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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of China Ludao Technology Company Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 (the "Reporting Period"), together with the unaudited comparative figures for the six months ended 30 June 2025. These unaudited interim results have been reviewed by the Company's audit committee (the "Audit Committee") and approved by the Board on 28 August 2026.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	*5*	**681,414**	596,928
Cost of sales		**(592,419)**	(527,455)
Gross profit		**88,995**	69,473
Other income and other gains – net	*5*	**12,712**	29,715
Selling expenses		**(11,375)**	(13,915)
Administrative and other operating expenses		**(33,434)**	(34,953)
Operating profit		**56,898**	50,320
Finance income	*7*	**74**	201
Finance costs	*7*	**(8,730)**	(2,634)
Finance costs – net	*7*	**(8,656)**	(2,433)
Share of results of a joint venture		**(100)**	(210)
Profit before income tax	*6*	**48,142**	47,677
Income tax expense	*8*	**(4,868)**	(4,458)
Profit for the period		**43,274**	43,219
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**12,663**	10,204
Other comprehensive income for the period, net of tax		**12,663**	10,204
Total comprehensive income for the period		**55,937**	53,423
Profit for the period attributable to:			
Owners of the Company		**43,306**	43,183
Non-controlling interests		**(32)**	36
		43,274	43,219
Total comprehensive income for the period attributable to:			
Owners of the Company		**55,969**	53,387
Non-controlling interests		**(32)**	36
		55,937	53,423
Earnings per share for profit attributable to owners of the Company			
– basic and diluted (RMB per share)	*9*	**0.09**	0.09

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**908,537**	902,007
Prepayments for property, plant and equipment		**66,113**	66,175
Right-of-use assets	*10*	**166,345**	166,350
Intangible assets		**802**	1,480
Investment in a joint venture		**43,046**	43,146
Financial asset at fair value through profit or loss		**2,000**	2,000
Deferred tax assets		**3,315**	3,315
		1,190,158	1,184,473
Current assets			
Inventories		**95,560**	62,748
Trade and other receivables	*11*	**526,120**	543,469
Income tax recoverable		**3,488**	1,835
Pledged bank deposits		**92,697**	93,414
Cash and cash equivalents		**29,944**	42,676
		747,809	744,142
Total assets		**1,937,967**	1,928,615
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	*12*	**3,901**	3,901
Share premium		**150,143**	150,143
Other reserves		**36,921**	24,258
Retained earnings		**462,604**	419,298
		653,569	597,600
Non-controlling interests		**340**	372
Total equity		**653,909**	597,972

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 June 2026

	Notes	**30 June 2026** ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**192,362**	236,280
Lease liabilities		**916**	924
Deferred tax liabilities		**42,196**	42,196
Deferred government grants		**9,182**	9,182
		244,656	288,582
Current liabilities			
Trade and other payables	*13*	**471,089**	545,116
Contract liabilities		**27,225**	28,733
Bank and other borrowings		**539,629**	466,418
Income tax payable		**–**	328
Lease liabilities		**1,459**	1,466
		1,039,402	1,042,061
Total liabilities		**1,284,058**	1,330,643
Total equity and liabilities		**1,937,967**	1,928,615

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 June 2026, the Group recorded net current liabilities of approximately RMB291,593,000 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;

(b) the Group has unutilised banking facilities as at 30 June 2026; and

(c) subsequent to 30 June 2026, the Group has obtained additional bank facilities.

The Directors have carried out a detailed review of the Group's the cash flow forecast for the next twelve months from the date of approval of these unaudited interim condensed consolidated financial statements, taking into account the above-mentioned plans and measures. Having considered the Group's bank balances as at 30 June 2026 and the Group's continuous net cash inflows from future operations and/or other sources, the Directors are of the opinion that the Group will have sufficient cash resources to meet its working capital requirements and other financing obligations as and when they fall due in the next twelve months from the date of approval of these unaudited interim condensed consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements have been prepared on a going-concern basis.

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2025, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

New and amended standards adopted by the Group

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instrments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[1]

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

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026. The Group has not applied any new standard or interpretation which is not yet effective for the current accounting period.

3 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2025.

4 SEGMENT INFORMATION

The executive Directors ("EDs") are chief operating decision makers. EDs review the Group's internal reporting in order to assess performance and allocate resources. EDs have determined the operating segments based on the internal reports that are used 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 market and on original brand manufacturing basis in the People's Republic of China (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 basis in 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 considered that there is only one reportable operating segment.

4 SEGMENT INFORMATION (CONTINUED)

Geographical information

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

Revenue from external customers

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**588,152**	487,867
Chile	**37,537**	46,914
United States of America	**36,699**	40,720
Others	**19,026**	21,427
	681,414	596,928

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

Non-current assets

Non-current assets consist of right-of-use assets, property, plant and equipment, prepayments for property, plant and equipment, intangible assets and investment in a joint venture which are mainly located in the PRC as at 30 June 2026 and 31 December 2025.

Information about major customers

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**39,910**	41,507
Customer B	**39,558**	36,781
Customer C	**37,537**	46,914
Customer D	**35,177**	37,567
	152,182	162,769

5 REVENUE, OTHER INCOME AND OTHER GAINS – NET

The Group is principally engaged in the sale of products and provision of related services. Revenue, other income and other gains recognised are as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**681,414**	596,928
Other income and other gains – net		
Government grants	**13,400**	26,000
Foreign exchange (loss)/gain	**(932)**	3,571
Others	**244**	144
	12,712	29,715

6 PROFIT BEFORE INCOME TAX

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation and amortisation	**12,010**	6,140
Employee benefit expenses, excluding amount including in research and development costs	**31,042**	29,804
Transportation and travelling expenses	**4,394**	5,969
Research and development costs *(Note)*		
– Employee benefit expenses	**5,024**	3,596
– Materials and others, excluding depreciation and amortisation	**7,193**	8,135
Auditor's remuneration		
– Audit service	**1,253**	872
Professional services fee	**4,146**	3,958
Short term lease expenses	**1,061**	1,603

Note: Research and development costs are not included in administrative and other operating expenses in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income.

7 FINANCE COSTS – NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**74**	201
Interest expenses		
– Bank and other borrowings	**(8,606)**	(2,389)
– Interest expense on lease liabilities	**(124)**	(245)
	(8,730)	(2,634)
Finance costs – net	**(8,656)**	(2,433)

8 INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

No provision for profits tax in Hong Kong has been made as the Group has no income assessable for profits tax in Hong Kong during the Reporting Period.

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, companies established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable. Zhejiang Ludao Technology Company Limited* ("Ludao PRC"), an indirectly wholly-owned subsidiary of the Company, was qualified as a High and New Technology Enterprise, and accordingly, it is entitled to a preferential rate of 15% for the three years from 19 December 2025 to 18 December 2028.

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**4,868**	4,458

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for profit attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share (RMB'000)	**43,306**	43,183
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (thousands of shares)	**491,800**	491,800

10 RIGHT-OF-USE ASSETS / PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2026, the Group had not entered into any new significant lease agreement.

(b) Property, plant and equipment

	2026	2025
	RMB'000	*RMB'000*
Net book amount as at 1 January (Audited)	**902,007**	801,048
Additions	**16,824**	102,658
Disposal	**(43)**	(124)
Surplus on revaluation	**–**	12,958
Loss on revaluation to profit or loss	**–**	(1,987)
Depreciation provided during the period/year	**(10,251)**	(12,546)
Net book amount as at 30 June (Unaudited)/ 31 December (Audited)	**908,537**	902,007

As at 30 June 2026, the net book value of construction in progress of approximately RMB93,131,000 (31 December 2025: RMB94,344,000) related to buildings, plant and machinery and office furniture and equipment under construction in Taizhou, the PRC, which will be depreciated once the construction work is completed and available for use.

As at 30 June 2026, the Group's buildings with an aggregate net the carrying amount of RMB724,220,000 (31 December 2025: RMB738,250,000) were pledged to secure bank borrowings.

As at 30 June 2026, the Group's plant and machinery with an aggregate net carrying amount of RMB35,156,000 (31 December 2025: RMB37,359,000) were held under sale and leaseback liabilities.

11 TRADE AND OTHER RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables, net (a)	**200,080**	226,829
Other receivables, net	**59,708**	42,263
Prepayments and deposits, net	**266,332**	274,377
	526,120	543,469

The fair values of trade and other receivables approximated to their carrying values as at 30 June 2026 and 31 December 2025 respectively.

(a) Trade receivables, net

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Up to 3 months	**152,979**	158,135
3 to 6 months	**44,149**	55,519
6 to 12 months	**13,219**	15,973
Over 12 months	**879**	8,348
	211,226	237,975
Loss allowance for impairment	**(11,146)**	(11,146)
	200,080	226,829

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 approximately 24% (31 December 2025: 42%) of the Group's revenue for the period. They accounted for approximately 42% (31 December 2025: 73%) of the gross trade receivable balances as at 30 June 2026.

12 SHARE CAPITAL

	30 June 2026 (Unaudited) and 31 December 2025 (Audited)	
	Number of shares ***(thousands)***	***HK$'000***
Authorised Capital:		
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**

	Number of ordinary shares (of HK$0.01 each)	***RMB'000***
Issued and fully paid:		
At 1 January 2025 (Audited), 30 June 2025 (Unaudited), 31 December 2025 (Audited) and 30 June 2026 (Unaudited)	**491,800,000**	**3,901**

All shares issued rank pari passu against each other.

13 TRADE AND OTHER PAYABLES

	30 June 2026 ***RMB'000*** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade payables (a)	**124,921**	184,048
Notes payable (b)	**217,000**	226,850
Deposit received from customers	**–**	3,034
Other taxes payables	**238**	20
Accrued salaries and wages	**4,021**	4,470
Accrued interest	**234**	493
Accrued expenses and others	**124,675**	126,201
	471,089	545,116

The fair values of trade and other payables approximated to their carrying values as at 30 June 2026 and 31 December 2025 respectively.

13 TRADE AND OTHER PAYABLES (CONTINUED)

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

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Up to 3 months	**90,544**	121,110
3 to 6 months	**21,301**	42,455
6 to 12 months	**7,966**	9,297
Over 12 months	**5,110**	11,186
	124,921	184,048

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

(b) Notes payable represented bank acceptance notes with maturity dates from 1 July 2026 to 9 January 2027 (2025: from 3 January 2026 to 17 September 2026), and were secured by pledged bank deposits of the Group and guaranteed by a director of the Group and a close family member of a director of the Group.

14 DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2026 (2025: nil).

15 CONTINGENT LIABILITIES

As at 30 June 2026, the Group and the Company had no significant contingent liabilities (31 December 2025: nil).

16 COMMITMENTS

Capital commitments

The Group's capital expenditure contracted for but not yet incurred, excluding amounts recorded in prepayments for property, plants and equipment is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**127,114**	156,742

MANAGEMENT DISCUSSION AND ANALYSIS

Business at a Glance

As one of the few top leading manufacturers of the aerosol products in the People's Republic of China (the "PRC"), the 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. The Group sell its products on contract manufacturing service ("CMS") basis to overseas markets and on original brand manufacturing ("OBM") basis in the PRC market. Meanwhile, the Group has also been gradually expanding its CMS business in the Mainland China market. The Group's 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.

The Group's OBM business offers products under its 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 the Group's OBM products to wholesalers, retailers and end-users in the PRC. The Group has launched the "GINVIK" brand through its subsidiary, Zhejiang Sinopharm Jinyue Aerosol Co., Ltd*（浙江國藥景岳氣霧劑有限公司）with e-commerce as one of its sales channels.

The Group also continued to explore the wholesale business of 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 its existing sales channels, the Group 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. Benefiting from the export business expansion, the Group's CMS business records steady increase of approximately 2.3%. Meanwhile, the OBM business maintained a stable performance among the intense domestic competition and records a marginal growth of 0.4%. On the other hand, the Group further explore the wholesale business and achieved a significant increase of approximately 60.0%.

For the six months ended 30 June 2026, the revenue and net profit of the Group were approximately RMB681.4 million and approximately RMB43.3 million respectively, representing an increase of approximately 14.2% and approximately 0.1% respectively as compared with that for the corresponding period in 2025. The earnings per share for profit attributable to owners of the Company was approximately RMB0.09 during the Reporting Period which representing a similar level with the earnings per share of approximately RMB0.09 for the corresponding period in 2025.

Prospect

Looking forward to the second half of 2026, the Group will continue to strengthen its supply chain construction, control procurement costs and inventory, and enhance the research and development capabilities of the Group to ensure that the research and development of high value-added products recognised by the market can be more efficient and accurate. We will improve the bargaining power of the Group's products and the market prospects of the products, and strive to maintain and expand its market share to continue to consolidate and strengthen the Group's CMS business and OBM business. 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 subsidiary to broaden sales channels to lay a solid foundation for sustainable revenue growth in the years ahead. The chairman of the Board and the management of the Group will closely monitor changes in the domestic and international situations and market trends, and adjust strategies in a timely manner in order to achieve better results for the Group.

Financial Review

Revenue

CMS

For the six months ended 30 June 2026, the revenue of the Group's CMS business was approximately RMB412.4 million (2025: approximately RMB403.3 million), representing an increase of approximately 2.3% as compared with that for the corresponding period in 2025.

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, expanded more actively into the domestic market and vigorously developed high value-added products to enhance the pricing power of the Group's products and proactively explored opportunities in international markets. In 2026, the Group's CMS business achieved a growth as compared with that for the corresponding period in 2025.

OBM

The revenue for OBM business of the Group for the six months ended 30 June 2026 was approximately RMB69.0 million (2025: approximately RMB68.7 million), representing an increase of approximately 0.4% as compared with that for the corresponding period in 2025.

After the Group adjusted the sales channels of its OBM business, it further optimized and refined its sales activities under the models of traditional wholesalers and retailers to better adapt to market demand. As a result, the OBM business maintained a stable performance among the intense domestic competition and records a marginal growth during the Reporting Period.

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 for the six months ended 30 June 2026 was approximately RMB200.0 million (2025: approximately RMB125.0 million), representing an increase of approximately 60.0% as compared with that for the corresponding period in 2025.

Cost of Sales

Cost of sales of the Group for the six months ended 30 June 2026 was approximately RMB592.4 million (2025: approximately RMB527.5 million), representing an increase of approximately 12.3% as compared with that for the corresponding period in 2025. The increase was in line with the increment of sales volume.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2026, the Group recorded gross profit of approximately RMB89.0 million (2025: approximately RMB69.5 million) and the gross profit margin was approximately 13.1% (2025: approximately 11.6%). The increase in gross profit and gross profit margin was mainly attributable to the revenue growth of 14.2% outpacing the increase in cost of sales of 12.3%, reflecting improved operating leverage and effective cost management.

Other Income and Other Gains – Net

The Group's other income and other gains, net for the six months ended 30 June 2026 was approximately RMB12.7 million (2025: approximately RMB29.7 million), representing a decrease of approximately RMB17.0 million as compared with that for the corresponding period in 2025. Such decrease was primarily attributable to a decrease in government grants and the reversal from a foreign exchange gain in the corresponding period in 2025 to a foreign exchange loss during the Reporting Period.

Expenses

Selling Expenses

Selling expenses mainly consist of staff salaries, allowance and bonus, entertainment expenses, transportation and travelling expenses, research and development costs, advertising expenses and exhibition expenses. For the six months ended 30 June 2026, selling expenses was approximately RMB11.4 million (2025: approximately RMB13.9 million), representing a decrease of approximately 18.3% as compared with that for the corresponding period in 2025. The decrease was mainly due to the decrease in transportation and travelling expenses and entertainment expenses during the Reporting Period.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly represented the staff salaries and benefit expenses, depreciation and amortisation, transportation and travelling expenses, office expenses, tax and entertainment expenses. For the six months ended 30 June 2026, administrative and other operating expenses were approximately RMB33.4 million (2025: approximately RMB35.0 million), representing a decrease of approximately 4.3% as compared with that for the corresponding period in 2025. The decrease was primarily due to the decrease in transportation and travelling expenses during the Reporting Period.

Finance Costs – net

For the six months ended 30 June 2026, the Group recorded net finance costs of approximately RMB8.7 million (2025: approximately RMB2.4 million), representing an increase of approximately 255.8% as compared with that for the corresponding period in 2025. The increase in net finance costs was primarily due to the increase in interest expenses from bank and other borrowings during the Reporting Period.

Income Tax Expense

The income tax expense of the Group for the six months ended 30 June 2026 was approximately RMB4.9 million, representing an increase of approximately RMB0.4 million as compared with approximately RMB4.5 million for the corresponding period in 2025, which was mainly due to the increase in profit before income tax and increase in the proportion of non-deductible expenses recorded during the Reporting Period.

Profit for the Period

The Group recorded profit for the six months ended 30 June 2026 of approximately RMB43.3 million (2025: approximately RMB43.2 million), representing an increase of approximately RMB0.1 million as compared with that for the corresponding period in 2025. Such increase was primarily due to the increase in gross profit margin and decrease in selling expenses and administrative and other operating expenses during the Reporting Period.

Highlights of Statement of Financial Position

Property, Plant and Equipment

The Group's property, plant and equipment was approximately RMB908.5 million as at 30 June 2026 compared to approximately RMB902.0 million as at 31 December 2025. Such increase was due to the Group had acquired property, plant and equipment of approximately RMB16.8 million during the Reporting Period. The capital expenditures were financed by the internal resources and the bank borrowings of the Group.

Prepayments for Property, Plant and Equipment

As at 30 June 2026, the Group's prepayments for property, plant and equipment were approximately RMB66.1 million (31 December 2025: approximately RMB66.2 million). The decrease was due to certain advances made under construction contracts and purchase 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 30 June 2026, the inventories increased by approximately 52.3% to approximately RMB95.6 million (31 December 2025: approximately RMB62.7 million). The increase was mainly due to the inventory building up in response to the sales volume improvement in coming sales schedule.

Trade Receivables

As at 30 June 2026, trade receivables of approximately RMB16.0 million were past due, representing a decrease of approximately 41.2% as compared to the amount of approximately RMB27.2 million as at 31 December 2025. The amount of the impairment provision was approximately RMB11.1 million (31 December 2025: approximately RMB11.1 million).

Liquidity and Financial Resources

As at 30 June 2026, the total assets of the Group amounted to approximately RMB1,938.0 million (31 December 2025: approximately RMB1,928.6 million), and the net current liabilities of approximately RMB291.6 million (31 December 2025: net current liabilities of approximately RMB297.9 million).

The gearing ratio (based on the total debt over the total equity) of the Group decreased from approximately 155.5% as at 31 December 2025 to approximately 145.1% as at 30 June 2026 due to the increase in total equity.

Borrowings and the Pledge of the Group's Assets

As at 30 June 2026, notes payable of approximately RMB217.0 million (31 December 2025: approximately RMB226.9 million) were secured by pledged bank deposits with an aggregate carrying amount of approximately RMB78.5 million (31 December 2025: approximately RMB78.7 million) and guaranteed by a director of the Group and a close family member of director of the Group.

As at 30 June 2026, buildings, construction in progress, land use rights and pledged bank deposits with an aggregate carrying amount of approximately RMB914.0 million (31 December 2025: approximately RMB917.0 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 above, there were no other charges on the Group's assets as at 30 June 2026.

As at 30 June 2026, bank and other borrowings of the Group amounted to approximately RMB732.0 million (31 December 2025: approximately RMB702.7 million).

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.

Fund Raising Activities

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

Contractual Obligations

As at 30 June 2026, the Group had capital commitments of approximately RMB127.1 million in respect of property, plant and equipment (31 December 2025: approximately RMB156.7 million).

Contingent Liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: 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 the Group's assets and liabilities were denominated in RMB. The Group currently does 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 Policy

As at 30 June 2026, the Group had employed a total of 513 employees in the PRC and Hong Kong (30 June 2025: 493). The total staff costs (including fees, salaries and other allowances for both Directors and other staff) for the Reporting Period were approximately RMB36.1 million (30 June 2025: approximately RMB33.4 million). The Group offers comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. 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. Employees in Hong Kong are provided with retirement benefits under the Mandatory Provident Fund scheme. Employees in the PRC are provided with basic social insurance and housing fund in compliance with the requirements of the laws of the PRC. The Group will review the remuneration policy and related packages on a regular basis.

Significant Investments Held

The Group did not held any significant investments as at 30 June 2026.

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. In addition, the Group will also identify other investment opportunities in the market.

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 Ever Clever (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 ("Ever Clever"), together with its subsidiaries (the "EC Group"). Further reference is also made to the announcements of the Company dated 23 August 2018, 4 September 2018, 25 October 2019, 17 January 2020, 20 August 2020, 16 September 2020 and 2 November 2020 in relation to the update on the profit guarantee of such acquisition.

The Company has made attempts to communicate and enquire with the relevant individuals from the 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）("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 since 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 of Hong Kong 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.

Interim Dividend

The Board does not recommend payment of interim dividend for the six months ended 30 June 2026 (2025: nil).

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events undertaken by the Group after 30 June 2026 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")), if any). The Company did not have any treasury shares (as defined in the Listing Rules) as at 30 June 2026.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference which has been adopted for the purpose of making recommendations to the Board on the appointment, re-appointment and removal of the external independent auditor, and question any of its resignation or dismissal. It is also responsible for reviewing and providing supervision on the financial reporting process, risk management and internal controls procedures of the Group. The Audit Committee currently comprises of 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.

The Audit Committee has reviewed, together with the management, the accounting principles and policies adopted by the Group, and discussed internal controls and risk management review and process and financial reporting matters. The Audit Committee has also reviewed this announcement together with the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, in the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "CG Code") except code provision as below:

Pursuant to code provision C.2.1 of the CG Code, 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. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Yu has considerable experience and established market reputation in the industry, and the importance of Mr. Yu in the strategic development of the Company. The dual role arrangement provides strong and consistent market 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 BY DIRECTORS

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.ludaocn.com). The interim 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 Ludao Technology Company Limited
Yu Yuerong
Chairman and Executive Director

Hong Kong, 28 August 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.*