

STOCK CODE: HK 2023

2026 INTERIM REPORT

A BETTER WORLD FOR EVERYONE



中國綠島科技有限公司
CHINA LUDAO TECHNOLOGY COMPANY LIMITED
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yu Yuerong (*Chairman*)
Mr. Wang Xiaobing (*Deputy Chairman*)
Ms. Pan Yili

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yin Tsung
Mr. Ruan Lianfa
Ms. Yau Kit Kuen Jean

AUDIT COMMITTEE

Mr. Chan Yin Tsung (*Chairman*)
Mr. Ruan Lianfa
Ms. Yau Kit Kuen Jean

NOMINATION COMMITTEE

Ms. Yau Kit Kuen Jean (*Chairlady*)
Mr. Chan Yin Tsung
Mr. Ruan Lianfa
Mr. Yu Yuerong

REMUNERATION COMMITTEE

Mr. Chan Yin Tsung (*Chairman*)
Mr. Ruan Lianfa
Mr. Yu Yuerong
Ms. Yau Kit Kuen Jean

COMPANY SECRETARY

Mr. Ho Ka Wai

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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INDEPENDENT AUDITOR

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LEGAL ADVISOR

Ma Tang & Co.
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited
Shanghai Pudong Development Bank
Co., Ltd.

WEBSITE

www.ludaocn.com

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2023

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 director 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 report.

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 report, 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 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	6	681,414	596,928
Cost of sales		(592,419)	(527,455)
Gross profit		88,995	69,473
Other income and other gains – net	6	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	9	74	201
Finance costs	9	(8,730)	(2,634)
Finance costs – net	9	(8,656)	(2,433)
Share of results of a joint venture		(100)	(210)
Profit before income tax	7	48,142	47,677
Income tax expense	10	(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)	11	0.09	0.09

The notes on pages 17 to 28 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	12	908,537	902,007
Prepayments for property, plant and equipment		66,113	66,175
Right-of-use assets	12	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
		<u>1,190,158</u>	<u>1,184,473</u>
Current assets			
Inventories		95,560	62,748
Trade and other receivables	13	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
		<u>747,809</u>	<u>744,142</u>
Total assets		<u>1,937,967</u>	<u>1,928,615</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	14	3,901	3,901
Share premium		150,143	150,143
Other reserves		36,921	24,258
Retained earnings		462,604	419,298
		<u>653,569</u>	<u>597,600</u>
Non-controlling interests		<u>340</u>	<u>372</u>
Total equity		<u>653,909</u>	<u>597,972</u>

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
		<u>244,656</u>	<u>288,582</u>
Current liabilities			
Trade and other payables	15	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
		<u>1,039,402</u>	<u>1,042,061</u>
Total liabilities		<u>1,284,058</u>	<u>1,330,643</u>
Total equity and liabilities		<u>1,937,967</u>	<u>1,928,615</u>

The notes on pages 17 to 28 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Share capital RMB'000 (Note 14)	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2026 (Audited)	3,901	150,143	24,258	419,298	597,600	372	597,972
Comprehensive income							
Profit for the period	-	-	-	43,306	43,306	(32)	43,274
Currency translation differences	-	-	12,663	-	12,663	-	12,663
Total comprehensive income	-	-	12,663	43,306	55,969	(32)	55,937
Balance at 30 June 2026 (Unaudited)	3,901	150,143	36,921	462,604	653,569	340	653,909

For the six months ended 30 June 2025

	Share capital RMB'000 (Note 14)	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2025 (Audited)	3,901	150,143	(75,748)	368,735	447,031	365	447,396
Comprehensive income							
Profit for the period	-	-	-	43,183	43,183	36	43,219
Currency translation differences	-	-	10,204	-	10,204	-	10,204
Total comprehensive income	-	-	10,204	43,183	53,387	36	53,423
Balance at 30 June 2025 (Unaudited)	3,901	150,143	(65,544)	411,918	500,418	401	500,819

The notes on pages 17 to 28 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	11,172	68,964
Income tax paid	(3,030)	(5,115)
Net cash generated from operating activities	8,142	63,849
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,530)	(31,749)
Release/(placement) of pledged bank deposits	717	(14,531)
Net cash used in investing activities	(5,813)	(46,280)
Cash flows from financing activities		
Repayments of principal portion of the lease liabilities	(6,333)	(3,211)
Proceeds from bank and other borrowings	134,600	131,988
Repayments of bank and other borrowings	(105,307)	(124,497)
Interest paid	(8,730)	(15,367)
Proceeds from notes payable	157,000	64,658
Repayments of notes payable	(176,850)	(79,419)
Net cash used in financing activities	(5,620)	(25,848)
Net decrease in cash and cash equivalents	(3,291)	(8,279)
Cash and cash equivalents at beginning of the period	42,676	32,087
Currency translation differences	(9,441)	1,096
Cash and cash equivalents at end of the period	29,944	24,904

The notes on pages 17 to 28 are an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 (hereinafter referred to as the “Group”) are principally engaged in the 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 ultimate holding company of the Company is Ludao China Investments Holdings Limited (“Ludao Investments”) which is wholly owned by Mr. Yu Yuerong (“Controlling Shareholder” or “Mr. Yu”), who has an effective 50.96% interest in the Company.

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

These unaudited interim condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These unaudited interim condensed consolidated financial statements have been approved for issue by the board (the “Board”) of directors (the “Directors”) on 28 August 2026.

2 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2 BASIS OF PREPARATION *(Continued)*

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.

3 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	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7¹</i>

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.

4 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5 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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 SEGMENT INFORMATION (Continued)

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

6 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7 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.

8 DIRECTORS' EMOLUMENTS

The Directors' and chief executive's emoluments during the six months ended 30 June 2026 and 2025 are equivalent to key management compensation, and is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fee	230	237
Salaries	723	745
Pension scheme contributions	36	32
Total compensation paid to key management personnel	989	1,014

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9 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)

10 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12 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 RMB'000	2025 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13 TRADE AND OTHER RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (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 invoice date is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15 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.

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16 DIVIDENDS

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

17 CONTINGENT LIABILITIES

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

18 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 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Property, plant and equipment	127,114	156,742

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent company was a party and in which a Director, the connected party of the Director or a controlling shareholder of the Company had a material interest, either directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

No transactions, arrangements or contracts of significance for the provision of services to the Group by the controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR THE ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the ordinary shares of the Company (the "Share(s)")

Name of Directors	Capacity/ Nature of interests	Number of Shares held (Note 1)	Approximate percentage of interests in the Company (Note 2)
Mr. Yu Yuerong ("Mr. Yu")	Interest of a controlled corporation	250,644,000 (Note 3)	50.96%
Mr. Wang Xiaobing	Beneficial owner	1,200,000	0.24%

Notes:

- (1) All the interests represent long positions.
- (2) These percentages have been compiled based on the total number of issued Shares (i.e. 491,800,000 Shares) as at 30 June 2026.
- (3) These 250,644,000 Shares are held by Ludao China Investments Holdings Limited ("Ludao Investments"), which is wholly and beneficially owned by Mr. Yu.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executives of the Company, nor their associates, had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the following persons or corporations (other than a Director or chief executive of the Company), other than those disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or the Associated Corporations", had notified the Company of its interests and/or short positions in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under Section 336 of the SFO:

Long position in the Shares and underlying Shares

Name of Shareholders	Capacity/ Nature of interests	Number of Shares and underlying Shares held (Note 1)	Approximate percentage of interests in the Company (Note 2)
Ludao Investments	Beneficial owner	250,644,000 (Note 3)	50.96%
Ms. Wang Jinfei	Interest of spouse	250,644,000 (Note 3)	50.96%
Perfect Century Group Limited	Beneficial owner	35,400,000 (Note 4)	7.20%

Notes:

- (1) All the interests represent long positions.
- (2) These percentages have been compiled based on the total number of issued Shares (i.e. 491,800,000 Shares) as at 30 June 2026.
- (3) Ludao Investments is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Yu, the chairman and an executive Director. Ms. Wang Jinfei is the spouse of Mr. Yu and is therefore deemed to be interested in all the Shares held by Mr. Yu (through Ludao Investments) by virtue of the SFO.
- (4) Perfect Century Group Limited is interested in 35,400,000 Shares which include 11,800,000 Shares and 23,600,000 underlying shares to be derived from the convertible bonds of a principal amount of RMB32 million (equivalents to HK\$37.76 million) issued by the Company on 29 March 2018 at the conversion price of HK\$1.60 per share.

Pursuant to the judgment made by the High Court of Hong Kong on 21 December 2021, the Company and Prosper One Development Limited are entitled to cancel and avoid or procure the cancellation and avoidance of the convertible bond issued by the Company to Perfect Century Group Limited in the principal amount of RMB32 million. Accordingly, Perfect Century Group Limited is no longer entitled to convert the bond in the sum of RMB32 million into 23,600,000 underlying shares. As at the date of this report, the Company has not received any further notification from Perfect Century Group Limited in respect of any changes to notifiable interest.

Save as disclosed above, so far as is known to the Directors of the Company, no other person or corporation (other than the Directors and chief executives of the Company) had any interest and short positions in the Shares and underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept under section 336 of the SFO as at 30 June 2026.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of share in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates is or was interested in any business apart from the Group's business, which competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Reporting Period and up to and including the date of this report.

CHANGE IN DIRECTORS' INFORMATION

The Directors confirmed that no change in the Directors' information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the date of this report.

SHARE OPTION SCHEME

Neither the Company nor its subsidiaries had any share option scheme during the Reporting Period.

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 report together with the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was set up to consider and approve the remuneration packages of the Directors and senior management of the Group, including the terms of salary and bonus schemes and other long-term incentive schemes. The Remuneration Committee currently comprises of four members, being three are independent non-executive Directors, namely, Mr. Chan Yin Tsung (being the chairman of the Remuneration Committee), Mr. Ruan Lianfa, Ms. Yau Kit Kuen Jean and one executive Director, Mr. Yu.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") reviews the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, or professional experience) of the Board from time to time and recommends to the Board on appointments of Directors and the succession plan for Directors. The Nomination Committee currently comprises of four members, being three are 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.

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 the 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 considers that vesting the roles of chairman and chief executive in Mr. Yu is appropriate in light of his extensive industry experience, established market reputation and pivotal role in the Group’s strategic development. 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 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.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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 Listing Rules), if any). The Company did not have any treasury shares as at 30 June 2026.

INTERIM DIVIDEND

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

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

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 report.

By Order of the Board
China Ludao Technology Company Limited
Yu Yuerong
Chairman and Executive Director

Hong Kong
28 August 2026

* For translation and identification purposes only.