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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately RMB31.5 million or approximately 7.0% from approximately RMB449.6 million for the six months ended 30 June 2023 to approximately RMB481.1 million for the six months ended 30 June 2024.
- Gross profit increased by approximately RMB8.6 million or approximately 18.0% from approximately RMB47.9 million for the six months ended 30 June 2023 to approximately RMB56.5 million for the six months ended 30 June 2024.
- Gross profit margin increased from approximately 10.7% for the six months ended 30 June 2023 to approximately 11.7% for the six months ended 30 June 2024.
- Profit increased by approximately RMB9.8 million or approximately 122.5% from approximately RMB8.0 million for the six months ended 30 June 2023 to approximately RMB17.8 million for the six months ended 30 June 2024.
- Basic earnings per share was approximately RMB2.97 cents for the six months ended 30 June 2024.
- The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2024.

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 2024, together with the comparative unaudited figures for the corresponding period in 2023.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue		481,054	449,603
Cost of sales		(424,554)	(401,670)
Gross profit		56,500	47,933
Other income		4,776	2,219
Selling and distribution expenses		(9,966)	(11,262)
Administrative expenses		(24,560)	(21,128)
Finance costs		(5,635)	(7,127)
Profit before tax		21,115	10,635
Income tax expenses	7	(3,286)	(2,617)
Profit for the period	8	17,829	8,018
Other comprehensive expense for the period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translating a foreign operation		(1,741)	(2,453)
Total comprehensive income for the period attributable to owners of the Company		16,088	5,565
Earnings per share			
Basic and diluted (RMB cents)	10	2.97	1.34

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

		As at 30 June 2024	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		150,075	145,930
Right-of-use assets		42,555	41,434
Intangible assets		164	222
Investment properties		46,057	46,824
Deferred tax assets		480	480
		239,331	234,890
Current Assets			
Inventories		120,036	122,312
Trade and bills receivables	<i>11</i>	267,500	274,116
Prepayments and other receivables	<i>12</i>	10,060	22,200
Time deposits		19,218	66,745
Amounts due from a related company		265	—
Bank balances and cash		65,738	100,238
		482,817	585,611
Current Liabilities			
Trade and bills payables	<i>13</i>	118,934	155,511
Accruals and other payables		9,495	44,775
Contract liabilities		4,426	2,976
Income tax payable		9,687	9,383
Amounts due to a related company		—	241
Lease liabilities		3,157	1,023
Borrowings		267,134	312,858
		412,833	526,767
Net current assets		69,984	58,844
Total assets less current liabilities		309,315	293,734

	As at 30 June 2024	As at 31 December 2023
<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current liabilities		
Borrowings	—	507
Deferred tax liabilities	<u>17,012</u>	<u>17,012</u>
	<u>17,012</u>	<u>17,519</u>
Net assets	<u><u>292,303</u></u>	<u><u>276,215</u></u>
Capital and Reserves		
Share capital	5,035	5,035
Reserves	<u>287,268</u>	<u>271,180</u>
Total Equity	<u><u>292,303</u></u>	<u><u>276,215</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE INFORMATION

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

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 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

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

In the current period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the new and amendments to HKFRSs 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of plain weave fabrics	361,600	321,566
Sales of corduroy fabrics	99,231	107,782
Provision of dyeing and processing services	20,223	20,255
	481,054	449,603

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 all located in the PRC. Non-current assets of the Group are all located in the PRC.

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

	Revenue from external customers	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	340,688	428,865
Japan	17,643	7,985
Others	122,723	12,753
	481,054	449,603

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 2024 and 2023.

6. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income	1,045	45
Exchange gain, net	2,396	1,627
Government subsidies (<i>Note i</i>)	77	80
Rental income	1,192	315
Sundry income	66	152
	<u>4,776</u>	<u>2,219</u>

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 2024 and 2023.

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	3,286	2,617
PRC Enterprise Income Tax (“EIT”)	—	—
	<u>3,286</u>	<u>2,617</u>
Deferred tax		
Current year	—	—
	<u>3,286</u>	<u>2,617</u>

8. PROFIT FOR THE PERIOD

Six months ended 30 June
2024 2023
RMB'000 **RMB'000**
(Unaudited) **(Unaudited)**

Profit for the period has been arrived at after charging:

Directors' emoluments	1,269	1,292
Salaries, allowances and other benefits (excluding directors' emoluments)	29,306	24,169
Contributions to retirement benefits scheme (excluding directors' emoluments)	4,431	4,190
	<hr/>	<hr/>
Total staff costs	35,006	29,651
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	149	149
Amortisation of intangible assets	58	69
Amount of inventories recognised as an expense	394,911	381,989
Depreciation of property, plant and equipment	9,765	4,819
Depreciation of investment properties	767	767
Depreciation of right-of-use assets	5,126	5,064
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

No interim dividend has been declared in respect of the six months ended 30 June 2024 and 2023.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share during the six months ended 30 June 2024 and 2023 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	<u>17,829</u>	<u>8,018</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 the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2024 and 2023.

11. TRADE AND BILLS RECEIVABLES

	As at	As at
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	255,418	255,540
Bills receivables	13,512	20,006
Less: Impairment	<u>(1,430)</u>	<u>(1,430)</u>
	<u>267,500</u>	<u>274,116</u>

As at 30 June 2024, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB268,930,000 (2023: approximately RMB275,546,000).

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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Within 30 days	217,793	205,476
31 to 60 days	44,242	51,827
61 to 90 days	2,291	10,441
91 to 180 days	<u>3,174</u>	<u>6,372</u>
Total	<u>267,500</u>	<u>274,116</u>

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 group based on shared credit risk characteristics as at 30 June 2024 and 31 December 2023.

12. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Prepayments	7,971	17,684
Other tax recoverables	302	455
Others	<u>1,787</u>	<u>4,061</u>
	<u>10,060</u>	<u>22,200</u>

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 2024 and 31 December 2023.

13. TRADE AND BILLS PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	115,834	140,461
Bills payables	<u>3,100</u>	<u>15,050</u>
	<u>118,934</u>	<u>155,511</u>

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 30 days	84,342	106,959
31 to 60 days	23,156	19,820
61 to 90 days	4,548	9,427
91 to 180 days	1,705	14,407
181 to 365 days	3,688	3,647
Over 365 days	<u>1,495</u>	<u>1,251</u>
Total	<u>118,934</u>	<u>155,511</u>

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 the continuing pressures asserted to the PRC consumer market by various factors such as rising youth unemployment, slower import growth and cooling property investments, the overall PRC economy has stabilised and improved during the first half of 2024. According to the National Bureau of Statistics of China, the GDP at constant price for the first half of 2024 increased by approximately 5.0% compared with the same period in 2023.

As a result of the central government's robust initiatives to stimulate the economy and to promote consumer spending, domestic demand showed signs of recovery during the first half of 2024. The total retail sales of consumer goods increased by approximately 3.7% compared with the same period in 2023, of which the total retail sales of apparel, footwear, headwear and knitwear increased by approximately 1.3% compared with the same period in 2023.

BUSINESS OVERVIEW

During the first half of 2024, 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 RMB481.1 million for the six months ended 30 June 2024, representing an increase of approximately 7.0% as compared to approximately RMB449.6 million for the six months ended 30 June 2023, which was mainly attributable to the increase in purchase orders placed by customers of the Group. The Group's gross profit increased by approximately 18.0% from approximately RMB47.9 million for the six months ended 30 June 2023 to approximately RMB56.5 million for the six months ended 30 June 2024. The gross profit margin of the Group increased from approximately 10.7% for the six months ended 30 June 2023 to approximately 11.7% for the six months ended 30 June 2024. The Group's profit increased by approximately 122.5% from approximately RMB8.0 million for the six months ended 30 June 2023 to approximately RMB17.8 million for the six months ended 30 June 2024.

PROSPECT

Stepping into the second half of 2024, with the central government's strong promotion of consumer spending, the PRC domestic demand is expected to further improve. Consumer activities are anticipated to become more active hence boosting the demand in the apparel and textile industries.

Looking ahead, the Group is positive about its prospects for the second half of 2024. As part of the Group's business strategies, it will further strengthen its product design and development on environmental-friendly textile fabric products in line with the increasing environmental awareness of customers. It is anticipated that cotton fabric products made of more sustainable raw materials will become a growth driver for the textile industry in 2024. As a leading manufacturer of cotton fabric products in the PRC, the Group is committed to seizing the market opportunities and growing with the

momentum. The Group will continue to place great emphasis on developing high-quality products, which is conducive to its long-term development. With its solid reputation, diversified product portfolio, strong product development capabilities and experienced management, the Group is confident that it can enhance its competitiveness and business stature and sustain development, leading ultimately to the delivery of maximum returns to its shareholders over the long term.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB31.5 million or approximately 7.0% from approximately RMB449.6 million for the six months ended 30 June 2023 to approximately RMB481.1 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in purchase orders placed by customers of the Group.

Cost of Sales

The cost of sales of the Group increased by approximately RMB22.9 million or approximately 5.7% from approximately RMB401.7 million for the six months ended 30 June 2023 to approximately RMB424.6 million for the six months ended 30 June 2024. 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 RMB8.6 million or approximately 18.0% from approximately RMB47.9 million for the six months ended 30 June 2023 to approximately RMB56.5 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in revenue of the Group as discussed above. The gross profit margin of the Group increased from approximately 10.7% for the six months ended 30 June 2023 to approximately 11.7% for the six months ended 30 June 2024. Such increase was primarily attributable to the decrease in the average purchase price of raw materials for the six months ended 30 June 2024.

Other Income

Other income of the Group increased from approximately RMB2.2 million for the six months ended 30 June 2023 to approximately RMB4.8 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in bank interest income from approximately RMB45,000 to approximately RMB1,045,000 during the same period.

Selling and Distribution Expenses

The selling and distribution expenses of the Group decreased from approximately RMB11.3 million for the six months ended 30 June 2023 to approximately RMB10.0 million for the six months ended 30 June 2024. Such decrease was primarily attributable to decrease in travelling, sampling and advertising expenses for the six months ended 30 June 2024.

Administrative Expenses

Administrative expenses of the Group increased from approximately RMB21.1 million for the six months ended 30 June 2023 to approximately RMB24.6 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in depreciation of right-of-use assets during the six months ended 30 June 2024.

Finance Costs

Finance costs of the Group decreased from approximately RMB7.1 million for the six months ended 30 June 2023 to approximately RMB5.6 million for the six months ended 30 June 2024. Such decrease was primarily attributable to the decrease in the principal amount and interest of borrowings during the same period.

Income Tax Expenses

Income tax expenses of the Group increased from approximately RMB2.6 million for the six months ended 30 June 2023 to approximately RMB3.3 million for the six months ended 30 June 2024. Such increase was primarily attributable to the increase in the current tax from approximately RMB2.6 million to approximately RMB3.3 million during the same period which was mainly due to the increase in the profit before tax leading to the increase in the taxable profit.

The effective income tax rate of the Group decreased from approximately 24.6% for the six months ended 30 June 2023 to approximately 15.6% for the six months ended 30 June 2024.

Profit

As a result of the foregoing, the profit for the six months ended 30 June 2024 of the Group increased by approximately RMB9.8 million or approximately 122.5% from approximately RMB8.0 million for the six months ended 30 June 2023.

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 2024.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments of approximately RMB0.5 million, which were mainly related to the acquisition of the plant and machineries, and the development of the design and research centre.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (30 June 2023: nil). The Group is currently not a party to any litigation that is likely to have a material adverse effect on the business, results of operations or financial condition.

FOREIGN EXCHANGE EXPOSURE

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

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

GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 59.5% (31 December 2023: approximately 66.3%).

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 2024, the Group had bank balances and cash of approximately RMB65.7 million (31 December 2023: approximately RMB100.2 million). As at 30 June 2024, the current ratio of the Group was approximately 1.2 times (31 December 2023: approximately 1.1 times). The financial resources that are presently available to the Group include bank borrowings, the Directors believe that the Group have sufficient working capital for the future requirements.

As at 1 January 2024, 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 2024.

CHANGE IN SHAREHOLDING STRUCTURE

On 7 June 2024, as part of family wealth planning arrangement, Mr. Xue Shidong, the chairman and executive director of the Company transferred his entire shareholding interests in Oriental Ever Holdings Limited, a controlling shareholder of the Company to his son, Mr. Xue Liang, at a nominal consideration (the "**Share Transfer**"). Immediately prior to and upon completion of the Share

Transfer, Oriental Ever Holdings Limited remained as a controlling shareholder holding 450,000,000 Shares, representing 75% of the total issued share capital of the Company. For details of the Share Transfer, please refer to the announcement of the Company dated 7 June 2024.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately RMB267.1 million as at 30 June 2024 (31 December 2023: approximately RMB313.4 million).

As at 30 June 2024, the Group's assets amounted to approximately RMB132.3 million was charged (31 December 2023: approximately RMB150.4 million) to secure certain banking facilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 560 full-time employees (31 December 2023: 541). 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 2024, staff costs of the Group amounted to approximately RMB35.0 million, representing mainly salaries, allowances and other benefits, and contributions to retirement benefit scheme.

SUBSEQUENT EVENT AFTER REPORTING PERIOD

As at the date of this announcement, the Group has no significant event occurred after the six months ended 30 June 2024 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 2024.

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 2024, 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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

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 2024 and the accounting principles and practices adopted by the Group and discussed risk management, internal control and financing reporting matters with management including a review of the unaudited consolidated financial statements for the six months ended 30 June 2024. 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 2024 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 2024

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 Mr. Wang Hongliang.