37,023</u>
Profit (loss) for the year attributable to:			
— Owner of the Company		<b>37,871</b>	37,023
— Non-controlling interest		<u><b>(530)</b></u>	<u>—</u>
		<u><b>37,341</b></u>	<u>37,023</u>
Other comprehensive income (expense) for the year:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translating foreign operations		<u><b>13,181</b></u>	<u>(3,351)</u>
Total comprehensive income for the year		<u><b>50,522</b></u>	<u>33,672</u>
Total comprehensive income (expense) attributable to:			
— Owners of the Company		<b>51,812</b>	33,672
— Non-controlling interest		<u><b>(1,290)</b></u>	<u>—</u>
		<u><b>50,522</b></u>	<u>33,672</u>
Earnings per share			
Basic and diluted (RMB cents)	11	<u><b>6.31</b></u>	<u>6.17</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

	<i>Notes</i>	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 (Audited) RMB'000
<b>Non-current Assets</b>			
Property, plant and equipment		<b>381,300</b>	155,866
Right-of-use assets	<i>12</i>	<b>130,458</b>	40,429
Intangible assets		<b>130</b>	111
Investment properties		<b>43,770</b>	45,297
Deferred tax assets		<b>335</b>	379
Deposit paid for acquisition of property, plant and equipment	<i>15</i>	<b>3,548</b>	—
		<b>559,541</b>	242,082
<b>Current Assets</b>			
Inventories	<i>13</i>	<b>111,552</b>	119,970
Trade and bills receivables	<i>14</i>	<b>345,635</b>	292,120
Prepayments and other receivables	<i>15</i>	<b>29,624</b>	110,012
Amount due from a related company		<b>1,050</b>	16,319
Time deposits		<b>20,159</b>	19,465
Bank balances and cash		<b>137,256</b>	65,021
		<b>645,276</b>	622,907
<b>Current Liabilities</b>			
Trade and bills payables	<i>16</i>	<b>248,480</b>	189,756
Accruals and other payables	<i>17</i>	<b>112,006</b>	49,032
Contract liabilities	<i>18</i>	<b>2,429</b>	2,124
Income tax payable		<b>362</b>	2,932
Lease liabilities	<i>12</i>	<b>3,973</b>	3,307
Borrowings		<b>258,923</b>	237,046
		<b>626,173</b>	484,197
<b>Net current assets</b>		<b>19,103</b>	138,710
<b>Total assets less current liabilities</b>		<b>578,644</b>	380,792

	<i>Notes</i>	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 (Audited) RMB'000
<b>Non-current Liabilities</b>			
Borrowings		<b>178,532</b>	70,432
Lease liabilities	<i>12</i>	<b>3,990</b>	85
Deferred tax liabilities		<u><b>17,379</b></u>	<u>17,012</u>
		<u><b>199,901</b></u>	<u>87,529</u>
<b>Net assets</b>		<u><b>378,743</b></u>	<u>293,263</u>
<b>Capital and Reserves</b>			
Share capital		<b>5,035</b>	5,035
Reserves		<u><b>340,040</b></u>	<u>288,228</u>
		<b>345,075</b>	293,263
Non-controlling interests		<u><b>33,668</b></u>	<u>—</u>
<b>Total Equity</b>		<u><b>378,743</b></u>	<u>293,263</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. CORPORATE INFORMATION

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. 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 the Group is principally engaged in sales of fabrics products and provision of dyeing and processing services.

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

#### Application of amendments to a HKFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to a HKFRS Accounting Standard 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
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The application of the amendments to HKAS 21 in the current year has had no material impact on the Group’s financial performance and position for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## **New and amendments to HKFRS Accounting Standards issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

### ***HKFRS 18 — Presentation and Disclosure in Financial Statements***

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future consolidated financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

### 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 year. 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:

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 (Audited) RMB'000
Sales of plain weave fabrics	<b>826,083</b>	894,857
Sales of corduroy fabrics	<b>200,909</b>	140,887
Provision of dyeing and processing services	<b>46,508</b>	42,845
	<b><u>1,073,500</u></b>	<u>1,078,589</u>

#### **Transaction price allocated to the remaining performance obligation for contracts with customers**

Sales of goods were made in a short period of time and the performance obligation was mostly satisfied in one year or less at the end of each year, thus the Group applied the expedient of not to disclose the transaction price allocated to unsatisfied performance obligation.

### 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.

#### **Geographical information**

The Group's manufacturing and operations are located in the People's Republic of China (the "PRC") and Vietnam.

An analysis of the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	<b>Revenue from external customers</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
The PRC	<b>784,331</b>	800,998
Bangladesh	<b>116,650</b>	110,711
Vietnam	<b>77,875</b>	72,855
Japan	<b>35,916</b>	27,659
Others	<b>58,728</b>	66,366
	<b><u>1,073,500</u></b>	<b><u>1,078,589</u></b>
	<b>Non-current assets</b>	
	<b>2025</b>	<b>2024</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
The PRC	<b>271,501</b>	241,703
Vietnam	<b>287,627</b>	—
Others	<b>78</b>	—
	<b><u>559,206</u></b>	<b><u>241,703</u></b>

*Note:* Non-current assets excluded deferred tax assets.

### **Information about major customers**

There are no customers contributing over 10% of the total revenue of the Group for the years ended 31 December 2025 and 2024.

## **6. OTHER INCOME**

	<b>2025</b>	<b>2024</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Bank interest income	<b>344</b>	1,219
Exchange gain, net	<b>—</b>	2,880
Government subsidies ( <i>note i</i> )	<b>677</b>	675
Rental income ( <i>note ii</i> )	<b>4,459</b>	3,685
Reversal of impairment loss on trade and bill receivables	<b>224</b>	433
Sundry income	<b>1,588</b>	481
	<b><u>7,292</u></b>	<b><u>9,373</u></b>

*Notes:*

- (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 years ended 31 December 2025 and 2024.
- (ii) An analysis of Group's net rental income is as follows:

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 <b>(Audited)</b> <b>RMB'000</b>
Gross rental income from investment properties	<b>4,459</b>	3,685
Less:		
— direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative expenses)	<b>(754)</b>	(670)
— direct operating expenses incurred for investment properties that did not generate rental income during the year (included in administrative expenses)	<b>(437)</b>	(500)
	<b><u>3,268</u></b>	<b><u>2,515</u></b>

## 7. FINANCE COSTS

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 <b>(Audited)</b> <b>RMB'000</b>
Interests on:		
Borrowings	<b>13,851</b>	11,650
Lease liabilities	<b>190</b>	182
	<b>14,041</b>	11,832
Less: amounts capitalised	<b>(1,583)</b>	—
	<b><u>12,458</u></b>	<b><u>11,832</u></b>

## 8. INCOME TAX EXPENSES

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Current tax:		
Hong Kong Profits Tax	7,684	7,388
PRC Enterprise Income Tax (“EIT”)	<u>—</u>	<u>—</u>
	7,684	7,388
Over-provision in respect of prior years	<u>—</u>	<u>(2,536)</u>
	7,684	4,852
Deferred tax	<u>411</u>	<u>101</u>
	<u><u>8,095</u></u>	<u><u>4,953</u></u>

### Notes:

- (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 years ended 31 December 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\$3,000 per company for the year ended 31 December 2025 (2024: HK\$1,500).
- (v) No provision for taxation has been made for the Singapore and Vietnam subsidiaries as the subsidiaries had no assessable profits during the year ended 31 December 2025.

## 9. PROFIT FOR THE YEAR

	<b>2025</b>	2024
	<b>(Audited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	<b>3,680</b>	3,725
Salaries, allowances and other benefits (excluding directors' emoluments)	<b>81,420</b>	70,835
Contributions to retirement benefits scheme (excluding directors' emoluments)	<b>11,357</b>	8,213
Total staff costs	<b>96,457</b>	82,773
Auditor's remuneration	<b>1,112</b>	1,027
Amortisation of intangible assets	<b>60</b>	111
Amount of inventories recognised as an expense	<b>888,106</b>	904,449
Loss on disposal of property, plant and equipment	<b>107</b>	736
Depreciation of property, plant and equipment	<b>22,808</b>	20,275
Depreciation of right-of-use assets	<b>5,138</b>	7,468
Depreciation of investment properties	<b>1,527</b>	1,527
Research and development costs recognised as an expense ( <i>note a</i> )	<b>37,684</b>	35,113
Reversal of impairment loss on trade and bills receivables	<b>(224)</b>	(433)

*Note a:* Included in research and development expenses was staff costs of approximately RMB15,230,000 (2024: RMB15,782,000) which has been included in staff costs.

## 10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share during the years ended 31 December 2025 and 2024 is based on the profit for the year attributable to the owners of the Company and the weighted average number of ordinary shares in issue.

	2025 (Audited) <i>RMB'000</i>	2024 (Audited) <i>RMB'000</i>
Earnings for the purpose of basic earnings per share (profit for the year attributable to the owners of the Company)	<u>37,871</u>	<u>37,023</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>600,000</u>	<u>600,000</u>

### 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 years ended 31 December 2025 and 2024.

## 12. LEASES

### (i) Right-of-use assets

	2025 (Audited) <i>RMB'000</i>	2024 (Audited) <i>RMB'000</i>
Land	122,498	37,116
Factory, warehouse and offices	<u>7,960</u>	<u>3,313</u>
	<u>130,458</u>	<u>40,429</u>

### (ii) Lease Liabilities

	2025 (Audited) <i>RMB'000</i>	2024 (Audited) <i>RMB'000</i>
Analysed as:		
Current portion	3,973	3,307
Non-current portion	<u>3,990</u>	<u>85</u>
	<u>7,963</u>	<u>3,392</u>

### 13. INVENTORIES

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Raw materials	22,687	21,016
Work in progress	57,471	59,229
Finished goods	<u>31,394</u>	<u>39,725</u>
	<u><u>111,552</u></u>	<u><u>119,970</u></u>

### 14. TRADE AND BILLS RECEIVABLES

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Trade receivables	319,356	267,082
Bills receivables	27,052	26,035
Less: Allowance for impairment of trade and bills receivables	<u>(773)</u>	<u>(997)</u>
	<u><u>345,635</u></u>	<u><u>292,120</u></u>

As at 31 December 2025, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB346,408,000 (2024: RMB293,117,000).

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.

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Within 30 days	245,179	216,631
31 to 60 days	50,200	44,349
61 to 90 days	19,429	24,295
91 to 180 days	<u>30,827</u>	<u>6,845</u>
Total	<u><u>345,635</u></u>	<u><u>292,120</u></u>

## 15. PREPAYMENTS AND OTHER RECEIVABLES

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Non-current assets		
Deposit paid for acquisition of PPE	<u>3,548</u>	<u>—</u>
Current assets		
Refundable deposit for potential investments ( <i>note a</i> )	—	55,690
Prepayments to suppliers	24,641	41,270
Other tax recoverables	1,780	3,591
Other receivables	<u>3,203</u>	<u>9,461</u>
	<u>29,624</u>	<u>110,012</u>
	<u>33,172</u>	<u>110,012</u>

*Note a:* As at 31 December 2024, a refundable deposit of United States dollars (“US\$”) 7,600,000 (equivalent to approximately RMB55,690,000) was paid to an independent third party for potential investments associated with prospective business expansion in Southeast Asia in which an acquisition of a subsidiary has been completed on 25 July 2025 and the deposit was included as part of the consideration.

*Note b:* Expected credit loss on other receivables are insignificant as they are low risk of default and no significant increase in credit risk as at 31 December 2025 and 2024.

## 16. TRADE AND BILLS PAYABLES

	2025 (Audited) RMB'000	2024 (Audited) RMB'000
Trade payables	235,419	189,756
Bills payables	<u>13,061</u>	<u>—</u>
	<u>248,480</u>	<u>189,756</u>

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

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 <b>(Audited)</b> <b>RMB'000</b>
Within 30 days	<b>180,658</b>	140,322
31 to 60 days	<b>34,219</b>	28,385
61 to 90 days	<b>20,833</b>	10,990
91 to 180 days	<b>11,979</b>	9,594
181 to 365 days	<b>622</b>	301
Over 365 days	<b>169</b>	164
Total	<b><u>248,480</u></b>	<b><u>189,756</u></b>

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.

#### 17. ACCRUALS AND OTHER PAYABLES

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 <b>(Audited)</b> <b>RMB'000</b>
Accrued salaries ( <i>note a</i> )	<b>17,778</b>	14,750
Accrued expenses	<b>3,557</b>	3,443
Interest payables	<b>95</b>	401
Payables for acquisition of PPE	<b>55,054</b>	—
Dividend payable	<b>29,630</b>	29,630
Other tax payables	<b>4,823</b>	—
Others	<b>1,069</b>	808
	<b><u>112,006</u></b>	<b><u>49,032</u></b>

*Note:*

- (a) Accrued salaries included emoluments payable to the directors of the Company amounting to approximately RMB1,261,000 (2024: RMB1,680,000) as at 31 December 2025.

#### 18. CONTRACT LIABILITIES

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 <b>(Audited)</b> <b>RMB'000</b>
Contract liabilities	<b><u>2,429</u></b>	<b><u>2,124</u></b>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY REVIEW**

In 2025, while the global economic environment remained complex with ongoing geopolitical uncertainties, the PRC continued to advance high-quality development and foster new productive forces, thereby maintaining a steady growth path. According to the National Bureau of Statistics of China, the gross domestic product of the PRC reached RMB140,187.9 billion, representing a year-on-year increase of 5.0%. The total retail sales of consumer goods in the PRC amounted to RMB50,120.2 billion, representing a year-on-year increase of 3.7%, while the retail sales of apparel, footwear, headwear and knitwear reached RMB1,521.5 billion, representing a year-on-year increase of 3.2%.

Notwithstanding the growth supported by the implementation of a series of government policies aimed at expanding domestic demand and promoting consumption, the dyeing and finishing industry in the PRC continued to face challenges. Geopolitical instability and rising domestic production costs have accelerated the relocation of international apparel manufacturing to Southeast Asia. This structural shift has increased pressure on traditional PRC-based operators while offering new opportunities for enterprises that proactively expand overseas.

### **BUSINESS REVIEW**

During the year, the Group's revenue slightly decreased to approximately RMB1,073.5 million (2024: approximately RMB1,078.6 million). Despite the modest decline in revenue, the Group's gross profit increased by approximately RMB8.1 million or approximately 5.9% to approximately RMB144.6 million (2024: approximately RMB136.5 million). The gross profit margin of the Group increased to approximately 13.5% (2024: approximately 12.7%). The Group's profit also increased by approximately RMB0.3 million or approximately 0.8% to approximately RMB37.3 million (2024: approximately RMB37.0 million).

### **PROSPECT**

Stepping to 2026, although the international environment remains uncertain, the PRC economy is expected to continue its steady recovery supported by policies aimed at expanding domestic consumption.

Looking ahead, the Group is positive about its prospects for 2026. In terms of sales, the Group will further strengthen its sales and marketing efforts in the PRC to capitalise on business opportunities arising from the revival of domestic demand and expand its sales and market share in the PRC market. Apart from seeking more orders from its existing customers, the Group will actively reach out to new customers so as to broaden its customer base.

In terms of production, under the influence of the geopolitical instability, an increasing number of international apparel brands have been focusing their production activities in Southeast Asia countries in recent years. In response to this trend, the Group successfully completed the acquisition of land use rights for a piece of industrial land in Vietnam in July 2025. The Group has been preparing for the

setup of its own manufacturing facility in the acquired land in Vietnam. This strategic expansion will enable the Group to maintain close proximity to its customers' production bases, secure more orders from branded customers, and benefit from lower production costs together with favourable investment policies in Vietnam.

In addition, the Group will continue to invest in automation systems to enhance production efficiency, improve product quality and reduce operating costs.

With its solid reputation, diversified product portfolio, strong research and development capabilities and experienced management team, the Group is confident of achieving sustainable long-term growth and delivering maximum returns to its shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group slightly decreased by approximately RMB5.1 million or approximately 0.5% from approximately RMB1,078.6 million for the year ended 31 December 2024 to approximately RMB1,073.5 million for the year ended 31 December 2025.

### **Cost of Sales**

The cost of sales of the Group decreased by approximately RMB13.2 million or approximately 1.4% from approximately RMB942.1 million for the year ended 31 December 2024 to approximately RMB928.9 million for the year ended 31 December 2025. Such decrease was primarily attributable to improved cost control and production efficiency.

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

The gross profit of the Group increased by approximately RMB8.1 million or approximately 5.9% from approximately RMB136.5 million for the year ended 31 December 2024 to approximately RMB144.6 million for the year ended 31 December 2025. Such increase was primarily attributable to the decrease in the subcontracting costs during the same period. The gross profit margin of the Group increased from approximately 12.7% for the year ended 31 December 2024 to approximately 13.5% for the year ended 31 December 2025. Such increase was primarily attributable to (i) the effective cost control; and (ii) a slight increase in the average unit price of plain weave fabrics.

### **Other Income**

Other income of the Group decreased from approximately RMB9.4 million for the year ended 31 December 2024 to approximately RMB7.3 million for the year ended 31 December 2025. Such decrease was primarily attributable to the absence of net exchange gains (2024: net exchange gain of approximately RMB2.9 million).

## **Selling and Distribution Expenses**

The selling and distribution expenses of the Group decreased by approximately RMB0.6 million or approximately 1.7% from approximately RMB35.8 million for the year ended 31 December 2024 to approximately RMB35.2 million for the year ended 31 December 2025. Such decrease was primarily attributable to the effective cost control measures during the same period.

## **Administrative Expenses**

Administrative expenses of the Group increased from approximately RMB56.3 million for the year ended 31 December 2024 to approximately RMB58.8 million for the year ended 31 December 2025. Such increase was primarily attributable to the increase in salaries and social insurance contributions for the management personnel during the same period.

## **Finance Costs**

Finance costs of the Group increased from approximately RMB11.8 million for the year ended 31 December 2024 to approximately RMB12.5 million for the year ended 31 December 2025. Such increase was primarily attributable to the increase in interest expense of bank borrowings during the same period.

## **Income Tax Expenses**

Income tax expenses of the Group increased from approximately RMB5.0 million for year ended 31 December 2024 to approximately RMB8.1 million for the year ended 31 December 2025. Such increase was primarily attributable to the absence of over-provision in respect of prior years which was recognised in 2024.

## **Profit**

As a result of the foregoing, the profit for the year of the Group increased by approximately RMB0.3 million or approximately 0.9% from approximately RMB37.0 million for the year ended 31 December 2024 to approximately RMB37.3 million for the year ended 31 December 2025.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

On 25 July 2025, the Group 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, there were no material acquisitions or disposals of subsidiaries, associates or associated companies during the year ended 31 December 2025.

## **CAPITAL COMMITMENTS**

As at 31 December 2025, the Group had capital commitments of approximately RMB62.9 million, which were mainly related to the acquisition of the plant and machinery.

## **CONTINGENT LIABILITIES**

As at 31 December 2025, the Group did not have any significant contingent liabilities (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 is also exposed to foreign currency risk which 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 31 December 2025, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 68.6% (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 31 December 2025, the Group had bank balances and cash of approximately RMB137.3 million (2024: approximately RMB65.0 million). As at 31 December 2025, the current ratio of the Group was approximately 1.0 times (2024: approximately 1.3 times). Such decrease was mainly due to the increase in trade payables and payables for acquisition of property, plant and equipment in connection with the Group's expansion in Vietnam. The financial resources are presently available to the Group including bank borrowings and the net proceeds from the Listing, the Directors believe that the Group has 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. The Company's shares were successfully listed on the Stock Exchange on 18 November 2020. There has been no change in the capital structure of the Group during the year ended 31 December 2025.

## CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately RMB373.8 million as at 31 December 2025 (2024: approximately RMB276.4 million).

As at 31 December 2025, the Group's assets amounted to approximately RMB252.3 million was charged (2024: approximately RMB145.0 million) to secure facilities to the Group from banks and financial institutions:

	<b>2025</b> <b>(Audited)</b> <b>RMB'000</b>	2024 (Audited) RMB'000
Buildings	<b>35,192</b>	36,621
Right-of-use assets	<b>122,498</b>	37,116
Investment properties	<b>43,770</b>	45,297
Machineries	<b>50,808</b>	25,960
	<b><u>252,268</u></b>	<b><u>144,994</u></b>

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 597 full-time employees (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 year ended 31 December 2025, staff costs of the Group amounted to approximately RMB96.5 million, representing mainly salaries, allowances and other benefits, and contributions to retirement benefit scheme.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's business is subject to the relevant national and local environmental laws and regulations in China, 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**").

During the year ended 31 December 2025, the Group is not subject to any major environmental claims, lawsuits, penalties, administrative or disciplinary actions.

## SUBSEQUENT EVENTS AFTER REPORTING PERIOD

There was no significant event that took place after the year ended 31 December 2025 which requires additional disclosures or adjustments.

## **DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Company will hold the annual general meeting (the “**AGM**”) on Friday, 26 June 2026. The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 22 June 2026.

## **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 Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the year ended 31 December 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 year ended 31 December 2025.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR SALE OF TREASURY SHARES**

During the year ended 31 December 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 31 December 2025, the Company did not hold any treasury Shares (as defined under the Listing Rules).

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group’s audited financial results for the year ended 31 December 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 audited consolidated financial statements for the year ended 31 December 2025.

## **SCOPE OF WORK OF SHINEWING**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this annual results announcement have been agreed by the Group’s auditor, SHINEWING, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2025. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING on this annual results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yadongtextile.com](http://www.yadongtextile.com)). The annual report of the Company for the year ended 31 December 2025 will be disseminated to the Shareholders electronically (or in hard copy upon request) and published on the respective websites of the Stock Exchange and the Company according to the requirements of the Listing Rules.

By order of the Board  
**Yadong Group Holdings Limited**  
**Xue Shidong**  
*Chairman*

Hong Kong, 27 March 2026

*As at the date of this announcement, the Company has five executive Directors, namely Mr. Xue Shidong, Mr. Wang Bin, Mr. Xiang Wenbin, Ms. Zhang Yeping and Mr. Jin Rongwei; and three independent non-executive Directors, namely Mr. Zhu Qi, Mr. Ho Kin Cheong Kelvin and Ms. Li Jing.*