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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 2024**

FINANCIAL HIGHLIGHTS

- Revenue remained stable at approximately RMB1,078.6 million for each of the year ended 31 December 2023 and 31 December 2024.
- Gross profit decreased by approximately RMB2.4 million or approximately 1.7% from approximately RMB138.9 million for the year ended 31 December 2023 to approximately RMB136.5 million for the year ended 31 December 2024.
- Gross profit margin decreased from approximately 12.9% for the year ended 31 December 2023 to approximately 12.7% for the year ended 31 December 2024.
- Profit increased by approximately RMB2.5 million or approximately 7.2% from approximately RMB34.5 million for the year ended 31 December 2023 to approximately RMB37.0 million for the year ended 31 December 2024.
- Basic and diluted earnings per share was approximately RMB6.17 cents for the year ended 31 December 2024.
- 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 2024, together with the comparative figures for the corresponding year ended 31 December 2023. 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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 2024

	<i>Notes</i>	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Revenue	4	1,078,589	1,078,628
Cost of sales		<u>(942,134)</u>	<u>(939,776)</u>
Gross profit		136,455	138,852
Other income	6	9,373	4,924
Selling and distribution expenses		(35,759)	(29,110)
Administrative expenses		(56,261)	(54,965)
Finance costs	7	<u>(11,832)</u>	<u>(15,214)</u>
Profit before tax		41,976	44,487
Income tax expenses	8	<u>(4,953)</u>	<u>(9,953)</u>
Profit for the year	9	<u>37,023</u>	<u>34,534</u>
Other comprehensive expense for the year:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translating a foreign operation		<u>(3,351)</u>	<u>(1,166)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>33,672</u>	<u>33,368</u>
Earnings per share			
Basic and diluted (RMB cents)	11	<u>6.17</u>	<u>5.76</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		2024 (Audited) RMB'000	2023 (Audited) RMB'000
	<i>Notes</i>		
Non-current Assets			
Property, plant and equipment		155,866	145,930
Right-of-use assets	12	40,429	41,434
Intangible assets		111	222
Investment properties		45,297	46,824
Deferred tax assets		379	480
		<u>242,082</u>	<u>234,890</u>
Current Assets			
Inventories	13	119,970	122,312
Trade and bills receivables	14	292,120	274,116
Prepayments and other receivables	15	110,012	22,200
Amount due from a related company		16,319	—
Time deposits		19,465	66,745
Bank balances and cash		65,021	100,238
		<u>622,907</u>	<u>585,611</u>
Current Liabilities			
Trade and bills payables	16	189,756	155,511
Accruals and other payables	17	49,032	44,775
Contract liabilities	18	2,124	2,976
Income tax payable		2,932	9,383
Amount due to a related company		—	241
Lease liabilities	12	3,307	1,023
Borrowings		237,046	312,858
		<u>484,197</u>	<u>526,767</u>
Net current assets		<u>138,710</u>	<u>58,844</u>
Total assets less current liabilities		<u>380,792</u>	<u>293,734</u>

		2024	2023
		(Audited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Non-current Liabilities			
Borrowings		70,432	507
Lease liabilities	12	85	—
Deferred tax liabilities		<u>17,012</u>	<u>17,012</u>
		<u>87,529</u>	<u>17,519</u>
Net assets		<u>293,263</u>	<u>276,215</u>
Capital and Reserves			
Share capital		5,035	5,035
Reserves		<u>288,228</u>	<u>271,180</u>
Total Equity		<u>293,263</u>	<u>276,215</u>

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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**”), a company with limited liability incorporated in the British Virgin Islands (the “**BVI**”). Oriental Ever 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 registered office of the Company 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 HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**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 Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability Disclosures ³
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs 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 consolidated 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 consolidated statement of 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 HKFRSs 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:

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Sale of plain weave fabrics	894,857	875,010
Sale of corduroy fabrics	140,887	159,476
Provision of dyeing and processing services	<u>42,845</u>	<u>44,142</u>
	<u><u>1,078,589</u></u>	<u><u>1,078,628</u></u>

5. SEGMENT INFORMATION

The directors, 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 People's Republic of China (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 location of customers.

	Revenue from external customers	
	2024	2023
	(Audited)	(Audited)
	RMB'000	RMB'000
The PRC	800,998	822,986
Bangladesh	110,711	96,994
Vietnam	72,855	41,689
Japan	27,659	30,976
Other	66,366	85,983
	<u>1,078,589</u>	<u>1,078,628</u>

Information about major customers

There are no customers contributing over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

6. OTHER INCOME

	2024	2023
	(Audited)	(Audited)
	RMB'000	RMB'000
Bank interest income	1,219	1,176
Exchange gain, net	2,880	1,319
Government subsidies (<i>note i</i>)	675	733
Rental income (<i>note ii</i>)	3,685	1,690
Reversal of impairment loss on trade and bills receivables	433	—
Sundry income	481	6
	<u>9,373</u>	<u>4,924</u>

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 2024 and 2023.

(ii) An analysis of Group's net rental income is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Gross rental income from investment properties	3,685	1,690
Less:		
— direct operating expenses incurred for investment properties that generated rental income during the year (included in administrative expenses)	(670)	(491)
— direct operating expenses incurred for investment properties that did not generated rental income during the year (included in administrative expenses)	(500)	(288)
	<u>2,515</u>	<u>911</u>

7. FINANCE COSTS

	2024 (Audited) <i>RMB'000</i>	2023 (Audited) <i>RMB'000</i>
Interests on:		
Borrowings	11,650	14,927
Lease liabilities	182	287
	<u>11,832</u>	<u>15,214</u>

8. INCOME TAX EXPENSES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Current tax:		
Hong Kong Profits Tax	7,388	6,220
PRC Enterprise Income Tax (“EIT”)	<u>—</u>	<u>2,536</u>
	<u>7,388</u>	<u>8,756</u>
Over-provision in respect of prior years	<u>(2,536)</u>	<u>—</u>
	4,852	8,756
Deferred tax:		
Current year	<u>101</u>	<u>1,197</u>
	<u><u>4,953</u></u>	<u><u>9,953</u></u>

- (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 2024 and 2023, 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 EIT rate of the Group’s subsidiary in the PRC is 25% (2023: 25%), except for Yadong (Changzhou) Science and Technology Co., Ltd. (“Yadong (Changzhou)”), Yadong (Changzhou) obtained a high-tech enterprise certificate in December 2024 and is subject to EIT at a reduced rate of 15% for three years from 2024 to 2026.
- (iv) A tax concession of 100% was granted to the Group under Hong Kong tax jurisdiction which is subject to a ceiling of HK\$1,500 per company for the year ended 31 December 2024.

9. PROFIT FOR THE YEAR

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	3,725	3,257
Salaries, allowances and other benefits (excluding directors' emoluments)	70,835	56,801
Contributions to retirement benefits scheme (excluding directors' emoluments)	<u>8,213</u>	<u>8,342</u>
Total staff costs	<u>82,773</u>	<u>68,400</u>
Auditor's remuneration	1,027	1,249
Amortisation of intangible assets	111	138
Amount of inventories recognised as an expense	883,710	877,949
Loss on disposal of property, plant and equipment	736	—
Depreciation of property, plant and equipment	20,275	15,752
Depreciation of right-of-use assets	7,468	10,165
Depreciation of investment properties	1,527	1,527
Research and development costs recognised as an expense (note a)	35,113	31,053
(Reversal of impairment loss) impairment loss on trade and bills receivables	<u>(433)</u>	<u>357</u>

Note a: Included in research and development expenses was staff costs of approximately RMB15,782,000 (2023: RMB12,512,000) which has been included in staff costs.

10. DIVIDENDS

During the year ended 31 December 2024, a final dividend of HK3.0 (2023: HK3.0) cents per ordinary share, in an aggregate amount of HK\$18,000,000 (equivalent to approximately RMB16,624,000) (2023: HK\$18,000,000 (equivalent to approximately RMB16,284,000)) in respect of the year ended 31 December 2023 and 2022 was declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, no dividend has been proposed (2023: a final dividend of HK3.0 cents per share).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share during the years ended 31 December 2024 and 2023 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.

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to the owners of the Company)	<u>37,023</u>	<u>34,534</u>
	'000	'000
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 2024 and 2023.

12. LEASES

(i) Right-of-use assets

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Land	37,116	38,564
Factory, warehouse and office	3,313	130
Machineries	<u>—</u>	<u>2,740</u>
	<u>40,429</u>	<u>41,434</u>

(ii) Lease Liabilities

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Analysed as:		
Current portion	3,307	1,023
Non-current portion	<u>85</u>	<u>—</u>
	<u>3,392</u>	<u>1,023</u>

13. INVENTORIES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Raw materials	21,016	33,887
Work in progress	59,229	46,900
Finished goods	<u>39,725</u>	<u>41,525</u>
	<u>119,970</u>	<u>122,312</u>

14. TRADE AND BILLS RECEIVABLES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Trade receivables	267,082	255,540
Bills receivables	26,035	20,006
Less: Allowance for impairment of trade and bills receivables	<u>(997)</u>	<u>(1,430)</u>
	<u>292,120</u>	<u>274,116</u>

As at 31 December 2024, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB293,117,000 (2023: RMB275,246,000).

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.

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Within 30 days	216,631	205,476
31 to 60 days	44,349	51,827
61 to 90 days	24,295	10,441
91 to 180 days	<u>6,845</u>	<u>6,372</u>
Total	<u>292,120</u>	<u>274,116</u>

15. PREPAYMENTS AND OTHER RECEIVABLES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Refundable deposit for potential investments (<i>note a</i>)	55,690	—
Prepayments to suppliers	41,270	17,684
Other tax recoverables	3,591	455
Others receivables	<u>9,461</u>	<u>4,061</u>
	<u>110,012</u>	<u>22,200</u>

Notes:

- (a) As at 31 December 2024, a refundable deposit of USD7.6 million (equivalent to an approximate of RMB55,690,000) was paid to an independent third party for potential investments associated with prospective business expansion in Southeast Asia.
- (b) Expected credit losses on other receivables are insignificant as they are low risk of default and no significant increase in credit risk as at 31 December 2024 and 2023.

16. TRADE AND BILLS PAYABLES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Trade payables	189,756	140,461
Bills payables	<u>—</u>	<u>15,050</u>
	<u>189,756</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.

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Within 30 days	140,322	106,959
31 to 60 days	28,385	19,820
61 to 90 days	10,990	9,427
91 to 180 days	9,594	14,407
181 to 365 days	301	3,647
Over 365 days	<u>164</u>	<u>1,251</u>
Total	<u>189,756</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.

17. ACCRUALS AND OTHER PAYABLES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Accrued salaries (<i>note a</i>)	14,750	11,811
Consideration payable (<i>note b</i>)	—	3,003
Accrued expenses	3,443	3,379
Interest payables	401	1,200
Dividend payable	29,630	24,605
Others	808	777
	<u>49,032</u>	<u>44,775</u>

Notes:

- (a) Accrued salaries included emoluments payable to the Directors amounting to approximately RMB1,680,000 (2023: RMB1,222,000) as at 31 December 2024.
- (b) The consideration payable of approximately RMB3,003,000 in 2023 represented the payment pursuant to the sale and purchase agreement with the vendor of Lion Union (Changzhou) Textile Dyeing Company Limited. The amounts is settled during the year ended 31 December 2024.

18. CONTRACT LIABILITIES

	2024 (Audited) RMB'000	2023 (Audited) RMB'000
Contract liabilities	<u>2,124</u>	<u>2,976</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2024, while the global economic recovery experienced a slowdown, the PRC focused on advancing high-quality development and fostering new productive forces thereby maintaining a favorable growth path. According to the National Bureau of Statistics of China, the gross domestic product of the PRC was RMB134,908.4 billion, representing a year-on-year increase of 5.0%. The total retail sales of consumer goods in the PRC reached RMB48,789.5 billion, representing a year-on-year increase of 3.5% while the total retail sales of apparel, footwear, headwear and knitwear was RMB1,469.1 billion, representing a year-on-year increase of 0.3%.

Despite the growth supported by the implementation of a series of policies aimed at expanding domestic demand and promoting consumption, the uncertainties in the macroeconomic environment, in particular the geopolitical instability, have created challenges to the dyeing and finishing industry in the PRC.

BUSINESS REVIEW

During the year, the Group's revenue remained stable at approximately RMB1,078.6 million (2023: approximately RMB1,078.6 million). The Group's gross profit decreased by approximately RMB2.4 million or approximately 1.7% to approximately RMB136.5 million (2023: approximately RMB138.9 million). The gross profit margin of the Group decreased to approximately 12.7% (2023: approximately 12.9%). The Group's profit increased by approximately RMB2.5 million or approximately 7.2% to approximately RMB37.0 million (2023: approximately RMB34.5 million).

PROSPECT

Stepping to 2024, although the international environment continues to be uncertain, the overall economic landscape of the PRC is expected to experience a further recovery as a result of the policy of the PRC that foster domestic consumption.

Looking ahead, the Group is positive about its prospects for 2025. In terms of sales, the Group will increase its sales and marketing effort in the PRC with the aim of capitalising on business opportunities arising from the revival of domestic demand and expanding 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. Under such trend, the Group is looking into the feasibility of establishing a presence in Southeast Asia through collaborating with local partners and/or setting up our own production facilities, which will enable the Group to maintain proximity to the production bases of apparel brand customers and benefit from the geographical advantages thereof, thereby obtaining more orders from branded customers. Besides, with the lower production costs in Southeast Asia compared to the PRC, the

profitability of the Group is expected to be improved. The Group will closely monitor the demand from different geographical markets and explore suitable opportunities to expand overseas, in an effort to stimulate our long-term growth.

Going forward, the Group will strive to reduce its operating cost and enhance production efficiency and product quality by installing automation systems in its production process.

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 remained stable at approximately RMB1,078.6 million for each of the year ended 31 December 2023 and 31 December 2024.

Cost of Sales

The cost of sales of the Group slightly increased by approximately RMB2.4 million or approximately 0.25% from approximately RMB939.8 million for the year ended 31 December 2023 to approximately RMB942.1 million for the year ended 31 December 2024. Such increase was primarily attributable to the increase in the subcontracting costs during the same period.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately RMB2.4 million or approximately 1.7% from approximately RMB138.9 million for the year ended 31 December 2023 to approximately RMB136.5 million for the year ended 31 December 2024. Such decrease was primarily attributable to the increase in the subcontracting costs during the same period. The gross profit margin of the Group decreased from approximately 12.9% for the year ended 31 December 2023 to approximately 12.7% for the year ended 31 December 2024.

Other Income

Other income of the Group increased from approximately RMB4.9 million for the year ended 31 December 2023 to approximately RMB9.4 million for the year ended 31 December 2024. Such increase was primarily attributable to the increase in rental income of approximately RMB2.0 million during the same period.

Selling and Distribution Expenses

The selling and distribution expenses of the Group increased by approximately RMB6.6 million or approximately 22.8% from approximately RMB29.1 million for the year ended 31 December 2023 to approximately RMB35.8 million for the year ended 31 December 2024. Such increase was primarily attributable to the increase in salaries and social insurance contributions for the sales personnel during the same period.

Administrative Expenses

Administrative expenses of the Group increased from approximately RMB55.0 million for the year ended 31 December 2023 to approximately RMB56.3 million for the year ended 31 December 2024. 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 decreased from approximately RMB15.2 million for the year ended 31 December 2023 to approximately RMB11.8 million for the year ended 31 December 2024. Such decrease was primarily attributable to the decrease in interest expense of bank borrowings during the same period.

Income Tax Expenses

Income tax expenses of the Group decreased from approximately RMB10.0 million for year ended 31 December 2023 to approximately RMB5.0 million for the year ended 31 December 2024. Such decrease was primarily attributable to over-provision in respect of prior years.

Profit

As a result of the foregoing, the profit for the year of the Group increased by approximately RMB2.5 million or approximately 7.2% from approximately RMB34.5 million for the year ended 31 December 2023 to approximately RMB37.0 million for the year ended 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions or disposals of subsidiaries, associates or associated companies during the year ended 31 December 2024.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments of approximately RMB15.8 million, which were mainly related to the acquisition of the plant and machinery.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (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 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 2024, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 66.1% (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 31 December 2024, the Group had bank balances and cash of approximately RMB65.0 million (2023: approximately RMB100.2 million). As at 31 December 2024, the current ratio of the Group was approximately 1.3 times (2023: approximately 1.1 times). Such increase was mainly due to the decrease in bank loans and income tax expense. 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 2024, 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 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.

CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately RMB276.4 million as at 31 December 2024 (2023: approximately RMB310.4 million).

As at 31 December 2024, the Group's assets amounted to approximately RMB119.0 million was charged (2023: approximately RMB150.3 million) to secure certain banking facilities for the Group.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Buildings	36,621	38,048
Right-of-use assets	0	38,564
Investment properties	37,116	46,824
Machineries	45,297	26,925
	<u>119,034</u>	<u>150,361</u>

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 569 full-time employees (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 year ended 31 December 2024, staff costs of the Group amounted to approximately RMB82.8 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 2024, the Group is not subject to any major environmental claims, lawsuits, penalties, administrative or disciplinary actions.

CHANGE OF HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

With effect from 20 September 2024, the headquarters and principal place of business of the Company in Hong Kong had been changed to 7/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The telephone number, email address and website of the Company remain unchanged.

SUBSEQUENT EVENTS AFTER REPORTING PERIOD

There was no significant event that took place after the year ended 31 December 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 does not recommend the payment of any final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: final dividend of HK3.0 cents per share).

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the annual general meeting (the “**AGM**”) on Thursday, 26 June 2025. The register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025, 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 Friday, 20 June 2025.

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 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 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 2024.

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

During the year ended 31 December 2024, 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 2024, 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 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 audited consolidated financial statements for the year ended 31 December 2024.

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 2024 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 2024. 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) and the Company (www.yadongtextile.com). The annual report of the Company for the year ended 31 December 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 March 2025

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.