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## **China Ludao Technology Company Limited**

**中國綠島科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2023)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of China Ludao Technology Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2024.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	4	1,118,404	906,846
Cost of sales		<u>(966,793)</u>	<u>(765,010)</u>
<b>Gross profit</b>		<b>151,611</b>	141,836
Other income	4	31,670	6,853
Other (losses)/gains – net	4	(6,242)	11,065
Selling expenses		(29,296)	(21,304)
Administrative and other operating expenses		(70,105)	(65,884)
Reversal of impairment loss/(impairment loss) on trade receivables, other receivables and deposits		868	(5,222)
Impairment loss on investment in a joint venture	9	<u>(2,000)</u>	<u>(3,415)</u>
<b>Operating profit</b>		<b>76,506</b>	63,929
Finance income		391	883
Finance costs		<u>(954)</u>	<u>(6,380)</u>
Finance costs – net		(563)	(5,497)
Share of results of a joint venture	9	<u>(1,375)</u>	<u>408</u>
<b>Profit before income tax</b>	5	<b>74,568</b>	58,840
Income tax expense	6	<u>(18,304)</u>	<u>(7,557)</u>
<b>Profit for the year</b>		<b>56,264</b>	51,283
<b>Other comprehensive income/(expenses)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences		13,729	(13,453)
Gain on revaluation of land and buildings		103,686	–
Deferred taxation relating to revaluation of land and buildings		<u>(23,103)</u>	<u>–</u>
<b>Other comprehensive income/(expenses) for the year, net of tax</b>		<u>94,312</u>	<u>(13,453)</u>
<b>Total comprehensive income for the year</b>		<u>150,576</u>	<u>37,830</u>

	<b>Year ended 31 December</b>	
<i>Notes</i>	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Profit for the year attributable to:</b>		
Owners of the Company	<b>56,257</b>	51,300
Non-controlling interests	<b>7</b>	(17)
	<u><b>56,264</b></u>	<u>51,283</u>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Company	<b>150,569</b>	37,847
Non-controlling interests	<b>7</b>	(17)
	<u><b>150,576</b></u>	<u>37,830</u>
<b>Earnings per share for profit attributable to owners of the Company</b>		
– basic and diluted ( <i>RMB per share</i> )	<b>8</b> <u><b>0.11</b></u>	<u>0.10</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
	Notes	2025	2024
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	902,007	801,048
Prepayments for property, plant and equipment	19	66,175	80,070
Right-of-use assets	11	166,350	77,984
Intangible assets		1,480	1,586
Investment in a joint venture	9	43,146	46,500
Financial asset at fair value through profit or loss ("FVTPL")	12	2,000	2,000
Financial asset at fair value through other comprehensive income ("FVOCI")	12	–	–
Deferred tax assets		3,315	2,768
Trade and other receivables	14	–	64
		<u>1,184,473</u>	<u>1,012,020</u>
<b>Current assets</b>			
Inventories	13	62,748	57,593
Trade and other receivables	14	543,469	508,028
Financial asset at FVTPL	12	–	–
Income tax recoverable		1,835	–
Pledged bank deposits		93,414	85,089
Cash and bank balances		42,676	32,087
		<u>744,142</u>	<u>682,797</u>
<b>Total assets</b>		<u><u>1,928,615</u></u>	<u><u>1,694,817</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	18	3,901	3,901
Share premium	18	150,143	150,143
Other reserves		24,258	(75,748)
Retained earnings		419,298	368,735
		<u>597,600</u>	<u>447,031</u>
<b>Non-controlling interests</b>		<u>372</u>	<u>365</u>
<b>Total equity</b>		<u><u>597,972</u></u>	<u><u>447,396</u></u>

		<b>As at 31 December</b>	
	<i>Notes</i>	<b>2025</b>	2024
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	<i>17</i>	<b>236,280</b>	279,078
Lease liabilities	<i>11</i>	<b>924</b>	1,948
Deferred tax liabilities		<b>42,196</b>	7,756
Deferred government grants		<b>9,182</b>	9,486
		<hr/> <b>288,582</b>	<hr/> 298,268
<b>Current liabilities</b>			
Trade and other payables	<i>15</i>	<b>545,116</b>	531,148
Contract liabilities	<i>4</i>	<b>28,733</b>	57,518
Bank and other borrowings	<i>17</i>	<b>466,418</b>	358,468
Convertible bonds	<i>16</i>	<b>–</b>	–
Income tax payable		<b>328</b>	758
Lease liabilities	<i>11</i>	<b>1,466</b>	1,261
		<hr/> <b>1,042,061</b>	<hr/> 949,153
<b>Total liabilities</b>		<hr/> <b>1,330,643</b>	<hr/> 1,247,421
<b>Total equity and liabilities</b>		<hr/> <b>1,928,615</b>	<hr/> 1,694,817

## **1 GENERAL INFORMATION**

China Ludao Technology Company Limited (the “Company”) was incorporated in the Cayman Islands on 25 May 2012 as an exempted company with limited liability. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides and wholesales of personal care products and production related materials. Ludao China Investments Holdings Limited (“Ludao Investments”), which is wholly owned by Mr. Yu Yuerong (“Controlling Shareholder”), has 50.96% interest in the Company as at 31 December 2025.

On 11 October 2013, the shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2026.

## **2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

### **2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirement of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **2.2 Basis of measurement and going concern assumption**

The consolidated financial statements have been prepared under the historical cost convention, except for land and buildings and certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

As at 31 December 2025, the Group recorded net current liabilities of approximately RMB297,919,000 and placed reliance on short-term financing. These situations indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, in view of the circumstances, the Directors have taken the following measures to mitigate the liquidity pressure and to improve its financial position:

- (a) the management of the Group has been endeavouring to improve the Group’s operating cash flows through implementing various cost control measures; and
- (b) the Group has unutilised banking facilities as at 31 December 2025.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of approval of these consolidated financial statements taking into account the above-mentioned plans and measures, having considered the Group's bank balances as at 31 December 2025 and the Group's continuous net cash inflows from future operations and/or other sources, the Directors were of the opinion that the Group has sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due in the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

### **2.3 Adoption of HKFRS Accounting Standards**

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The accounting policies and method of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2024 except for the changes mentioned below.

#### **(a) Change in accounting policies and disclosure**

##### **(i) HKAS 21 Lack of Exchangeability**

The Group has adopted amendments to HKAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

##### **(ii) Revaluation of land and buildings**

During the year ended 31 December 2025, the Group re-assessed its accounting policies for property, plant and equipment with respect to measurement of land and buildings after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition, the asset was carried at cost less accumulated depreciation and accumulated impairment losses, if any.

With effect from 31 December 2025, the Company changed its accounting policies to recognise land and buildings from using cost model to revaluation model, in accordance with HKAS 16 "Property, Plant and Equipment" the assets was carried at revaluation less accumulated depreciation and accumulated impairment. The directors of the Company believed that such change in accounting policies will result in more faithfully representative and relevant information being provided in the financial statements as the historical costs of the land and buildings are considered as outdated. As a result, a revaluation surplus of RMB80,583,000 (net of deferred taxation of RMB23,103,000) arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in the revaluation reserve. The opening balance of accumulated losses is not adjusted and comparatives are not restated.

After adoption of revaluation model, land and buildings are subsequently measured at their revalued amounts, being fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

**(b) Issued but are not yet effective HKFRS Accounting Standards**

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 21 <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup> Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations, and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings Per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosure requirements for investments in equity instruments designated at FVOCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS *Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wordings in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wordings in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 3 SEGMENT INFORMATION

The executive directors of the Company (“EDs”) are chief operating decision-makers. EDs review the Group’s internal reporting in order to assess performance and allocate resources. The Group has determined the operating segments based on the internal reports that are used by the EDs to make strategic decisions. The Group is principally engaged in the manufacture and sale of aerosol and related products and wholesales of personal care products and production related materials. The Group sells its products on contract manufacturing service basis mainly to overseas markets and on original brand manufacturing basis in the PRC market. All products are manufactured under the same production lines and distributed through distributors’ network. The Group wholesales the personal care products and production related materials to business entities based in the PRC market. Result of investment activities are not material to be disclosed as a separate reportable operating segment. EDs review and assess performance of the Group on a combined basis and management concluded that there is only one reportable and operating segment.

#### Geographical information

The following tables present information on revenue and certain assets of the Group by geographical segment.

#### *Revenue from external customers*

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Mainland China	838,841	667,713
United States of America	111,515	96,524
Japan	13,465	13,536
Chile	120,987	104,769
Others	33,596	24,304
	<u>1,118,404</u>	<u>906,846</u>

The revenue information above is based on delivery location of the customers.

The amounts provided to the EDs with respect to total assets are measured in a manner consistent with that of consolidated financial statements.

The right-of-use assets, property, plant and equipment, prepayment for property, plant and equipment, intangible assets and investment in a joint venture which are classified as non-current assets as at 31 December 2025 and 2024 are mainly located in the PRC.

## Information about major customers

Revenue from major customers, each of them accounted for 5% or more of the Group's revenue, are set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	120,987	104,769
Customer B	98,532	n/a*
Customer C	88,166	95,965
Customer D	86,479	84,336
Customer E	74,788	75,921
Customer F	n/a*	42,041

\* Revenue from this customer did not exceed 5% of the Group's total revenue for the year ended 31 December 2025 and 2024.

## 4 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS – NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue</b>		
Sales of goods	<u>1,118,404</u>	<u>906,846</u>
<b>Other income</b>		
Government grants ( <i>Note</i> )	30,803	3,143
Technical service fee	565	3,275
Others	<u>302</u>	<u>435</u>
	<u>31,670</u>	<u>6,853</u>
<b>Other (losses)/gains – net</b>		
Foreign exchange (loss)/gain	(4,457)	10,971
Gain on disposal of property, plant and equipment	202	–
Gain on early termination of lease ( <i>Note 11</i> )	–	40
Loss on revaluation of buildings ( <i>Note 10</i> )	(1,987)	–
Others	<u>–</u>	<u>54</u>
	<u>(6,242)</u>	<u>11,065</u>

*Note:* The Group received government grants in relation to the support of the Group's operations and the research and development cost in the PRC. There were no unfulfilled conditions in relation to the grants.

Revenue and other income from contracts with customers – disaggregated revenue information:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue and other income under HKFRS 15</b>		
<b>Type of goods and services</b>		
Sales of goods on contract manufacturing service (“CMS”) basis ( <i>Note i</i> )	<b>609,642</b>	575,413
Sales of goods on original brand manufacturing (“OBM”) basis ( <i>Note ii</i> )	<b>26,547</b>	25,747
Wholesales	<b>482,215</b>	305,686
Technical service	<b>565</b>	3,275
	<b>1,118,969</b>	910,121
<b>Timing of revenue recognition</b>		
Recognised on point in time basis		
– Sales of goods	<b>1,118,404</b>	906,846
Recognised on over time basis		
– Technical service fee	<b>565</b>	3,275
	<b>1,118,969</b>	910,121

*Notes:*

- (i) The sales of CMS products relate to products which were manufactured by the Group and sold under the customers’ brand names.
- (ii) The sales of OBM products relate to products which were designed, developed and manufactured by the Group and sold under the Group’s own or licensed brand names.

The following table provides information about contract liabilities from contracts with customers.

	<b>As at</b> <b>31 December</b> <b>2025</b> <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Contract liabilities	<b>28,733</b>	57,518

The contract liabilities are mainly related to the advance consideration of sales of goods received from customers.

**Movements in contract liabilities during the year ended 31 December 2025 and 2024:**

	<i>RMB'000</i>
Balance at 1 January 2024	16,352
Revenue recognised in the year that was included in the contract liabilities balance at the beginning of year	(15,355)
Increase due to cash received, excluding amount recognised as revenue during the year	<u>56,521</u>
Balance at 31 December 2024 and 1 January 2025	57,518
Revenue recognised in the year that was included in the contract liabilities balance at the beginning of year	(55,342)
Increase due to cash received, excluding amount recognised as revenue during the year	<u>26,557</u>
Balance at 31 December 2025	<u><u>28,733</u></u>

The Group's contracts usually have duration of one year or less from date of contract inception to date of satisfaction of performance obligation. The Group has applied the practical expedient and therefore does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

The Group has taken advantage of the practical expedient to not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less.

**5 PROFIT BEFORE INCOME TAX**

Profit before income tax expense is arrived at after charging/(crediting):

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Depreciation and amortisation	<b>15,623</b>	13,707
Employee benefit expenses, excluding amount included in research and development costs	<b>51,458</b>	47,171
Research and development costs ( <i>Note</i> )		
– Employee benefit expenses	<b>9,062</b>	7,779
– Materials and others, excluding depreciation and amortisation	<b>15,550</b>	16,314
Auditor's remuneration		
– Audit services	<b>980</b>	980
Short-term lease expense ( <i>Note 11</i> )	<b>219</b>	796
Low value lease expense ( <i>Note 11</i> )	–	23
Variable lease payments not included in the measurement of lease liabilities ( <i>Note 11</i> )	–	1,441
Gain on early termination of lease ( <i>Note 11</i> )	–	(40)
Inventories written off	<b>383</b>	128
(Gain)/loss on disposal of property, plant and equipment	<b>(202)</b>	75

*Note:* Research and development costs are included in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

## 6 INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax:		
Hong Kong profit tax	–	328
PRC corporate income tax	<b>6,921</b>	8,561
– Under provision in respect of prior years	<b>592</b>	–
	<b>7,513</b>	8,889
Deferred income tax:		
PRC corporate income tax	<b>10,845</b>	(1,278)
PRC land appreciation tax	<b>(54)</b>	(54)
	<b>10,791</b>	(1,332)
	<b>18,304</b>	7,557

The Group was not subject to any income tax in the Cayman Islands.

No provision for profits tax in Hong Kong has been made as the Group has no assessable income for profits tax in Hong Kong during the year ended 31 December 2025.

The provision of Hong Kong Profits Tax is calculated at a tax rate of 16.5% during the year ended 31 December 2024, except for one subsidiary of the group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For that subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable. Zhejiang Ludao Technology Co., Ltd (“Ludao PRC”), an indirectly wholly-owned subsidiary of the Company, was accredited as a High and New Technology Enterprise enabling it to enjoy a preferential rate of 15% for the three years from 24 December 2022 to 23 December 2025, and renewed for the three years from 19 December 2025 to 18 December 2028.

For the year ended 31 December 2025 and 2024, the Group was entitled to claim an extra 100% in addition to the actual research and development expenses incurred as an incentive (“Super Deduction”).

The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the year ended 31 December 2025 and 2024.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales properties less deductible expenditures including the cost of land use rights and all property development expenditures.

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the Group as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before income tax	74,568	58,840
<i>Add: share of results of a joint venture (Note 9)</i>	1,375	(408)
	<u>75,943</u>	<u>58,432</u>
Tax calculated at the tax rate of 15% (2024: 15%)	11,391	8,765
Effect of different tax rates of other subsidiaries	843	(1,486)
Additional deductions for research and development expenses	(3,415)	(3,248)
Effects of income not taxable and expenses not deductible for tax purposes and others	1,100	3,526
Tax effect of recognised temporary difference	11,334	–
Utilisation of tax losses previously not recognised	(3,541)	–
Under-provision for prior years	592	–
	<u>18,304</u>	<u>7,557</u>

Pursuant to the CIT Law, a 10% withholding tax will be levied on the dividends declared by companies established in the PRC from profits generated after 1 January 2008 to their foreign investors. As at 31 December 2025, the Group did not recognise deferred tax liabilities on profits of RMB573,399,000 (2024: RMB522,157,000) generated from Ludao PRC after 1 January 2008 as no dividends would be declared by Ludao PRC out of those profits in the foreseeable future considering the cash flow requirements of the Group.

## 7 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2025 (2024: Nil).

## 8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<u>56,257</u>	<u>51,300</u>
Weighted average number of ordinary shares in issue	<u>491,800,000</u>	<u>491,800,000</u>
Basic and diluted earnings per share ( <i>RMB per share</i> )	<u>0.11</u>	<u>0.10</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2025 and 2024, diluted earnings per share is the same as basic earnings per share. There is no dilutive effect of the outstanding convertible bonds for the years ended 31 December 2025 and 2024, as they are anti-dilutive.

## 9 INVESTMENT IN A JOINT VENTURE

	<b>2025</b>	2024
	<b>RMB'000</b>	<b>RMB'000</b>
As at 1 January	<b>46,500</b>	49,500
Share of results	<b>(1,375)</b>	408
Impairment loss on investment in a joint venture	<b>(2,000)</b>	(3,415)
Exchange adjustment	<b>21</b>	7
	<hr/>	<hr/>
As at 31 December	<b>43,146</b>	46,500
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2025, the Group had interest in the joint venture which is accounted for using equity method in the consolidated financial statements.

Name	Form of business structure	Place of incorporation/ establishment	Particulars of issued shares held	Equity interest held		Principal activities and place of operation
				2025	2024	
Illustrious Success Limited ("Illustrious Success") (Note)	Limited liability company	The British Virgin Islands ("BVI")	5,000 ordinary shares of USD5,000	<b>50%</b>	50%	Investment holding, BVI

*Note:*

During the year ended 31 December 2017, the Group acquired 50% equity interest in Illustrious Success for a consideration of RMB52,000,000.

Illustrious Success is a company incorporated in BVI with limited liability and is engaged in investment holding. Its significant subsidiary, 朝陽廣華新能源技術有限公司 (Chaoyang Guanghua New Energy and Technology Limited\*), is mainly engaged in supplying heat generated from thermal energy and sewage water in the PRC.

The proportion of ownership interest in Illustrious Success is the same as the proportion of voting rights held.

\* The English name is for identification purpose only

## 10 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Office furniture and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Renovation <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024							
Cost	92,524	51,428	30,584	16,726	1,200	537,085	729,547
Accumulated depreciation	(35,065)	(33,244)	(19,274)	(6,228)	(240)	–	(94,051)
Net book amount	<u>57,459</u>	<u>18,184</u>	<u>11,310</u>	<u>10,498</u>	<u>960</u>	<u>537,085</u>	<u>635,496</u>
Year ended 31 December 2024							
Opening net book amount	57,459	18,184	11,310	10,498	960	537,085	635,496
Additions	203	834	984	72	–	152,934	155,027
Disposal	–	(81)	(8)	(11)	–	–	(100)
Transfer from right-of use assets (Note 11)	–	20,884	–	–	–	–	20,884
Depreciation	(2,795)	(3,150)	(2,806)	(1,268)	(240)	–	(10,259)
Closing net book amount	<u>54,867</u>	<u>36,671</u>	<u>9,480</u>	<u>9,291</u>	<u>720</u>	<u>690,019</u>	<u>801,048</u>
At 31 December 2024 and 1 January 2025							
Cost	92,361	73,663	31,486	16,687	1,200	690,019	905,416
Accumulated depreciation	(37,494)	(36,992)	(22,006)	(7,396)	(480)	–	(104,368)
Net book amount	<u>54,867</u>	<u>36,671</u>	<u>9,480</u>	<u>9,291</u>	<u>720</u>	<u>690,019</u>	<u>801,048</u>
Year ended 31 December 2025							
Opening net book amount	54,867	36,671	9,480	9,291	720	690,019	801,048
Additions	163	4,619	652	382	–	96,842	102,658
Disposal	–	(61)	(34)	(29)	–	–	(124)
Transfer	675,238	16,508	771	–	–	(692,517)	–
Surplus on revaluation	12,958	–	–	–	–	–	12,958
Loss on revaluation to profit or loss	(1,987)	–	–	–	–	–	(1,987)
Depreciation	(2,989)	(5,242)	(2,771)	(1,304)	(240)	–	(12,546)
Closing net book amount	<u>738,250</u>	<u>52,495</u>	<u>8,098</u>	<u>8,340</u>	<u>480</u>	<u>94,344</u>	<u>902,007</u>
At 31 December 2025							
Cost	738,250	94,420	32,567	17,040	1,200	94,344	977,821
Accumulated depreciation	–	(41,925)	(24,469)	(8,700)	(720)	–	(75,814)
Net book amount	<u>738,250</u>	<u>52,495</u>	<u>8,098</u>	<u>8,340</u>	<u>480</u>	<u>94,344</u>	<u>902,007</u>

The net book value of construction in progress of approximately RMB94,344,000 (2024: RMB690,019,000) related to buildings, plant and machinery and office furniture and equipment under construction in Taizhou, the PRC, will be depreciated once the construction work is completed and available for use.

As at 31 December 2025, the Group's buildings and construction in progress with an aggregate net carrying amount of RMB738,250,000 (2024: RMB20,499,000) and Nil (2024: RMB625,315,000) respectively, were pledged to secure bank borrowings (Note 17).

As at 31 December 2025, the Group's plant and machinery with an aggregate net carrying amount of RMB37,359,000 (2024: RMB42,050,000) were held under sale and leaseback liabilities as set out in Note 17.

During the year ended 31 December 2024, the Group's right-of-use assets with an aggregate net carrying amount RMB20,884,000 were transferred to plant and machinery upon the completion of a finance lease contract.

### **Fair value measurement of the land and buildings**

The Group had accounted for the land and buildings using the cost model in previous years. In order to more accurately reflect the value of the land and buildings held by the Group and provide more relevant information to the users of the financial statements of the Group, the directors of the Company had approved changes in the accounting policies of the Group for the land and buildings from cost model to revaluation model with effect from 31 December 2025. The Group had adopted the change in accounting policy of the land and buildings prospectively.

The Group's land and buildings were revalued on 31 December 2025 by Norton Appraisals Holdings Limited, an independent qualified valuer not related to the Group. The resulting revaluation gain of RMB90,728,000 (2024: Nil) arising from right-of-use assets, and revaluation gain of RMB12,958,000 (2024: Nil) arising from property, plant and equipment, respectively, net of the corresponding total deferred tax liabilities of RMB23,103,000 (2024: Nil), have been charged to the property revaluation reserve for the year ended 31 December 2025. A loss on revaluation on a building of approximately RMB1,987,000 (2024: Nil) is recognised to profit or loss. The valuations by the independent qualified valuer are arrived by direct comparison approach and depreciated replacement cost. The direct comparison approach is based on market observable recent transactions of similar properties in similar locations. The depreciated replacement cost approach is based on the current cost of replacement of the improvements cost less allowance for physical deterioration and all relevant forms of obsolescence and optimisations.

If the land and buildings of the Group had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and their carrying amounts would have been approximately RMB727,279,000 (2024: Nil) as property, plant and equipment and approximately RMB73,232,000 (2024: Nil) as right-of-use assets as at 31 December 2025.

## 11 LEASES

### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years are as follows:

	Land use rights RMB'000	Office premises, plant and machinery and director's quarter RMB'000	Total RMB'000
At 1 January 2024	40,388	23,855	64,243
Additions	35,257	2,914	38,171
Early termination of leases	–	(209)	(209)
Depreciation	(1,331)	(2,015)	(3,346)
Transfer to property, plant and equipment ( <i>Note 10</i> )	–	(20,884)	(20,884)
Foreign exchange movements	–	9	9
	<u>74,314</u>	<u>3,670</u>	<u>77,984</u>
At 31 December 2024 and 1 January 2025	74,314	3,670	77,984
Additions	71	738	809
Lease modification	–	(208)	(208)
Depreciation	(1,153)	(1,803)	(2,956)
Surplus on revaluation	90,728	–	90,728
Foreign exchange movements	–	(7)	(7)
	<u>163,960</u>	<u>2,390</u>	<u>166,350</u>
At 31 December 2025	<u>163,960</u>	<u>2,390</u>	<u>166,350</u>

*Note:*

Lump sum payments were made upfront to acquire the land use rights with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of their use.

In addition, the Group leases a number of properties in Mainland China and Hong Kong in which it operates. Leases of properties generally have lease terms of between 1 and 5 years.

As at 31 December 2025, the Group's land use rights with an aggregate net carrying amount of RMB163,960,000 (2024: RMB74,314,000) were pledged to secure bank borrowings (Note 17).

During the year ended 31 December 2024, the Group's right-of-use assets with an aggregate net carrying amount of RMB20,884,000 were transferred to plant and machinery upon the completion of a finance lease contract.

The land use rights held by the Group was accounted for as revaluation model with effect from 31 December 2025. Please refer to Note 10 for details.

**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the years are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	<b>3,209</b>	7,761
Additions	<b>738</b>	2,914
Early termination of lease	–	(249)
Interest expense	<b>225</b>	520
Lease modification	<b>(208)</b>	–
Lease payments	<b>(1,567)</b>	(7,746)
Foreign exchange movements	<b>(7)</b>	9
	<hr/>	<hr/>
At 31 December	<b>2,390</b>	3,209

Future lease payments are due as follows:

	<b>Future lease payments 31 December 2025 <i>RMB'000</i></b>	<b>Interest 31 December 2025 <i>RMB'000</i></b>	<b>Present value 31 December 2025 <i>RMB'000</i></b>
Not later than one year	<b>1,580</b>	<b>(114)</b>	<b>1,466</b>
Later than one year and not later than two years	<b>585</b>	<b>(47)</b>	<b>538</b>
Later than two years and not later than five years	<b>396</b>	<b>(10)</b>	<b>386</b>
	<hr/>	<hr/>	<hr/>
	<b>2,561</b>	<b>(171)</b>	<b>2,390</b>

	<b>Future lease payments 31 December 2024 <i>RMB'000</i></b>	<b>Interest 31 December 2024 <i>RMB'000</i></b>	<b>Present value 31 December 2024 <i>RMB'000</i></b>
Not later than one year	1,491	(230)	1,261
Later than one year and not later than two years	1,314	(102)	1,212
Later than two years and not later than five years	792	(56)	736
	<hr/>	<hr/>	<hr/>
	<b>3,597</b>	<b>(388)</b>	<b>3,209</b>

The present value of future lease payments are analysed as:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities	1,466	1,261
Non-current liabilities	924	1,948
	<u>2,390</u>	<u>3,209</u>

(c) The amount recognised in profit or loss in relation to leases are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of right-of-use assets	2,956	3,346
Interest on lease liabilities	225	520
Short-term lease expense ( <i>Note 5</i> )	219	796
Low-value lease expense ( <i>Note 5</i> )	–	23
Variable lease payments not included in the measurement of lease liabilities ( <i>Note 5</i> )	–	1,441
Gain on early termination of lease ( <i>Note 4</i> )	–	(40)
	<u>3,400</u>	<u>6,086</u>

## 12 FINANCIAL ASSET AT FVOCI/FINANCIAL ASSET AT FVTPL

### A. Financial Asset at FVOCI

#### (i) *Classification of financial assets at FVOCI*

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more appropriate.

#### (ii) *Equity investment in Ever Clever Group Limited (“Ever Clever”)*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current		
Unlisted equity securities		
Ordinary shares – Ever Clever	–	–
	<u>–</u>	<u>–</u>

The Group designated the equity investment in Ever Clever as a financial asset at FVOCI upon initial recognition as the investment is not held for trading.

25% equity interest in Ever Clever was initially recognised of approximately RMB152,155,000 at 8 January 2018.

As 懷來縣恒吉熱力有限公司 (Huailai Hengji Heat Supply Limited Company) (the “HGRL”) (the subsidiary of Ever Clever) has been taken over by another entity appointed by the Huailai county government since September 2020, the Directors of the Company considered that the takeover may be sustained and the HGRL’s financial position was in doubt. In addition, HGRL had significant overdue payables as at 31 December 2024 and 2025 based on litigation search records. The fair value of the financial asset at FVOCI was Nil as at 31 December 2025 and 2024.

## B. Financial Assets at FVTPL

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Non-current		
Equity investment ( <i>Note ii</i> )	<u>2,000</u>	<u>2,000</u>
Current		
Profit guarantee in respect of investment in 25% equity interests of Ever Clever (the “Profit Guarantee”) ( <i>Note i</i> )	<u>–</u>	<u>–</u>

### *Notes:*

- (i) During the year ended 31 December 2018, the Group acquired 25% equity interest of Ever Clever, which Perfect Century Group Limited (the “EC Vendor”) irrevocably guaranteed the Group that, for each of the three consecutive twelve-month periods ending on 31 March 2020, the audited net profit after tax of HGRL, a non wholly-owned subsidiary of Ever Clever, in accordance with the HKFRS Accounting Standards should not be less than RMB55 million for the period from 1 April 2017 to 31 March 2018, RMB65 million for the period from 1 April 2018 to 31 March 2019 and RMB75 million for the period from 1 April 2019 to 31 March 2020 (the “Guaranteed Profit”). The Profit Guarantee represented the fair value of the amount of shortfall between the respective actual profit or loss and the Guaranteed Profit to be received by the Group if the Ever Clever failed to meet the Guaranteed Profit. Details of the Profit Guarantee were disclosed in the Company’s announcement on 29 November 2017.

The Profit Guarantee contracted with the EC Vendor was recognised as a derivative financial instrument under HKFRS 9.

During the year ended 31 December 2020, the Directors of the Company acted as plaintiff to commence the legal proceedings in the High Court of Hong Kong on 2 November 2020 against the EC Vendor as defendant for, among others, cash compensation payable by the EC Vendor as a result of the breach of its obligations under the sale and purchase agreement dated 29 November 2017 (“Sale and Purchase Agreement”) to deliver the audited financial statements of HGRL and its failure to evidence or prove the fulfilment of the Profit Guarantee. Based on the unknown willingness and ability of the EC Vendor fulfilling the Profit Guarantee, the fair value of the Profit Guarantee was Nil as at 31 December 2025 and 2024.

(ii) Equity investment

The balance as at 31 December 2025 and 2024 represented unlisted equity investment in 10% equity interest of a private company incorporated in PRC.

No change in the fair value of the financial asset at FVTPL was recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 and 2024.

In determining fair value, specific valuation techniques (market approach) are used. Information about fair value measurement using significant unobservable inputs (Level 3):

	Valuation technique	Significant of unobservable inputs	Amount	Relationship of Unobservable inputs to fair value	Sensitivity of fair value to the input
Equity investment	Market model	*EV/S ratio	0.25x	The higher EV/S ratio, the higher the fair value.	5% increase/decrease in EV/S ratio would result in increase/decrease in fair value by RMB86,000 (2024: RMB102,000)
		Discount for lack of marketability ("DLOM")	15.6%	The higher DLOM, the lower the fair value.	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB18,000 (2024: RMB20,000)

\* EV/S ratio stands for Enterprise Value to Sale Ratio

### 13 INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	28,593	23,637
Work in progress	1,872	591
Finished goods	32,283	33,365
	<u>62,748</u>	<u>57,593</u>

The cost of inventories included in cost of sales during the year ended 31 December 2025 amounted to RMB962,750,000 (2024: RMB762,481,000).

During the year ended 31 December 2025, the Group did not make or reverse any provision for inventories (2024: Nil).

## 14 TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current</b>		
Deposits	–	64
<b>Current</b>		
Trade receivables, net (a)	226,829	204,249
Other receivables, net (b)	42,263	28,365
Prepayments (c)	272,530	273,601
Deposits (d)	1,847	1,813
	<u>543,469</u>	<u>508,028</u>
	<u>543,469</u>	<u>508,092</u>

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	412,983	422,906
USD	130,412	84,363
HKD	74	823
	<u>543,469</u>	<u>508,092</u>

The fair values of trade and other receivables approximate to their carrying values as at the end of the reporting period.

### (a) Trade receivables, net

The credit period granted to customers is generally between 0 to 360 days (2024: 0 to 360 days). The ageing analysis of the trade receivables from the date of sales is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Up to 3 months	158,135	110,787
3 to 6 months	55,519	50,249
6 to 12 months	15,973	15,914
Over 12 months	8,348	41,475
	<u>237,975</u>	<u>218,425</u>
Loss allowance for impairment	<u>(11,146)</u>	<u>(14,176)</u>
	<u>226,829</u>	<u>204,249</u>

The Group's sales are mainly made to several major customers and there is a concentration of credit risks. Sales of goods to the top five customers constituted 42% (2024: 44%) of the Group's revenue for the year. They accounted for 73% (2024: 74%) of the gross trade receivable balances as at 31 December 2025.

As at 31 December 2025, trade receivables with gross carrying amount of approximately RMB27,223,000 (2024: RMB90,054,000) were past due.

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, from the date of sales, as of the end of reporting period.

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Up to 3 months	<b>155,209</b>	108,498
3 to 6 months	<b>54,992</b>	49,290
6 to 12 months	<b>15,869</b>	15,778
Over 12 months	<b>759</b>	30,683
	<u><b>226,829</b></u>	<u>204,249</u>

The movements in loss allowance for impairment of trade receivables were as follows:

	<i>RMB'000</i>
At 1 January 2024	8,941
Impairment losses recognised	<u>5,235</u>
At 31 December 2024 and 1 January 2025	14,176
Reversal of impairment losses recognised	<u>(3,030)</u>
At 31 December 2025	<u><u>11,146</u></u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2025**

	<b>Expected loss rate (%)</b>	<b>Gross carrying amount (RMB'000)</b>	<b>Loss allowance (RMB'000)</b>
Current (not past due)	1.62	210,752	3,421
1-30 days past due	0.62	18,547	115
31-90 days past due	1.85	270	5
91-365 days past due	32.31	65	21
1 year past due	48.60	1,068	519
2-3 years past due	82.71	1,203	995
3 years past due	100.00	6,070	6,070
		<u>237,975</u>	<u>11,146</u>

**As at 31 December 2024**

	Expected loss rate (%)	Gross carrying amount (RMB'000)	Loss allowance (RMB'000)
Current (not past due)	1.71	128,371	2,194
1-30 days past due	1.86	14,916	277
31-90 days past due	2.26	17,325	391
91-365 days past due	12.02	40,970	4,925
1 year past due	7.06	10,762	760
2-3 years past due	87.23	3,539	3,087
3 years past due	100.00	2,542	2,542
		<u>218,425</u>	<u>14,176</u>

**(b) Other receivables, net**

	<b>2025 RMB'000</b>	<b>2024 RMB'000</b>
Government grants receivable	21,448	24,852
Amount due from third parties ( <i>Note</i> )	10,632	845
Other tax receivables	6,240	955
Others	3,943	1,713
	<u>42,263</u>	<u>28,365</u>

*Note:* The amount due from third parties are unsecured, interest-free and repayable on demand.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The movements in loss allowance for impairment of other receivables were as follows:

	<i>RMB'000</i>
At 1 January 2024	3,309
Reversal of impairment losses recognised	(13)
Exchange adjustment	67
	<hr/>
At 31 December 2024 and 1 January 2025	3,363
Impairment losses recognised	2,162
Exchange adjustment	(81)
	<hr/>
At 31 December 2025	<u>5,444</u>

**(c) Prepayments**

Prepayments are mainly advance payments to suppliers for raw materials.

**(d) Deposits**

Deposits mainly represent rental deposits and deposits with suppliers for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

**15 TRADE AND OTHER PAYABLES**

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables (a)	<b>184,048</b>	182,082
Notes payable (b)	<b>226,850</b>	149,159
	<hr/>	<hr/>
	<b>410,898</b>	331,241
	<hr/>	<hr/>
Other payables:		
Deposit received from customers	<b>3,034</b>	3,087
Other taxes payable	<b>20</b>	44
Accrued salaries and wages	<b>4,470</b>	4,117
Accrued interest	<b>493</b>	506
Accrued expenses and others	<b>126,201</b>	192,153
	<hr/>	<hr/>
	<b>134,218</b>	199,907
	<hr/>	<hr/>
	<b>545,116</b>	531,148
	<hr/> <hr/>	<hr/> <hr/>

The carrying amounts of the trade and other payables are denominated in the following currencies:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
RMB	<b>544,419</b>	530,432
HKD	<b>453</b>	465
USD	<b>244</b>	251
	<b><u>545,116</u></b>	<u>531,148</u>

The fair values of trade and other payables approximated to their carrying values as at the year end dates.

(a) The ageing analysis of trade payables by invoice date is as follows:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Up to 3 months	<b>121,110</b>	86,428
3 to 6 months	<b>42,455</b>	67,082
6 to 12 months	<b>9,297</b>	17,191
Over 12 months	<b>11,186</b>	11,381
	<b><u>184,048</u></b>	<u>182,082</u>

The credit period granted by the Group's suppliers ranges from 0 to 90 days.

(b) Notes payables represented bank acceptance notes, which were subject to surcharge ranging from 0% to 0.06% (2024: 0% to 0.06%) of the face value of the notes, with maturity dates from 3 January 2026 to 17 September 2026 (2024: from 29 January 2025 to 24 September 2025).

As at 31 December 2025 and 2024, note payables were secured by pledged bank deposits of the Group with an aggregate carrying amount of approximately RMB78,650,000 (2024: RMB69,990,000), and guaranteed by a director of the Group and a close family member of director of the Group.

## 16 CONVERTIBLE BONDS

On 4 October 2021, the Company completed the issuance of convertible bonds (the "Convertible Bonds due 2024") in an aggregate principal amount of HK\$93,300,000 (equivalent to approximately RMB77,224,000).

The Convertible Bonds due 2024 is denominated in HKD, bear interest at the rate of 5.87% per annum, payable semi-annually in arrears, and will be matured on three years from the issue date. The holders of Convertible Bonds due 2024 shall have a right to convert the Convertible Bonds due 2024 into ordinary shares of the Company at the conversion price of HKD2.00 per share during the conversion period. The effective interest rate of the liability component of the Convertible Bonds due 2024 is 9.75% per annum.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

	<b>Convertible Bonds due 2024</b>		
	<b>Liability component</b>	<b>Equity component</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	83,235	7,176	90,411
Interest expense	6,311	–	6,311
Repayment	(89,986)	–	(89,986)
Foreign exchange movements	440	–	440
Transfer to retained earnings due to maturity	–	(7,176)	(7,176)
	<hr/>	<hr/>	<hr/>
At 31 December 2024, 1 January 2025 and 31 December 2025	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group's Convertible Bonds due 2024 were valued by an independent valuer by using binomial option pricing model with the following key assumptions at the issuance date of the Convertible Bonds due 2024:

	2021
Stock price of the Company	HKD1.25
Volatility	39.0%
Risk-free interest rate	0.41%
Bond discount rate	9.75%

## 17 BANK AND OTHER BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current</b>		
Secured and guaranteed interest-bearing bank borrowings repayable more than one year ( <i>Note (i) &amp; (ii)</i> )	236,280	276,424
Sales and leaseback ( <i>Note (iii)</i> )	–	2,654
	<hr/>	<hr/>
	<b>236,280</b>	279,078
	<hr/> <hr/>	<hr/> <hr/>
<b>Current</b>		
Secured and guaranteed interest-bearing bank borrowings repayable within one year ( <i>Note (i) &amp; (ii)</i> )	365,604	278,562
Unsecured and guaranteed interest-bearing bank borrowings repayable within one year ( <i>Note (ii)</i> )	88,160	53,167
Unsecured and unguaranteed interest-bearing bank borrowings repayable within one year	10,000	10,000
Sales and leaseback ( <i>Note (iii)</i> )	2,654	16,739
	<hr/>	<hr/>
	<b>466,418</b>	358,468
	<hr/> <hr/>	<hr/> <hr/>
	<b>702,698</b>	637,546
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) The bank borrowings are secured by:
- (a) building with an aggregate net carrying amount of approximately RMB738,250,000 as at 31 December 2025 (2024: RMB20,499,000) as disclosed in Note 10;
  - (b) construction in progress with an aggregate carrying amount of Nil as at 31 December 2025 (2024: RMB625,315,000) as disclosed in Note 10;
  - (c) land use rights with an aggregate net carrying amount of approximately RMB163,960,000 as at 31 December 2025 (2024: RMB74,314,000) as disclosed in Note 11;
  - (d) pledged bank deposits with an aggregate carrying amount of approximately RMB14,764,000 as at 31 December 2025 (2024: RMB15,099,000); and
  - (e) property, plant and equipment of the supplier of the Group as at 31 December 2025.
- (ii) The bank borrowings are guaranteed by:
- (a) a director of the Group;
  - (b) a close family member of directors of the Group; and
  - (c) a supplier of the Group.
- (iii) As at 31 December 2025, the Group's plant and machinery with an aggregate net carrying amount of RMB37,359,000 (2024: RMB42,050,000) were held under sale and leaseback liabilities disclosed in Note 10.

As at 31 December 2025, the Group's unutilised bank facilities was approximately RMB828,827,000 (2024: RMB359,138,000).

The exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates or maturity date, whichever is earlier, is within one year.

The annual weighted average effective interest rate as at 31 December 2025 was 4.30% (2024: 4.78%).

At the end of the reporting period, the Group's bank borrowings are scheduled to repay as follows:

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
On demand or within one year	<b>463,764</b>	341,729
More than one year, but not exceeding two years	<b>50,187</b>	40,144
More than two years, but not exceeding five years	<b>186,093</b>	170,667
More than five years	—	65,613
	<b>700,044</b>	618,153

At the end of the reporting period, the Group's sale and leaseback liabilities are scheduled to repay as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
On demand or within one year	<b>2,654</b>	16,739
More than one year, but not exceeding two years	–	2,654
More than two years, but not exceeding five years	–	–
	<u><b>2,654</b></u>	<u>19,393</u>

The exposure of the Group's interest-bearing bank borrowings are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Fixed-rate bank borrowings	<b>454,384</b>	417,710
Floating-rate bank borrowings	<b>248,314</b>	219,836
	<u><b>702,698</b></u>	<u>637,546</u>

The carrying amounts of bank borrowings are denominated in the following currencies:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
USD	<b>49,200</b>	50,443
RMB	<b>653,498</b>	587,103
	<u><b>702,698</b></u>	<u>637,546</u>

The carrying amounts of bank borrowings approximate to their fair values and the impact of discounting is not material.

## 18 SHARE CAPITAL AND SHARE PREMIUM

	31 December 2025 and 2024	
	Number of shares (thousands)	HKD'000
<b>Authorised capital:</b>		
Ordinary shares of HKD0.01 each	<u>2,000,000</u>	<u>20,000</u>
	<b>Issued and fully paid: Share capital</b>	<b>Share premium</b>
	<i>Number of ordinary shares (of HKD0.01 each)</i>	<i>RMB'000</i>
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<u>491,800,000</u>	<u>3,901</u>
	<u>150,143</u>	<u>150,143</u>

All shares issued rank pari passu against each other. There are no changes in the issued capital of the Company at the years ended 31 December 2025 and 2024.

## 19 PREPAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2025 and 2024, prepayments for construction in progress, and plant and equipment represent advances made under construction contracts and purchases contracts for the development of production plant in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

As one of the few top leading manufacturers of the aerosol products in the People's Republic of China (the "PRC"), our Group is principally engaged in the research and development, manufacture and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides and wholesale of personal care products and production-related materials. We sell our products on CMS basis to overseas markets and on OBM basis in the PRC market. Meanwhile, the Group also expands the market in Mainland China on CMS basis gradually. Our products can be divided into four major categories, namely (i) household and auto care products, (ii) air-fresheners, (iii) personal care products, and (iv) insecticides.

Our OBM business offers products under our own brand names of "Green Island", "Ludao" ("綠島"), "JIERJIA" ("吉爾佳") and "EAGLEIN KING" ("鷹王"), mainly through a network of distributors, who further resell our OBM products to wholesalers, retailers and end-users in the PRC. Our Group also timely launched the brand "GINVIK" through our subordinate company Zhejiang Sinopharm Junyue Aerosol Co., Ltd\* (浙江國藥景岳氣霧劑有限公司) which included e-commerce as a sale channel.

We also continue to explore the wholesale business to sell personal care products and production related materials in the PRC during the Reporting Period.

During the Reporting Period, the Group remained steadfast in upholding its philosophy of "innovative, green and harmonious" development, and further strengthened partnerships with strategic customers. While consolidating our existing sales channels, we actively explored new distribution networks, expanded domestic market presence, and intensified research and development efforts for high value-added products to enhance the Group's pricing power. Investments in e-commerce operations were continuously scaled up, resulting in broader online sales coverage. In 2025, the Group's CMS business recorded a steady increase of approximately 5.9%, as well as the OBM business also recorded an increase of approximately 3.1%. Meanwhile, the wholesale business achieved a significantly increase of approximately 57.7%.

For the Reporting Period, the revenue and net profit of the Group were approximately RMB1,118.4 million and RMB56.3 million respectively, representing an increase of approximately 23.3% and 9.7% respectively over 2024. Basic earnings per share was approximately RMB11 cents (2024: approximately RMB10 cents).

The Group's total comprehensive income for the year attributable to the owners of the Company was approximately RMB150.6 million for the Reporting Period, compared to that of approximately RMB37.8 million for the prior year. The increase was primarily driven by approximately RMB103.7 million arising from a gain on revaluation of land and buildings (2024: Nil), partially offset by deferred taxation relating to revaluation of land and buildings of approximately RMB23.1 million (2024: Nil), and approximately RMB13.7 million arising from currency translation differences (2024: loss of approximately RMB13.5 million), combined with the increase in profit for the Reporting Period to approximately RMB56.3 million (2024: approximately RMB51.3 million).

## **FINANCIAL REVIEW**

### **Revenue**

#### ***CMS***

For the Reporting Period, the revenue for the Group's CMS business was approximately RMB609.6 million (2024: approximately RMB575.4 million) representing an increase of approximately 5.9% as compared with last year.

During the Reporting Period, adhering to the philosophy of "innovative, green and harmonious" development, the Group continued to strengthen the cooperation relationship with strategic customers, more actively expanded the domestic market and vigorously developed high value-added products to enhance the pricing power of the Group's products and proactively explore more international markets. In 2025, the Group's CMS business achieved a healthy growth as compared with last year.

#### ***OBM***

The revenue for OBM business of the Group for the Reporting Period was approximately RMB26.5 million (2024: approximately RMB25.7 million), representing an increase of approximately 3.1% as compared with last year.

During the Reporting Period, the Group adjusted the sales channels for the OBM business. It optimized and adjusted sales activities under the models of old wholesalers and retailers to better adapt to the market. In 2025, the Group's OBM business achieved a healthy growth as compared with last year.

### **Wholesale business**

During the Reporting Period, the Group continued to engage in the wholesale business of personal care products and production-related materials in the PRC. Through the industry experience and market network of the personal care products and production-related materials of the Group in the PRC, the Group expanded its business sources and increased its revenue. Revenue from wholesale business in 2025 was approximately RMB482.2 million (2024: approximately RMB305.7 million) representing an increase of approximately 57.7% as compared with last year.

## **Cost of sales**

Cost of sales of the Group for the Reporting Period was approximately RMB966.8 million (2024: approximately RMB765.0 million), representing an increase of approximately 26.4% when compared to the last year. The increase was in line with the increment of sales volume.

## **Gross profit and gross profit margin**

For the Reporting Period, the Group recorded gross profit of approximately RMB151.6 million (2024: approximately RMB141.8 million), representing an increase of approximately 6.9% as compared to that of the prior year. The gross profit margin was approximately 13.6% (2024: approximately 15.6%), such decrease of approximately 2.0% was primarily due to continuous inflation of product raw material price, the weakening of the US dollar against the Renminbi and also diluted by the slight gross profit margin ratio from the wholesales business.

## **Net profit and net profit margin**

The Group's net profit for the Reporting Period was approximately RMB56.3 million (2024: approximately RMB51.3 million), representing an increase of approximately 9.7% when compared to the prior year. The net profit margin of the Group decreased from approximately 5.7% in 2024 to approximately 5.0% in 2025. Such result was primarily due to reduction in gross profit margin ratio during the Reporting Period.

## **Other comprehensive income for the year**

The Group's other comprehensive income for the Reporting Period was approximately RMB94.3 million (2024: other comprehensive expenses of approximately RMB13.5 million), representing an increase of approximately 798.5% when compared to the prior year. The increase was mainly due to the effect of a gain on revaluation of land and buildings of approximately RMB103.7 million (2024: Nil), partially offset by deferred taxation relating to revaluation of land and buildings of approximately RMB23.1 million (2024: Nil), and currency translation differences of approximately RMB13.7 million (2024: loss of approximately RMB13.5 million).

## **Expenses**

### ***Selling expenses***

Selling expenses mainly consist of staff salaries, allowance and bonus, entertainment expenses, transportation and travelling expenses, advertising expenses and exhibition expenses. For the Reporting Period, selling expenses was approximately RMB29.3 million (2024: approximately RMB21.3 million), representing an increase of approximately 37.6% as compared to that of the prior year. The increase was primarily due to the increase in staff salaries, allowance and bonuses and transportation and travelling expenses during the Reporting Period.

### ***Administrative and other operating expenses***

Administrative and other operating expenses consist of staff salaries and benefit expenses, depreciation and amortisation, transportation and travelling expenses, office expenses, research and development costs, other tax expenses and entertainment expenses. For the Reporting Period, administrative and other operating expenses was approximately RMB70.1 million (2024: approximately RMB65.9 million), representing an increase of approximately 6.4% as compared to that of the prior year. The increase was primarily due to the increase in staff salaries and benefit expenses and depreciation and amortisation.

### ***Finance costs – net***

For the Reporting Period, the Group recorded net finance costs of approximately RMB0.6 million (2024: net finance costs of approximately RMB5.5 million), representing a decrease of approximately 89.1% as compared to that of the prior year. The decrease was primarily due to certain high interest rate loans being replaced by lower interest rate loans and no interest expenses from convertible bonds, partially offset by reduced capitalisation of borrowing costs in construction-in-progress during the Reporting Period.

### ***Income tax expense***

The income tax expense of the Group for the Reporting Period was approximately RMB18.3 million, representing an increase of approximately RMB10.7 million as compared with approximately RMB7.6 million in 2024. Effective income tax rate for the current period was approximately 24.5%, which was higher as compared with approximately 12.8% over 2024. The higher effective income tax rate was primarily due to the tax effect of recognised temporary difference.

## **HIGHLIGHT OF STATEMENT OF FINANCIAL POSITION**

### **Property, plant and equipment**

The Group's property, plant and equipment was approximately RMB902.0 million as at 31 December 2025 compared to approximately RMB801.0 million as at 31 December 2024. Such increase was mainly due to the addition of property, plant and equipment of approximately RMB102.7 million combined with the depreciation provided of approximately RMB12.5 million during the year ended 31 December 2025. Details and breakdown of the property, plant and equipment were set out in note 10 to the consolidated financial statements. The capital expenditures were financed by the internal resources and bank borrowings of the Group.

### **Prepayments for property, plant and equipment**

As at 31 December 2025, the Group's prepayments for property, plant and equipment was approximately RMB66.2 million (2024: approximately RMB80.1 million). The decrease was due to certain advances made under construction contracts and purchases contracts related to development of production plants in the PRC in previous years were transferred to property, plant and equipment during the Reporting Period.

## **Inventories**

As at 31 December 2025, the inventories increased by approximately 8.9% to approximately RMB62.7 million (2024: approximately RMB57.6 million). This was mainly due to the Group purchased more raw materials to fulfill the high production demand, resulting in an increase in raw materials at the end of the year.

## **Trade receivables**

As at 31 December 2025, trade receivables of approximately RMB27.2 million were past due, representing a decrease of approximately 69.8% as compared to the amount of approximately RMB90.1 million as at 31 December 2024. The amount of the impairment provision was approximately RMB11.1 million as at 31 December 2025 (2024: approximately RMB14.2 million).

## **FINAL DIVIDEND**

The Board resolved not to recommend any final dividend for the year ended 31 December 2025 (2024: Nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2025, the total assets of the Group amounted to approximately RMB1,928.6 million (2024: approximately RMB1,694.8 million), and net current liabilities of approximately RMB297.9 million (2024: net current liabilities: approximately RMB266.4 million). The gearing ratio (based on the total debt over the total equity) of the Group was approximately 155.5%, which was lower than that of approximately 175.8% over 2024. The decrease was primarily due to the increase of equity during the year.

## **BORROWINGS AND THE PLEDGE OF THE GROUP'S ASSETS**

As at 31 December 2025, notes payable of approximately RMB226.9 million (2024: approximately RMB149.2 million) were secured by pledge bank deposits with an aggregate carrying amount of approximately RMB78.7 million (2024: approximately RMB70.0 million) and guaranteed by a director of the Group and a close family member of director of the Group. Buildings, construction in progress, land use rights and pledged bank deposits with an aggregate carrying amount of approximately RMB917.0 million (2024: approximately RMB735.2 million) were pledged to secure the Group's bank borrowings which were guaranteed by a director of the Group and a close family member of directors of the Group. Save as disclosed herein, there was no other charge on the Group's assets.

As at 31 December 2025, the Group's total bank and other borrowings amounted to approximately RMB702.7 million (2024: approximately RMB637.5 million), of which approximately RMB466.4 million (2024: approximately RMB358.5 million) with full are repayable on demand or due for repayment within the next twelve months from the end of the Reporting Period.

## **CAPITAL STRUCTURE**

During the Reporting Period, there was no change in the Company's share capital.

## **FINANCING**

The Board considers that the existing financial resources together with funds generated from business operations will be sufficient to meet future expansion plans and the Group believes that it will, if necessary, be capable of obtaining additional financing with favourable terms.

## **CONTRACTUAL OBLIGATIONS**

As at 31 December 2025, the Group had capital commitments of approximately RMB156.7 million in respect of property, plant and equipment (2024: approximately RMB263.7 million). As at 31 December 2025, the Group did not have any future aggregate minimum lease rental receivables (2024: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: Nil).

## **EXCHANGE RATE EXPOSURE**

During the Reporting Period, the Group mainly operated in the PRC with most transactions settled in RMB. Although the Group may be exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in currencies other than RMB, the majority of our assets and liabilities were denominated in RMB. We currently do not have any foreign exchange contracts because hedging cost is relatively high. Moreover, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

## **EMPLOYEES AND EMOLUMENTS POLICIES**

As at 31 December 2025, the Group had employed a total of 513 employees (2024: 486). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The total staff costs (including fees, salaries and other allowance for both Directors and other staff) for the Reporting Period were approximately RMB60.5 million (2024: approximately RMB55.0 million). The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the Reporting Period. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonuses and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). The Group will review the remuneration policy and related packages on a regular basis.

## **SIGNIFICANT INVESTMENT HELD**

The Group did not hold any significant investments during the Reporting Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## **OTHER INFORMATION**

### **Update on Profit Guarantee in respect of the Acquisition of 25% Equity Interest of EC Group (as defined below)**

Reference is made to the announcements of the Company dated 29 November 2017 and 5 December 2017 in relation to, amongst other things, the acquisition of 25% equity interest in Ever Clever Group Limited (the “Ever Clever”), together with its subsidiaries (the “EC Group”). Further reference is also made to the announcements of the Company in relation to the update on the profit guarantee of such acquisition dated 23 August 2018, 4 September 2018, 25 October 2019, 17 January 2020, 20 August 2020, 16 September 2020 and 2 November 2020.

The Company has made attempts to communicate and enquire with the relevant individuals from Perfect Century Group Limited (the “EC Vendor”) and Huailai Hengji Heat Supply Limited Company\* (懷來縣恒吉熱力有限公司) (the “HGRL”) to request for the audited financial statements of HGRL in accordance with the sale and purchase agreement dated 29 November 2017 (the “EC Agreement”) on several occasions from time to time in 2019 but such attempts did not come to any fruitful results. There has been no material development since the publication of the announcement of the Company dated 17 January 2020.

As HGRL, the principal operating group company of the EC Group, is a company established in the PRC, the Board is advised to take a more comprehensive view of the merits of making a claim against the EC Vendor and/or HGRL in each different relevant jurisdiction. Accordingly, the Board would also seek legal advice from the PRC legal advisers to take any legal action against the EC Vendor and/or HGRL directly in the PRC for the provision of the audited financial statements of HGRL for the year ended 31 March 2018, 31 March 2019 and 31 March 2020.

In November 2020, the Group has taken actions to enforce the share charge over 2,500 shares in Ever Clever against the EC Vendor and notified the EC Vendor of the same, subject to completion of the relevant registration and filing requirements. To enforce the EC Agreement, the Company and Prosper One Development Limited (the “Purchaser”) acted as plaintiffs to issue a writ of summons in the High Court of Hong Kong against the EC Vendor as defendant for, among others, cash compensation payable by the EC Vendor as a result of the breach of its obligations under the EC Agreement, an order requiring the EC Vendor to deliver the audited financial statements of HGRL and a declaration that the Company and the Purchaser are entitled to cancel and avoid the convertible bonds issued by the Company.

As the Group did not receive any replies from the EC Vendor to the writ of summons, the Company and the Purchaser sought to obtain a default judgment against the EC Vendor. On 21 December 2021, the High Court of Hong Kong gave a judgment in favour of the Company and the Purchaser and ordered the EC Vendor to pay damages totaling RMB2,827,500,000 to the Company and the Purchaser. The High Court also ordered the EC Vendor to deliver the audited financial statements of HGRL and declared that the Company and the Purchaser were entitled to cancel and avoid the convertible bonds issued by the Company to the EC Vendor. As at the date of this announcement, no notice of appeal against the default judgment or application for setting-aside the default judgment has been served on the Company or the Purchaser. The board is in the process to discuss the enforcement possibility with legal team.

## **FUND RAISING ACTIVITIES**

The Company has not conducted any fund raising activity during the Reporting Period and up to the date of this announcement.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group will continue to invest and develop projects for the research and development, manufacture and sale of medical and edible aerosol products through its subsidiaries in the PRC. Also, the Group will continue to expand and explore sales network and platform in order to achieve business growth. The Group will also identify other investment opportunities in the market.

## **PROSPECTS**

Looking ahead to 2026, the Group will continue to strengthen its supply chain development, control procurement costs, and further enhance its research and development capabilities. This will ensure a more efficient and targeted approach to developing high-value-added products that are well-received by the market, thereby enhancing the bargaining power and market prospects of the Group's products. The Group will strive to maintain and expand its market share in order to further consolidate and strengthen its CMS and OBM businesses. The Group will also ensure that its subsidiary, Zhejiang Sinopharm Jinyue Aerosol Co., Ltd\* (浙江國藥景岳氣霧劑有限公司), maintains efficient production and robust sales growth, while enhancing the development of medicinal and edible aerosol products as well as cosmetic products, thereby maintaining its leading position in the market in terms of product innovation and practicality. In addition, the Group will leverage its e-commerce subsidiaries to broaden sales channels to lay a solid foundation for sustainable revenue growth in the years ahead. Our Chairman and management will closely monitor global dynamics and adapt strategies proactively to deliver stronger performance.

## **SUBSEQUENT EVENT AFTER THE REPORTING PERIOD**

There are no material subsequent events undertaken by the Company after the Reporting Period and up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

During the Reporting Period, the Company has complied with the code provisions set out in the section headed “Part 1 – Mandatory disclosure requirements” and the applicable code provisions set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), except for the following:

### **Chairman and Chief Executive**

Pursuant to code provision C.2.1 of the CG Code, it is recommended that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Yu Yuerong (“Mr. Yu”), the Company has deviated from the CG Code. Mr. Wang Xiaobing has been appointed as deputy chairman of the Company to assist Mr. Yu in the overall corporate development and strategic planning of the Company. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person, given Mr. Yu’s considerable experience and established market reputation in the industry, as well as his key role in the strategic development of the Company. The dual role arrangement provides strong and consistent leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”) as the code of conduct of the Group regarding Director’s securities transactions. The Company has made specific enquiry with all Directors and the Directors confirmed that they had complied with the Model Code during the Reporting Period.

## **AUDIT COMMITTEE**

The Company established the audit committee of the Company (the “Audit Committee”) on 16 September 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules.

The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the external independent auditor, and any questions of its resignation or dismissal. It is also responsible for reviewing Company’s financial information and overseeing the Company’s financial reporting system, risk management and internal control procedures.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chan Yin Tsung (being the chairman of the Audit Committee), Mr. Ruan Lianfa and Ms. Yau Kit Kuen Jean. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

The terms of reference setting out the Audit Committee’s authority and duties are available on both websites of the Company and the Stock Exchange.

During the Reporting Period, the Audit Committee has held three meetings. The meetings covered the review of the interim and annual financial results and reports, financial reporting, the Company’s internal control and risk management review and process, and included discussion on the potential change of the Company’s external auditor.

The Audit Committee has reviewed, together with the management and the Group’s external auditor, the accounting principles and practices adopted by the Group, and has discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements for the Reporting Period and this announcement.

## **SCOPE OF WORK OF WM CPA LIMITED**

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 Reporting Period as set out in this announcement have been agreed by the Group’s external auditor, WM CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Reporting Period. The work performed by WM CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by WM CPA Limited on this announcement.

## **REMUNERATION COMMITTEE**

The Company established the remuneration committee of the Company (the “Remuneration Committee”) on 16 September 2013 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the policy and structure for all Directors’ and senior management’s remuneration and on the remuneration

package of the Directors and senior management. The remuneration policy for the Directors and senior management was based on their experience, level, responsibility and general market conditions.

The terms of reference setting out the Remuneration Committee's authority and duties are available on both websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises four members, being three independent non-executive Directors, namely, Mr. Chan Yin Tsung (being the chairman of the Remuneration Committee), Ms. Yau Kit Kuen Jean, Mr. Ruan Lianfa, and one executive Director, Mr. Yu.

During the Reporting Period, two meetings were held to review and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and on the Director's fee of independent non-executive Directors.

## **NOMINATION COMMITTEE**

The Company established the nomination committee of the Company (the "Nomination Committee") on 16 September 2013 with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment or re-appointment of Directors and the senior management as well as the succession planning for Directors, ongoing review the structure, size, composition and diversity of the Board on a regular basis and monitor the training and continuous professional development of Directors and senior management.

The terms of reference setting out the Nomination Committee's authority and duties are available on both websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises four members, being three independent non-executive Directors, namely, Ms. Yau Kit Kuen Jean (being the chairlady of the Nomination Committee), Mr. Chan Yin Tsung, Mr. Ruan Lianfa and one executive Director, Mr. Yu.

During the Reporting Period, the Nomination Committee has held two meetings to review the structure, size, composition and diversity of the Board, review the independence of the independent non-executive Directors, consider the qualifications of the retiring Directors standing for election at the 2025 annual general meeting of the Company, review the board diversity policy of the Company and review the directors nomination procedures of the Company.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules on the Stock Exchange, if any)) during the Reporting Period.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles, or the law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholder.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.ludaocn.com](http://www.ludaocn.com)).

The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company who has chosen to receive printed version and will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**China Luda Technology Company Limited**  
**Yu Yuerong**  
*Chairman*

Hong Kong, 27 March 2026

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Yuerong, Mr. Wang Xiaobing and Ms. Pan Yili; and three independent non-executive Directors, namely Mr. Chan Yin Tsung, Mr. Ruan Lianfa and Ms. Yau Kit Kuen Jean.*

\* *For translation and identification purposes only*