



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
REPORT
2022**

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Xue Shidong

(Chairman of the Board)

Mr. Wang Bin

Mr. Qiu Jianyu

(resigned on 26 April 2022)

Mr. Xiang Wenbin

(appointed on 26 April 2022)

Ms. Zhang Yeping

Mr. Jin Rongwei

Independent Non-Executive Directors

Mr. Zhu Qi

Mr. Ho Kin Cheong Kelvin

Mr. Wang Hongliang

Board Committees

Audit Committee

Mr. Ho Kin Cheong Kelvin *(Chairman)*

Mr. Zhu Qi

Mr. Wang Hongliang

Remuneration Committee

Mr. Zhu Qi *(Chairman)*

Mr. Xue Shidong

Mr. Ho Kin Cheong Kelvin

Nomination Committee

Mr. Xue Shidong *(Chairman)*

Mr. Zhu Qi

Mr. Wang Hongliang

Company Secretary

Ms. Chou Kwai Wah

Authorised Representatives

Mr. Qiu Jianyu

(resigned on 26 April 2022)

Mr. Xue Shidong

(appointed on 26 April 2022)

Ms. Chou Kwai Wah

Principal Place of Business in The People's Republic of China

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Tianning District, Changzhou
Jiangsu Province
The People's Republic of China

Headquarters and Principal Place of Business in Hong Kong

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Registered Office in the Cayman Islands

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Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor
Services Limited
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Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal Adviser

as to Hong Kong laws

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

Principal Bank

Jiangnan Rural Commercial Bank

Stock Code

1795

Company Website

www.yadongtextile.com

MANAGEMENT DISCUSSION AND ANALYSIS

Company Profile

Yadong Group Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is principally engaged in the design, process and sale of textile fabric products, which can be categorised into two broad types, namely (i) plain weave fabrics; and (ii) corduroy fabrics. These textile fabric products feature a variety of different colours, patterns, textures and functionalities. The Group sells its textile fabric products mainly to garment manufacturers as well as trading companies for further processing into finished garments for apparel brand operators. These textile fabric products are mainly sold or distributed in the People’s Republic of China (“**PRC**”), Japan and certain other markets in Asia, such as Taiwan, Vietnam, Bangladesh and Indonesia.

Industry Overview

In the first half of 2022, the PRC economy steadily recovered from the continuous impact of the COVID-19 pandemic and the US-China trade war. According to the National Bureau of Statistics of China, the gross domestic product of the PRC reached RMB56,264.2 billion from January to June 2022, representing a year-on-year increase of 2.5%.

Notwithstanding the steady economic recovery in the first half of 2022, the outbreak of COVID-19 variant in various major cities in the PRC from March to May 2022 and uncertainties in the macro-economic environment impaired consumer sentiment and weakened consumer spending. In the first half of the year, the total retail sales of social consumer goods in the PRC was RMB21,043.2 billion, a year-on-year decrease of 0.7%. In particular, the total retail sales of garments, footwear, hats and knitwear from January to June 2022 was RMB6,282 million, a year-on-year decrease of 6.5%. Such decreasing trends have created downward pressure on the demand for the dyeing and finishing industry in the PRC.

Business Overview

In the first half of 2022, as the COVID-19 pandemic was generally brought under control in many countries around the globe, economic activities resumed and the overseas apparel market gradually recovered. On the other hand, the retail sales of apparel brands in the PRC market declined along with numerous rounds of haphazard outbreaks of COVID-19 in various PRC cities in the first half of 2022. In light of such circumstances, the Group increased sales and marketing efforts on and explored business opportunities in the overseas market, resulting in more orders received from overseas customers, and the demand from overseas customers remained stable. Meanwhile, the Group has received increasing orders for its new collection of functional fabrics products, which demonstrated the Group's ability in promptly responding to the latest market trends and meeting changing customers' needs.

Despite the challenging business environment, the Group recorded revenue of approximately RMB509.5 million for the six months ended 30 June 2022, representing an increase of approximately 24.4% as compared to approximately RMB409.5 million for the six months ended 30 June 2021, which was mainly attributable to the increase in purchase orders placed by customers of the Group. The Group's gross profit increased by approximately 11.0% from approximately RMB63.5 million for the six months ended 30 June 2021 to approximately RMB70.5 million for the six months ended 30 June 2022. The gross profit margin of the Group decreased from approximately 15.5% for the six months ended 30 June 2021 to approximately 13.8% for the six months ended 30 June 2022. The Group's profit increased by approximately 13.6% from approximately RMB26.5 million for the six months ended 30 June 2021 to approximately RMB30.2 million for the six months ended 30 June 2022.

Prospect

Stepping into the second half of 2022, with the effective control of COVID-19 pandemic in the PRC, the PRC economy is expected to recover gradually with stable growth momentum. 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 2022. 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 2023. 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 RMB100.0 million or approximately 24.4% from approximately RMB409.5 million for the six months ended 30 June 2021 to approximately RMB509.5 million for the six months ended 30 June 2022. 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 RMB93.0 million or approximately 26.9% from approximately RMB346.0 million for the six months ended 30 June 2021 to approximately RMB439.0 million for the six months ended 30 June 2022. 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 RMB7.0 million or approximately 11.0% from approximately RMB63.5 million for the six months ended 30 June 2021 to approximately RMB70.5 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increase in both the revenue and the cost of sales of the Group as discussed above. The gross profit margin of the Group decreased from approximately 15.5% for the six months ended 30 June 2021 to approximately 13.8% for the six months ended 30 June 2022. Such decrease was primarily attributable to the increase in cost of sales of the Group mainly due to the increase in utility costs during the same period.

Other Income

Other income of the Group decreased from approximately RMB6.4 million for the six months ended 30 June 2021 to approximately RMB2.9 million for the six months ended 30 June 2022. Such decrease was primarily attributable to the decrease in government subsidies from approximately RMB5.2 million to approximately RMB0.3 million during the same period.

Selling and Distribution Expenses

The selling and distribution expenses of the Group increased from approximately RMB11.9 million for the six months ended 30 June 2021 to approximately RMB12.4 million for the six months ended 30 June 2022. Such increase was primarily attributable to increase in transportation expenses for the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses of the Group decreased from approximately RMB19.7 million for the six months ended 30 June 2021 to approximately RMB17.3 million for the six months ended 30 June 2022. Such decrease was primarily attributable to purchase of management software for an amount of approximately RMB2.8 million for the purpose of enhancement of management level during the six months ended 30 June 2021.

Finance Costs

Finance costs of the Group increased from approximately RMB2.7 million for the six months ended 30 June 2021 to approximately RMB3.7 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increase in the average banking borrowings during the same period.

Income Tax Expenses

Income tax expenses of the Group increased from approximately RMB9.1 million for the six months ended 30 June 2021 to approximately RMB9.8 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increase in the current tax from approximately RMB7.8 million to approximately RMB8.2 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 25.5% for the six months ended 30 June 2021 to approximately 24.6% for the six months ended 30 June 2022.

Profit

As a result of the foregoing, the profit for the six months ended 30 June 2022 of the Group increased by approximately RMB3.6 million or approximately 13.6% from approximately RMB26.5 million for the six months ended 30 June 2021 to approximately RMB30.2 million for the six months ended 30 June 2022.

Material Acquisitions and Disposal of Subsidiaries and Associated Companies

On 14 January 2022, 亞東(常州)科技有限公司 (Yadong (Changzhou) Science & Technology Co., Ltd.*) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company and HK Hua Hai Capital Investment Construction Management Limited (香港華海資本投資建設管理有限公司) (the “**Vendor**”) entered into an equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the entire equity interest of 雄聯(常州)紡織印染有限公司 (Lion Union (Changzhou) Textile Dyeing Company Limited*) (the “**Target Company**”) at the consideration of RMB80.0 million (the “**Acquisition**”). Completion (“**Completion**”) of the Acquisition is conditional upon fulfilment of the conditions precedent set out in the Equity Transfer Agreement. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. Details of the Acquisition were set out in the announcement of the Company dated 14 January 2022. As at the date of this interim report, the Acquisition has not been completed.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries and associated companies by the Group during the six months ended 30 June 2022.

Capital Commitments

As at 30 June 2022, the Group had capital commitments of approximately RMB8.8 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 2022, the Group did not have any significant contingent liabilities (30 June 2021: 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.

* for identification purpose only

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 related 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 2022, the gearing ratio of the Group (defined as total liabilities divided by total assets and multiplied by 100%) was approximately 66.1% (31 December 2021: approximately 66.1%).

Liquidity and Financial Resources and Capital Structure

The Group has principally funded the liquidity and capital requirements through capital contributions from the shareholders of the Company (the "**Shareholders**"), bank borrowings and net cash generated from operating activities. As at 30 June 2022, the Group had bank balances and cash of approximately RMB107.7 million (31 December 2021: approximately RMB32.5 million). As at 30 June 2022, the current ratio of the Group was approximately 1.2 times (31 December 2021: approximately 1.2 times). The financial resources are presently available to the Group including bank borrowings and the net proceeds from the listing (the "**Listing**") of the Company's shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the directors of the Company (the "**Directors**") believe that the Group have sufficient working capital for the future requirements.

As at 1 January 2022, 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 2022.

Debts and Charge on Assets

The total interest-bearing bank borrowings of the Group amounted to approximately RMB291.5 million as at 30 June 2022 (31 December 2021: approximately RMB220.0 million).

As at 30 June 2022, the Group's assets amounted to approximately RMB68.6 million was charged (31 December 2021: approximately RMB76.4 million) to secure certain banking facilities for the Group.

Significant Investments Held

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 30 June 2022.

In the future, the Group will continue to identify new opportunities for business development. As at 30 June 2022, the Group has not executed any agreement in respect of material acquisitions, investments or capital asset and does not have any other future plans relating to material acquisitions, investments or capital asset. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Employees and Remuneration Policies

As at 30 June 2022, the Group had a total of 516 full-time employees (31 December 2021: 482). 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 2022, staff costs of the Group amounted to approximately RMB24.2 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 the PRC, 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 six months ended 30 June 2022, the Group is not subject to any major environmental claims, lawsuits, penalties, administrative or disciplinary actions.

Subsequent Event After Reporting Period

As at the date of this interim report, the Group has no significant event occurred after the six months ended 30 June 2022 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 announcement of the Company dated 14 January 2022 (the "**UOP Announcement**"), the board of the Directors (the "**Board**") has resolved to (i) change the use of Net Proceeds by reallocating approximately HK\$32.8 million of the Net Proceeds originally planned for expansion of production capacity and product coverage to acquisition of the Target Company with the Properties (as defined in the UOP Announcement); and (ii)

extend the expected timeline for fully utilising the unutilised Net Proceeds. An analysis of the utilisation of the revised allocation of the Net Proceeds from the Listing Date (i.e. 18 November 2020) up to 30 June 2022 is set out below:

	Revised allocation of Net Proceeds as disclosed in the UOP Announcement HK\$ million	Approximate actual amount utilised as at 30 June 2022 HK\$ million	Unutilised amount of Net Proceeds as at 30 June 2022 HK\$ million	Expected date to fully utilise the unutilised Net Proceeds (Note)
(i) Expansion of production capacity and product coverage by upgrading and improving our existing production lines and technical capabilities	18.9	18.9	—	N/A
(ii) Acquisition of the Target Company with the Properties	32.8	32.8	—	N/A
(iii) Acquisition of a company with existing production plant in Jiangsu province, the PRC	22.0	—	22.0	By 31 December 2022
(iv) General corporate purposes and working capital	8.2	8.2	—	N/A
	81.9	59.9	22.0	

Note: The expected timeline is based on the best estimation made by the Board which might be subject to changes depending on the market conditions from time to time.

During the period from the Listing Date to 30 June 2022, the Group has utilised approximately HK\$59.9 million, which is in line with the purposes shown above.

As at 30 June 2022, the unutilised proceeds were placed in interest-bearing deposits with licensed bank.

Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2022.

OTHER INFORMATION

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 14 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 2022, 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 10 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 six months ended 30 June 2022.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Change in Directors' and the Senior Management's Information

The changes in information of the Directors and senior management of the Company since the date of the Company's last published annual report pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Qiu Jianyu resigned as the executive Director with effect from 26 April 2022 and Mr. Xiang Wenbin was appointed as an executive Director with effect from 26 April 2022.

Mr. Ho Kin Cheong Kelvin resigned as the independent non-executive director of CECEP COSTIN New Materials Group Limited (Delisted) (stock code: 2228) with effect from 8 February 2022.

Since 21 April 2021, Mr. Ho Kin Cheong Kelvin has been an independent non-executive director of MicroTech Medical (Hangzhou) Co., Ltd. (stock code: 2235).

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares/underlying Shares held ⁽¹⁾	Approximate percentage of shareholding in the interest in the Company (%) ⁽¹⁾
Mr. Xue Shidong	Interest in a controlled corporation ⁽²⁾	450,000,000 (L)	75%

OTHER INFORMATION

Interests in associated corporation of the Company

Name of Director	Associated Corporation	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Xue Shidong	Oriental Ever Holdings Limited	Beneficial interest	1	100%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Oriental Ever Holdings Limited, which is owned as to 100% by Mr. Xue Shidong, directly held 450,000,000 Shares. By virtue of the SFO, Mr. Xue Shidong was deemed to have an interest in the Shares held by Oriental Ever Holdings Limited.

Save as disclosed above, as at 30 June 2022, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2022, to the best knowledge of the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Total number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding interest in the Company (%) ⁽¹⁾
Oriental Ever Holdings Limited	Beneficial interest	450,000,000 (L)	75%
Ms. Hu Beixia	Interest of spouse ⁽²⁾	450,000,000 (L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Ms. Hu Beixia is the spouse of Mr. Xue Shidong. By virtue of the SFO, Ms. Hu Beixia is deemed to be interested in all the Shares held by Mr. Xue Shidong.

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any other persons (other than the Directors) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Option Scheme

The Company has adopted the share option scheme on 21 October 2020 (the "Share Option Scheme"). No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme since its adoption and up to the date of this interim report.

OTHER INFORMATION

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2022, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2022, 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 2022 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 2022. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

On behalf of the Board

Mr. XUE Shidong

Chairman of the Board

Hong Kong, 30 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	509,516	409,508
Cost of sales		(439,041)	(345,972)
Gross profit		70,475	63,536
Other income	6	2,907	6,407
Selling and distribution expenses		(12,382)	(11,880)
Administrative expenses		(17,331)	(19,723)
Finance costs	7	(3,674)	(2,713)
Profit before tax		39,995	35,627
Income tax expenses	8	(9,825)	(9,096)
Profit for the period	9	30,170	26,531
Other comprehensive (expense) income for the period:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising on translating a foreign operation		(1,539)	790
Total comprehensive income for the period attributable to owners of the Company		28,631	27,321
Earnings per share			
Basic and diluted (RMB cents)	11	4.77	4.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	124,424	120,816
Right-of-use assets		6,228	6,313
Intangible assets		211	344
Earnest money paid		36,000	35,000
Deferred tax assets		835	880
		167,698	163,353
Current Assets			
Inventories		171,720	127,919
Trade and bills receivables	13	288,296	169,393
Prepayments and other receivables	14	5,288	89,724
Amount due from a related company	15	—	408
Time deposits	16	17,492	89,833
Bank balances and cash		107,693	32,476
		590,489	509,753
Current Liabilities			
Trade and bills payables	17	170,708	149,646
Accruals and other payables		8,027	41,563
Contract liabilities	18	139	9,579
Income tax payable		14,193	8,856
Lease liabilities		—	88
Borrowings	19	291,504	219,985
		484,571	429,717
Net current assets		105,918	80,036
Total assets less current liabilities		273,616	243,389

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

As at 30 June 2022

Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current Liability		
Deferred tax liabilities	16,716	15,120
	16,716	15,120
Net assets	256,900	228,269
Capital and Reserves		
Share capital	5,035	5,035
Reserves	251,865	223,234
Total Equity	256,900	228,269

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000		
At 1 January 2022	5,035	73,413	(4,313)	1,078	17,168	135,888	228,269	
Profit for the period	—	—	—	—	—	30,170	30,170	
Exchange difference arising on translating a foreign operation	—	—	—	(1,539)	—	—	(1,539)	
Total comprehensive income for the period	—	—	—	(1,539)	—	30,170	28,631	
Appropriation to statutory reserve	—	—	—	—	(1,591)	(1,591)	—	
As at 30 June 2022 (Unaudited)	5,035	73,413	(4,313)	(461)	18,759	164,467	256,900	
At 1 January 2021	5,035	88,346	(4,313)	1,549	14,912	102,977	208,506	
Profit for the period	—	—	—	—	—	26,531	26,531	
Exchange difference arising on translating a foreign operation	—	—	—	790	—	—	790	
Total comprehensive income for the period	—	—	—	790	—	26,531	27,321	
Appropriation to statutory reserve	—	—	—	—	1,344	(1,344)	—	
Dividends paid (Note 10)	—	—	—	—	—	(14,963)	(14,963)	
As at 30 June 2021 (Unaudited)	5,035	88,346	(4,313)	2,339	16,256	113,201	220,864	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(53,699)	(52,277)
INVESTING ACTIVITIES		
Withdrawal of (placement in) deposits	72,341	(91,438)
Payments for purchase of property, plant and equipment ("PPE")	(10,214)	(12,293)
Payments for deposits paid for PPE	(1,000)	(2,347)
Advances to a related company	—	(1,818)
Payments for purchase of intangible assets	—	(63)
Interest received	634	48
Proceeds received from disposal of PPE	—	89
Repayments from a related company	408	100
NET CASH FROM (USED IN) INVESTING ACTIVITIES	62,169	(107,722)
FINANCING ACTIVITIES		
New borrowings raised	291,504	178,300
Government subsidies received	271	5,202
Payments of lease liabilities	(88)	(838)
Interest paid	(3,416)	(2,575)
Repayments of borrowings	(219,985)	(95,590)
NET CASH FROM FINANCING ACTIVITIES	(68,286)	84,499
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,756	(75,500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	32,476	129,233
Effect of foreign exchange rate changes	(1,539)	(840)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	107,693	52,893

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 Shidong, who is also a director of the Company (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 2022 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 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the 2021 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 2021.

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 2021:

Amendment to HKFRS16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Sales of plain weave fabrics	340,534	261,701
Sales of corduroy fabrics	148,097	130,077
Provision of dyeing and processing services	20,885	17,730
	509,516	409,508

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.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the six months ended 30 June 2022

5. Segment Information (Continued)

Geographical information (Continued)

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The PRC	413,223	276,589
Japan	11,463	45,952
Others	84,830	86,967
	509,516	409,508

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 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

6. Other Income

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Bank interest income	634	48
Exchange gain, net	1,885	1,001
Government subsidies (Note i)	271	5,202
Reversal of impairment loss on trade and bills receivables	—	66
Sundry income	117	90
	2,907	6,407

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 2022 and 2021.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the six months ended 30 June 2022

7. Finance Costs

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interests on:		
Borrowings	3,589	2,617
Lease liabilities	—	54
Guarantee fees	85	42
	3,674	2,713

8. Income Tax Expenses

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	2,864	3,368
PRC Enterprise Income Tax ("EIT")	5,320	4,463
	8,184	7,831
Deferred tax		
Current year	1,641	1,265
	9,825	9,096

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. Income Tax Expenses (Continued)

- (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) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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 six months ended 30 June 2021 and 2020, 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, Yadong (Changzhou) Science and Technology Co., Ltd. (“Yadong (Changzhou)”), a subsidiary of the Group established in the PRC, the tax rate is 25% from 1 January 2008 onwards.
- (iv) A tax concession of 100% was granted to the Group under Hong Kong tax jurisdiction which is subject to a ceiling of HK\$10,000 (six months ended 30 June 2021: HK\$10,000) per company for the six months ended 30 June 2022.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the six months ended 30 June 2022

9. Profit for the Period

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Directors' emoluments	970	1,135
Salaries, allowances and other benefits (excluding directors' emoluments)	21,928	19,548
Contributions to retirement benefits scheme (excluding directors' emoluments)	1,342	1,793
Total staff costs	24,240	22,476
Auditor's remuneration	140	140
Amortisation of intangible assets	133	73
Loss on disposal of property, plant and equipment	—	50
Amount of inventories recognised as an expense	358,309	330,479
Depreciation of property, plant and equipment	6,606	3,626
Depreciation of right-of-use assets	85	2,045

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

10. Dividends

During the six months ended 30 June 2021 and before Listing on the Stock Exchange, the Company declared dividend of RMB12,000,000 to the shareholder, which was settled through the current account with a related company.

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

No interim dividend has been declared in respect of the six months ended 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. Earnings Per Share

The calculation of the basic earnings per share during the six months ended 30 June 2022 and 2021 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	28,631	26,531
Weighted average number of ordinary shares for the purpose of basic earnings per share	'000 600,000	'000 600,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2021 has been adjusted for the effect of the capitalisation issue.

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 2022 and 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

12. Movements in Property, Plant and Equipment

During the six months ended 30 June 2022, the Group has addition of property, plant and equipment of approximately RMB10,214,000 (six months ended 30 June 2021: RMB12,293,000).

13. Trade and Bills Receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade receivables	291,395	138,919
Bills receivables	—	33,573
Less: Impairment	(3,099)	(3,099)
	288,296	169,393

As at 30 June 2022, the gross amount of trade and bills receivables arising from contracts with customers amounted to approximately RMB291,395,000 (2021: RMB172,492,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. Trade and Bills Receivables (Continued)

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 30 days	198,920	115,719
31 to 60 days	61,435	30,814
61 to 90 days	22,994	11,346
91 to 180 days	4,947	11,514
Total	288,296	169,393

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 2022 and 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. Trade and Bills Receivables (Continued)

Impairment assessment on trade and bills receivables subject to ECL model

The Group measures the loss allowance for trade and bills receivables at an amount equal to lifetime ECL. The ECL on trade and bills receivables are estimated using a provision matrix by reference to past default experience of the debtor adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due ageing status is not further distinguished between the Group's different customer bases.

There has been no change in the estimation techniques or significant assumption made during the six months ended 30 June 2022 and year ended 31 December 2021.

The movement in the impairment losses of trade and bills receivables during the six months ended 30 June 2022 and year ended 31 December 2021 is as follows:

	Impairment loss allowance RMB'000
Balance as at 1 January 2021 (Audited)	309
Impairment losses recognised	2,790
Balance as at 31 December 2021 (Audited)	3,099
Impairment losses recognised	—
Balance as at 30 June 2022 (Unaudited)	3,099

14. Prepayments and Other Receivables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Prepayments to suppliers	63	83,550
Other tax recoverables	1,168	4,925
Others	4,057	1,249
	5,288	89,724

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 2022 and 31 December 2021.

15. Amount Due from a Related Company

The assessment of ECL is based on historical individual default experience and adjusted for forward-looking information. The amount due from a related company is not past due and, there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

The amount due from a related company is unsecured, non-interest bearing, repayable on demand and non-trade in nature.

During the six months ended 30 June 2021, the Company declared dividends of approximately RMB12,000,000 (2022: RMBNil) to the shareholder, to which was settled through the current account of a related company. Details of the amount due from a related company are set out in Note 22(a).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. Time Deposits

As at 30 June 2022, the Group had fixed-term time deposits in banks in the PRC with maturities of one year. The deposits carry fixed interests rate at 0.63% to 0.70% per annum (2021: 0.63% to 0.70%).

17. Trade and Bills Payables

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Trade payables	158,908	146,846
Bills payables	11,800	2,800
	170,708	149,646

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 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Within 30 days	108,191	100,360
31 to 60 days	25,726	21,116
61 to 90 days	17,353	7,433
91 to 180 days	14,030	20,267
181 to 365 days	5,210	432
Over 365 days	198	38
Total	170,708	149,646

17. Trade and Bills Payables (Continued)

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.

18. Contract Liabilities

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Contract liabilities	139	9,579

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

19. Movements in Borrowings

During the current interim period, the Group raised borrowings of approximately RMB291,504,000 (six months ended 30 June 2021: approximately RMB178,300,000) and repaid borrowings of approximately RMB219,985,000 (six months ended 30 June 2021: approximately RMB95,590,000).

The weighted average effective interest rate of borrowings for the six months ended 30 June 2022 was 5.3% per annum (six months ended 30 June 2021: 4.2% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. Pledge of Assets

At 30 June 2022 and 31 December 2021, the Group had pledged the following assets to secure banking facilities granted to the Group:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Building	42,964	43,658
Machineries	19,477	20,334
Right-of-use assets	6,155	6,227
Bills receivables	—	6,209
	68,596	76,428

21. Share-based Payment Transactions

Share-option scheme

During the year ended 31 December 2021, the Company has adopted a share option scheme (the “Share Option Scheme”) upon Listing. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The maximum number of unexercised share options issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from 21 October 2020 (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) (the “Adoption Date”) must not in aggregate exceed 10% of all the shares in issue as at the Listing. Therefore, it is expected that the Company may grant options in respect of up to 60,000,000 shares (or such numbers of shares as shall result from a sub-division or a consolidation of such 60,000,000 shares from time to time) to the participants under the Share Option Scheme.

21. Share-based Payment Transactions (Continued)

Share-option scheme (Continued)

Share options granted to a Director, chief executive or substantial shareholder (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option). In addition, any grant of share options to a substantial shareholder or an independent non-executive Director (or any of their respective close associates), in excess of 0.1% of the shares of the Company in issue on the date of offer with an aggregate value (based on the closing price of the Company's shares quoted on the Stock Exchange at the date of grant) in excess of HK\$5 million made within any 12-month period from the date of grant (inclusive) would be subject to shareholders' approval in a general meeting.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option of the Company. During the six months ended 30 June 2022, no options were granted under the Share Option Scheme.

**NOTES TO THE CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

For the six months ended 30 June 2022

22. Related Party Transactions

- (a) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with related parties during the six months ended 30 June 2022 and year ended 31 December 2021:

Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Amount due from a related party		
Changzhou Dongxia Real Estate Agency Ltd. (常州市東霞地產代理有限公司) (“Dongxia”) (i), (ii)	—	408
Maximum amount outstanding during the period/year		
Dongxia	408	1,783

Notes:

- (i) The balances are unsecured, interest free, repayable on demand and non-trade in nature.
- (ii) Dongxia is a related company incorporated in the PRC and is beneficially owned by Mr. Xue Shidong, the Controlling Shareholder of the Company.

22. Related Party Transactions (Continued)

(b) Compensation of key management personnel

The emoluments of the directors of the Company and other members of key management during the six months ended 30 June 2022 and 2021 were as follows:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Short-term benefits	1,196	1,308
Post-employment benefits	87	61
	1,283	1,369

The emoluments of key management personnel are determined by the remuneration committee having regard to the performance of the individuals and market trends.

(c) Right-of-use assets

Certain right-of-use assets are leased from a related company. For the six months ended 30 June 2022, the amount of rent payable by the Group under the lease is RMB2,000,000 (2021: RMB4,000,000 per year).

As at 30 June 2022, the carrying amount of the related lease liabilities was nil (2021: RMB88,000).

(d) Guarantee

Certain of the Group's banking facilities were granted from pledged assets or guarantees given by the related party.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. Capital Commitments

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment and construction in progress contracted for but not provided in the consolidated financial statements	8,782	8,782