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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately RMB116.1 million or approximately 23.7% from approximately RMB489.0 million for the six months ended 30 June 2025 to approximately RMB605.1 million for the six months ended 30 June 2026.

- Gross profit increased by approximately RMB13.8 million or approximately 22.0% from approximately RMB62.7 million for the six months ended 30 June 2025 to approximately RMB76.5 million for the six months ended 30 June 2026.

- Gross profit margin decreased from approximately 12.8% for the six months ended 30 June 2025 to approximately 12.7% for the six months ended 30 June 2026.

- Profit increased by approximately RMB3.6 million or approximately 18.2% from approximately RMB19.8 million for the six months ended 30 June 2025 to approximately RMB23.4 million for the six months ended 30 June 2026.

- Basic earnings per share was approximately RMB4.40 cents for the six months ended 30 June 2026.

- The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2026.

The board (the "**Board**") of directors (the "**Directors**") of Yadong Group Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2026, together with the comparative unaudited figures for the corresponding period in 2025.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**605,058**	489,040
Cost of sales		**(528,517)**	(426,294)
Gross profit		**76,541**	62,746
Other income	*6*	**4,362**	2,816
Selling and distribution expenses		**(13,855)**	(10,071)
Administrative expenses		**(31,994)**	(24,981)
Finance costs		**(7,583)**	(6,790)
Profit before tax		**27,471**	23,720
Income tax expenses	*7*	**(4,090)**	(3,922)
Profit for the period	*8*	**23,381**	19,798
Profit (loss) for the period attributable to:			
— Owners of the Company		**26,400**	19,798
— Non-controlling interest		**(3,019)**	—
		23,381	19,798
Other comprehensive (expense) income for the period:			
Item that may be reclassified subsequently to profit or loss			
Exchange difference arising on translating a foreign operation		**(2,081)**	3,928
Total comprehensive income for the period		**21,300**	23,726
Total comprehensive income (expense) attributable to:			
— Owners of the Company		**25,299**	23,726
— Non-controlling interest		**(3,999)**	—
		21,300	23,726
Earnings per share			
Basic and diluted (RMB cents)	*10*	**4.40**	3.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment		**462,888**	381,300
Right-of-use assets		**125,127**	130,458
Intangible assets		**113**	130
Investment properties		**43,007**	43,770
Deferred tax assets		**335**	335
Deposit paid for acquisition of property, plant and equipment	*12*	**4,078**	3,548
		635,548	559,541
Current Assets			
Inventories		**125,460**	111,552
Trade and bills receivables	*11*	**352,501**	345,635
Prepayments and other receivables	*12*	**19,358**	29,624
Amount due from a related company		**1,664**	1,050
Time deposits		**18,104**	20,159
Bank balances and cash		**139,602**	137,256
		656,689	645,276
Current Liabilities			
Trade and bills payables	*13*	**278,198**	248,480
Accruals and other payables		**87,947**	112,006
Contract liabilities		**687**	2,429
Income tax payable		**4,386**	362
Lease liabilities		**3,434**	3,973
Borrowings		**259,569**	258,923
		634,221	626,173
Net current assets		**22,468**	19,103
Total assets less current liabilities		**658,016**	578,644

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Non-current Liabilities		
Borrowings	**237,208**	178,532
Lease liabilities	**—**	3,990
Deferred tax liabilities	**17,379**	17,379
	254,587	199,901
Net assets	**403,429**	378,743
Capital and Reserves		
Share capital	**5,035**	5,035
Reserves	**365,339**	340,040
	370,374	345,075
Non-controlling interest	**33,055**	33,668
Total Equity	**403,429**	378,743

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 (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.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2026 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 (the "**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 2025 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 2025.

In the current period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

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

The 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of plain weave fabrics	**451,719**	338,598
Sales of corduroy fabrics	**134,736**	130,378
Provision of dyeing and processing services	**18,603**	20,064
	605,058	489,040

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 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.

	Revenue from external customers	
	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**418,028**	330,507
Bangladesh	**83,291**	68,539
Vietnam	**43,392**	41,063
Japan	**26,268**	13,385
Others	**34,079**	35,546
	605,058	489,040

	Non-current assets	
	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**260,581**	271,501
Vietnam	**374,613**	287,627
Others	**19**	78
	635,213	559,206

Note: Non-current assets excluded deferred tax assets.

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 2026 and 2025.

6. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**150**	54
Exchange gain, net	**2,707**	455
Government subsidies *(note i)*	**70**	56
Rental income	**1,113**	1,529
Sundry income	**322**	722
	4,362	2,816

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 2026 and 2025.

7. INCOME TAX EXPENSES

	Six months ended 30 June 2026 *RMB'000* (Unaudited)	2025 *RMB'000* (Unaudited)
Current tax:		
Hong Kong Profits Tax	**4,090**	3,922
PRC Enterprise Income Tax	**—**	—
	4,090	3,922
Deferred tax		
Current year	**—**	—
	4,090	3,922

8. PROFIT FOR THE PERIOD

	Six months ended 30 June 2026 *RMB'000* (Unaudited)	2025 *RMB'000* (Unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	**1,121**	1,175
Salaries, allowances and other benefits (excluding directors' emoluments)	**44,503**	35,425
Contributions to retirement benefits scheme (excluding directors' emoluments)	**5,385**	5,083
Total staff costs	**51,009**	41,683
Auditor's remuneration	**166**	153
Amortisation of intangible assets	**17**	29
Amount of inventories recognised as an expense	**509,423**	401,458
Depreciation of property, plant and equipment	**11,832**	11,699
Depreciation of investment properties	**763**	767
Depreciation of right-of-use assets	**2,764**	1,554

9. DIVIDENDS

No interim dividend has been declared in respect of the six months ended 30 June 2026 and 2025.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share during the six months ended 30 June 2026 and 2025 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	**26,400**	19,798
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**600,000**	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 2026 and 2025.

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**341,715**	319,356
Bills receivables	**11,559**	27,052
Less: Impairment	**(773)**	(773)
	352,501	345,635

As at 30 June 2026, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB353,274,000 (2025: RMB346,408,000).

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.

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Within 30 days	**281,185**	245,179
31 to 60 days	**42,717**	50,200
61 to 90 days	**17,459**	19,429
91 to 180 days	**11,140**	30,827
Total	**352,501**	345,635

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 2026 and 31 December 2025.

12. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Non-current assets		
Deposit paid for acquisition of PPE	**4,078**	3,548
Current assets		
Prepayments	**14,688**	24,641
Other tax recoverables	**1,775**	1,780
Others	**2,895**	3,203
	19,358	29,624
	23,436	33,172

Note: 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 2026 and 31 December 2025.

13. TRADE AND BILLS PAYABLES

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**272,111**	235,419
Bills payables	**6,087**	13,061
	278,198	248,480

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 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**161,916**	180,658
31 to 60 days	**41,455**	34,219
61 to 90 days	**58,974**	20,833
91 to 180 days	**14,364**	11,979
181 to 365 days	**1,140**	622
Over 365 days	**349**	169
Total	**278,198**	248,480

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 continued to expand during the first half of 2026. According to the National Bureau of Statistics of China, gross domestic product grew by approximately 4.7% year-on-year in the first half of 2026, moderating from the approximately 5.3% growth recorded during the same period in 2025.

The central government continued to pursue proactive fiscal and monetary policies aimed at boosting domestic demand and consumer sentiment. Total retail sales of consumer goods increased by approximately 1.3% year-on-year in the first half of 2026. Against that subdued backdrop, the categories most directly relevant to the Group outperformed the market as a whole: retail sales of clothing, footwear, headwear and knitted textiles by enterprises above the designated size grew by approximately 6.7% year-on-year. While consumer confidence remains subdued and households continue to maintain high savings rates, the relative resilience of the apparel and textile categories 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 2026, 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 RMB605.1 million for the six months ended 30 June 2026, representing an increase of approximately 23.7% as compared to approximately RMB489.0 million for the six months ended 30 June 2025, which was mainly attributable to the increase in purchase orders placed by customers of the Group, in particular for plain weave fabrics. The Group's gross profit increased by approximately 22.0% from approximately RMB62.7 million for the six months ended 30 June 2025 to approximately RMB76.5 million for the six months ended 30 June 2026. The gross profit margin of the Group decreased from approximately 12.8% for the six months ended 30 June 2025 to approximately 12.7% for the six months ended 30 June 2026. The Group's profit increased by approximately 18.2% from approximately RMB19.8 million for the six months ended 30 June 2025 to approximately RMB23.4 million for the six months ended 30 June 2026.

During the period under review, the Group also made substantial progress on the establishment of its production base in Vietnam. The construction of the factory building at the Vietnam-Singapore Industrial Park, Quang Ngai Province, Vietnam undertaken by Amazing Ecotech Textile Company Limited ("**Amazing Ecotech**"), an indirect 75%-owned subsidiary of the Company, has been substantially completed and preliminary production has commenced. Additions to property, plant and equipment of approximately RMB95.6 million were recorded for the six months ended 30 June 2026, and borrowing costs of approximately RMB5.5 million directly attributable to the construction were capitalised during the period. For further details, please refer to the announcements of the Company dated 25 July 2025, 11 June 2026 and 5 August 2026.

PROSPECT

Stepping into the second half of 2026, 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 2026 and beyond. 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.

The Group's production base in Vietnam is expected to become an increasingly important part of the Group's operations. Following the Group's acquisition in 2025 of the entire issued share capital of a company incorporated in Singapore, and through it an indirect 75% interest in Amazing Ecotech, which holds the usage rights until 22 April 2082 of a parcel of land of approximately 120,000 sq.m. at the Vietnam-Singapore Industrial Park in Quang Ngai Province, Vietnam, the Group has established a manufacturing platform outside the PRC for the first time. The construction of the factory building has been substantially completed and preliminary production has commenced. The Group intends to increase output progressively as commissioning is completed and the production lines are brought into steady-state operation.

The Directors believe that the Vietnam production base positions the Group well for the next stage of its development. It gives the Group a second manufacturing location and reduces the Group's reliance on a single production site; it places capacity closer to the Group's established customer base in Asia outside the PRC, with Bangladesh, Vietnam and Japan together accounting for approximately 25.3% of the Group's revenue for the six months ended 30 June 2026; and it offers the Group's customers a manufacturing origin outside the PRC at a time when apparel brand operators and garment manufacturers are actively diversifying their sourcing arrangements. The Group also expects the new facility, which has been purpose-built to current specifications, to support improvements in production efficiency over time.

The contribution of the Vietnam operations to the Group's results for the second half of 2026 is expected to be limited while production is being brought up to scale, and the Group will continue to bear depreciation and financing costs in respect of the facility. The Directors nonetheless consider the investment to be a sound one for the medium term, and the Group will manage the ramp-up carefully while continuing to monitor market conditions, tariff developments and customer demand.

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 RMB116.1 million or approximately 23.7% from approximately RMB489.0 million for the six months ended 30 June 2025 to approximately RMB605.1 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in purchase orders placed by customers of the Group. By product category, sales of plain weave fabrics increased by approximately 33.4% to approximately RMB451.7 million and sales of corduroy fabrics increased by approximately 3.3% to approximately RMB134.7 million, while income from the provision of dyeing and processing services decreased by approximately 7.3% to approximately RMB18.6 million. By market, revenue from the PRC increased by approximately 26.5% and revenue from Japan increased by approximately 96.2%.

Cost of Sales

The cost of sales of the Group increased by approximately RMB102.2 million or approximately 24.0% from approximately RMB426.3 million for the six months ended 30 June 2025 to approximately RMB528.5 million for the six months ended 30 June 2026. 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 RMB13.8 million or approximately 22.0% from approximately RMB62.7 million for the six months ended 30 June 2025 to approximately RMB76.5 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in revenue of the Group as discussed above. The gross profit margin of the Group decreased from approximately 12.8% for the six months ended 30 June 2025 to approximately 12.7% for the six months ended 30 June 2026. Such decrease was primarily attributable to the cost of sales of the Group having increased at a slightly faster rate than its revenue during the period, and to the shift in the Group's product mix towards plain weave fabrics, which accounted for approximately 74.7% of the Group's revenue for the six months ended 30 June 2026 (six months ended 30 June 2025: approximately 69.2%).

Other Income

Other income of the Group increased from approximately RMB2.8 million for the six months ended 30 June 2025 to approximately RMB4.4 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in the net exchange gain from approximately RMB0.5 million to approximately RMB2.7 million during the same period.

Selling and Distribution Expenses

The selling and distribution expenses of the Group increased by approximately RMB3.8 million or approximately 37.6% from approximately RMB10.1 million for the six months ended 30 June 2025 to approximately RMB13.9 million for the six months ended 30 June 2026, representing a rate of increase higher than that of the revenue of the Group during the same period. Such increase was primarily attributable to the increase in wages of sales personnel during the six months ended 30 June 2026.

Administrative Expenses

Administrative expenses of the Group increased by approximately RMB7.0 million or approximately 28.1% from approximately RMB25.0 million for the six months ended 30 June 2025 to approximately RMB32.0 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in staff costs of the newly established factory in Vietnam during the six months ended 30 June 2026.

Finance Costs

Finance costs of the Group increased by approximately RMB0.8 million or approximately 11.7% from approximately RMB6.8 million for the six months ended 30 June 2025 to approximately RMB7.6 million for the six months ended 30 June 2026. Interest on borrowings and lease liabilities before capitalisation increased from approximately RMB6.8 million to approximately RMB13.1 million, primarily attributable to the increase in the principal amount of borrowings drawn down during the period, of which approximately RMB5.5 million was capitalised as part of the cost of the Group's production facility under construction in Vietnam.

Income Tax Expenses

Income tax expenses of the Group increased from approximately RMB3.9 million for the six months ended 30 June 2025 to approximately RMB4.1 million for the six months ended 30 June 2026. Such increase was primarily attributable to the increase in the profit before tax of the Group during the same period.

The effective income tax rate of the Group decreased from approximately 16.5% for the six months ended 30 June 2025 to approximately 14.9% for the six months ended 30 June 2026.

Profit

As a result of the foregoing, the profit for the six months ended 30 June 2026 of the Group increased by approximately RMB3.6 million or approximately 18.2% from approximately RMB19.8 million for the six months ended 30 June 2025 to approximately RMB23.4 million for the six months ended 30 June 2026.

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 2026.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had capital commitments of approximately RMB62.9 million (31 December 2025: approximately RMB62.9 million), which were mainly related to the construction of the Group's production facility in Vietnam and the acquisition of plant and machinery.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (30 June 2025: 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 30 June 2026, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 68.8% (31 December 2025: approximately 68.6%).

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 2026, the Group had bank balances and cash of approximately RMB139.6 million (31 December 2025: approximately RMB137.3 million). As at 30 June 2026, the current ratio of the Group was approximately 1.0 times (31 December 2025: approximately 1.0 times). The financial resources that are presently available to the Group include bank borrowings, and the Directors believe that the Group has sufficient working capital for its future requirements.

As at 1 January 2026, 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 2026.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately RMB496.8 million as at 30 June 2026 (31 December 2025: approximately RMB373.8 million).

As at 30 June 2026, assets of the Group of approximately RMB265.3 million were charged (31 December 2025: approximately RMB252.3 million) to secure facilities to the Group from banks and financial institutions.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had a total of 884 full-time employees (31 December 2025: 597). 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 2026, staff costs of the Group increased from approximately RMB41.7 million to approximately RMB51.0 million. Such increase was primarily attributable to (i) staff costs of approximately RMB7.0 million incurred by the Group's production base in Vietnam, which had not yet been established during the corresponding period in 2025; and (ii) an increase of approximately RMB3.0 million in staff costs of the Group's production operations in Changzhou, the PRC, which was mainly due to the increase in the number of full-time employees engaged to support the increase in production volume during the period.

SUBSEQUENT EVENT AFTER REPORTING PERIOD

On 25 August 2026, Mr. Wang Bin resigned as an executive Director with effect from the same date. For details, please refer to the announcement of the Company dated 25 August 2026. Save as disclosed above, the Group has no significant event occurred after the six months ended 30 June 2026 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 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 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 2026, 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 of 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 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, 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 2026, 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 2026 and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters with management including a review of the unaudited consolidated financial statements for the six months ended 30 June 2026. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (*www.hkexnews.hk*) and the Company (*www.yadongtextile.com*), and the interim report of the Company for the six months ended 30 June 2026 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, 28 August 2026

As at the date of this announcement, the Company has four executive Directors, namely Mr. Xue Shidong, 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.