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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)

(1) MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION AGREEMENT FOR A FACTORY BUILDING IN VIETNAM; AND (2) NON-COMPLIANCE OF THE LISTING RULES

MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION AGREEMENT FOR A FACTORY BUILDING IN VIETNAM

On 2 April 2025, Amazing Ecotech (being an indirect wholly owned subsidiary of the Company) entered into the Construction Agreement with the Contractor (being an Independent Third Party) in relation to the construction of the Group's new manufacturing facility on the Land at the Construction Price of VND622,043,367,079 (equivalent to approximately HK$179,841,263).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the Construction Agreement exceeds 25% but is less than 100%, the entering into the Construction Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Considering that the relevant construction work contemplated under the Construction Agreement has been substantially completed as of the date of this announcement and all material information in respect of the Construction Agreement has been set forth in this announcement, even though the Construction Agreement was subject to the Shareholders' approval requirement as set out above, the Company considers that it will not be meaningful and therefore does not intend to despatch a circular or convene any general meeting of the Company for the purpose of ratifying the Construction Agreement.

NON-COMPLIANCE OF THE LISTING RULES

Due to a misunderstanding by management regarding the nature and classification of the Construction Agreement under Chapter 14 of the Listing Rules, the Company failed to report and announce the Construction Agreement in a timely manner as required under Rule 14.34 of the Listing Rules, and failed to obtain Shareholders' approval and despatch a circular as required under Rules 14.40, 14.41 and 14.38A of the Listing Rules. In this regard, the Company did not recognise that the entering into of the Construction Agreement fall under the ambit of Chapter 14 of the Listing Rules.

The Company acknowledges that the Construction Agreement should have been announced earlier in accordance with Chapter 14 of the Listing Rules. The Directors reiterated that they have no intention for such non-compliance and wish to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the Listing Rules as a top priority.

MAJOR TRANSACTION IN RELATION TO THE CONSTRUCTION AGREEMENT FOR A FACTORY BUILDING IN VIETNAM

On 2 April 2025, Amazing Ecotech (being an indirect wholly owned subsidiary of the Company) entered into the Construction Agreement with the Contractor (being an Independent Third Party) in relation to the construction of the Group's new manufacturing facility on the Land at the Construction Price of VND622,043,367,079 (equivalent to approximately HK$179,841,263).

THE CONSTRUCTION AGREEMENT

Major terms of the Construction Agreement are set out below:

Date : 2 April 2025

Parties : (i) Amazing Ecotech Textile Company Limited (i.e. Amazing Ecotech); and

(ii) Dinco Engineering and Construction Corporation (i.e. the Contractor)

The Contractor, Dinco Engineering and Construction Corporation is a company incorporated in Vietnam with limited liability. It is principally engaged in construction works. The Contractor is owned by Mr. Lê Trường Kỳ as to 57.75%, Ms. Huỳnh Phước Huyền Vy as to 42.13% and Ms. Nguyễn Thị Minh Phượng as to 0.12%.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : The Contractor shall perform the works in relation to the Project i.e. construction of the Group's new manufacturing facility at Lot 6, Road 7, Vietnam-Singapore Industrial Park, Tinh Tho Commune, Son Tinh District, Quang Ngai Province, Vietnam (the "**Project**").

Completion : Within 310 calendar days from the commencement date of the agreement. As at the date of this announcement, the Project has been substantially completed.

Warranties : The Contractor shall be responsible for the warranty of the Project for a period of 12 months after handover to Amazing Ecotech in accordance with the terms of the Construction Agreement.

Defects liability period : The defects liability period shall be 12 months from the date on which the Project have been inspected, accepted as meeting the requirements and handed over to Amazing Ecotech in accordance with the terms of the Construction Agreement.

Construction Price : The contract amount of VND622,043,367,079 (equivalent to approximately HK$179,841,263) payable by Amazing Ecotech to the Contractor, subject to adjustment based on actual amount of works carried out.

The Construction Price has been funded by the Group's internal resources generated from its daily operations.

Payment terms : Payment of the Construction Price shall be made by Amazing Ecotech to the Contractor in the following manner:

(a) Advance payment (10%):

an advance payment equal to 10% of the Construction Price (the "**Advance Payment**") shall be payable to the Contractor in two tranches as follows:

(i) 5% of the Advance Payment shall be payable within 14 days after the signing of the Construction Agreement; and

(ii) the remaining 5% of the Advance Payment shall be payable within 60 days after the signing of the Construction Agreement;

(b) *Bi-monthly progress payments (75%):*

the progress payments equal to 75% of the Construction Price shall be made bi-monthly upon certification by Amazing Ecotech;

(c) *Payments upon completion and handover (up to 90%):*

payments shall be made upon completion, handover and submission of completion documents, with cumulative payments (including the Advance Payment) not exceeding 90% of the Construction Price;

(d) *Payments upon issuance of completion permit (up to 95%):*

payments shall be made upon issuance of completion permit and all required documents, with cumulative payments (including the Advance Payment) not exceeding 95% of the Construction Price; and

(e) *Final payment (5%):*

the remaining 5% of the Construction Price shall be payable within 30 days upon expiration of the 12-month defects liability period and no defects being reported.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

The Board's decision to enter into the Construction Agreement on 2 April 2025 was a commercially rational judgment rooted in the Group's long-term strategy to diversify production into Southeast Asia. This strategy, previously disclosed in the Company's 2024 Annual Report, was driven by the need to establish a manufacturing presence closer to international customers who are shifting supply chains toward Southeast Asia.

The urgency to proceed was significantly accelerated in early April 2025 following a sweeping global tariff announcement by the United States, which signaled that Southeast Asian production capacity had become a strategic necessity for maintaining competitive standing. Considering the expected 11-month construction period required and the advanced stage of the formal acquisition preparations, the Board resolved to commence construction immediately to avoid material delays in the Group's planned production operations.

The terms of the Construction Agreement were arrived at after arm's length negotiations and the Construction Price were determined with reference to the prevailing market rates for comparable engineering, procurement and construction projects of similar scale and specifications for the industrial park market in the region, after obtaining various quotations for selection. In determining the price, the Company issued requests for quotation to 11 reputable local and international contractors experienced

in factory construction within industrial parks, particularly the Vietnam-Singapore Industrial Park (VSIP) projects. The evaluation took into account not only the quoted prices but also technical proposals, construction schedules, quality standards, past project references, and current industry benchmarks for engineering, procurement and construction works in Vietnam. The Directors consider that the terms of the Construction Agreements and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the Construction Agreement exceeds 25% but is less than 100%, the entering into the Construction Agreement constitutes a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Considering that the relevant construction work contemplated under the Construction Agreement has been substantially completed as of the date of this announcement and all material information in respect of the Construction Agreement has been set forth in this announcement, even though the Construction Agreement was subject to the Shareholders' approval requirement as set out above, the Company considers that it will not be meaningful and therefore does not intend to despatch a circular or convene any general meeting of the Company for the purpose of ratifying the Construction Agreement.

NON-COMPLIANCE OF THE LISTING RULES

Reasons for failure to comply with the requirements of the Listing Rules

Due to a misunderstanding by management regarding the nature and classification of the Construction Agreement under Chapter 14 of the Listing Rules, the Company failed to report and announce the Construction Agreement in a timely manner as required under Rule 14.34 of the Listing Rules, and failed obtain Shareholders' approval and despatch a circular as required under Rules 14.40, 14.41 and 14.38A of the Listing Rules. In this regard, the Company did not recognise that the entering into of the Construction Agreement fall under the ambit of Chapter 14 of the Listing Rules.

The Company acknowledges that the Construction Agreement should have been announced earlier in accordance with Chapter 14 of the Listing Rules. The Directors reiterated that they have no intention for such non-compliance and wish to stress that legal and regulatory compliance has long been an important culture of the Group and that it has always treated compliance with the Listing Rules as a top priority.

Existing Internal Procedures

Based on the Company's existing internal procedures, department heads and project managers are required to notify the head office finance team of any similar transactions, including but not limited to capital expenditure and acquisitions of properties. The finance team performs a preliminary assessment

to determine whether the transaction may trigger the size test thresholds under Chapter 14 of the Listing Rules. If the preliminary assessment indicates that the relevant percentage ratio exceeds 5%, the matter is escalated to the Board for approval.

Remedial actions

The Company takes the incident seriously.

In order to prevent the recurrence of similar non-compliance incidents in the future and to ensure ongoing compliance with the requirements under the Listing Rules, the Board has resolved to implement the following remedial measures:

(i) the Board will arrange supplementary compliance training covering all Directors, senior management, finance and accounting teams, project managers, contract negotiation personnel, and key staff in the Vietnam operations who are involved in contract negotiation, capital expenditure decisions and project execution. The scope has been expanded to cover not only construction contracts and capital expenditure commitments, but also other large-scale service agreements, engineering, procurement and construction contracts, lease arrangements, and any transactions that may potentially have implications under Chapters 14 and 14A of the Listing Rules. The training will be delivered by external legal advisers and completed by the end of the second quarter of 2026;

(ii) the Board will engage external compliance advisers to conduct a comprehensive review of the Group's internal compliance framework to strengthen the existing procedures and enhance compliance with Chapters 14 and 14A of the Listing Rules, including but not limited to (a) a review and update of the internal transaction classification and escalation procedures; (b) the development of a Listing Rules compliance checklist and decision tree for use by management when evaluating future transactions. The checklist will include key questions on size tests, aggregation (with reference to a central transaction log maintained by the Group to facilitate identification and aggregation of transactions), connected party identification and disclosure obligations, and will be applied Group-wide together with appropriate training; and (c) the establishment of a formal pre-execution review mechanism for any contract above a specified monetary threshold (i.e. with a consideration exceeding HK$10 million (or its equivalent in other currencies)) is entered into by any member of the Group. Under this mechanism, all contracts above the threshold must be submitted for a pre-execution review to assess whether they trigger any obligations under Chapter 14 or Chapter 14A of the Listing Rules (including size tests, aggregation of transactions, connected party identification and disclosure obligations) prior to execution. The engagement terms and scope are expected to be agreed by the end of the second quarter of 2026, with the full review to be completed by the end of the third quarter of 2026; and

(iii) the Board will hold regular project oversight meetings at Board level with senior management of the Vietnam operations commencing from the second quarter of 2026 on a quarterly basis. During the meetings, the Board will review, among other matters, the status and compliance of material contracts and capital expenditure projects, assess whether internal procedures and Listing Rules

requirements have been properly followed, and identify any potential transactions that may require disclosure or Shareholders' approval under Chapters 14 and 14A of the Listing Rules, so as to prevent recurrence of similar non-compliance incidents.

The Company will make further announcement to the Shareholders on updates of the progress of remedial actions.

The Board will assess the effectiveness of these remedial measures following completion of the external compliance review in the third quarter of 2026 and will implement any further enhancements recommended by the external advisers. The findings and recommendations of the review will be disclosed by way of a separate announcement, and the implementation status of the remedial measures will be disclosed in the Company's forthcoming annual report.

The Company would like to stress that it will use its best endeavours to carry out all necessary measures and appropriate actions to ensure full compliance with the Listing Rules on an ongoing basis.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Amazing Ecotech"	Amazing Ecotech Textile Company Limited, a company incorporated in Vietnam with limited liability and an indirect wholly owned subsidiary of the Company
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company"	Yadong Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1795)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Construction Agreement"	the construction contract dated 2 April 2025 entered into between Amazing Ecotech and the Contractor in relation to the Project
"Construction Price"	the contract amount of VND622,043,367,079 (equivalent to approximately HK$179,841,263) payable by Amazing Ecotech to the Contractor, subject to adjustment based on actual amount of works carried out
"Contractor"	Dinco Engineering and Construction Corporation (DINCO建築技術股份公司), a company incorporated in Vietnam with limited liability and an Independent Third Party

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate) within the meaning of the Listing Rules
"Land"	越南廣義省山靜縣靜壽鄉越南—新加坡工業園區7路6號 (Lot 6, Road 7, Vietnam-Singapore Industrial Park, Tinh Tho Commune, Son Tinh District, Quang Ngai Province, Vietnam*)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"Project"	the construction of the Group's new manufacturing facility on the Land
"Share(s)"	ordinary share(s) of par value HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Vietnam"	The Socialist Republic of Vietnam
"VND"	Vietnamese Dong, the lawful currency of Vietnam
"%"	per cent

For the purpose of illustration only and unless otherwise stated, conversion of HK$ into VND in this announcement is based on the approximate exchange rate of HK$1 to VND3,458.84674463. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

* *for identification purpose only*

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

Hong Kong, 11 June 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.