Stock code: HK 2023

2025 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)

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Interim Condensed Consolidated Statement of Financial Position	14
Interim Condensed Consolidated Statement of Changes in Equity	16
Interim Condensed Consolidated Statement of Cash Flows	17
Notes to the Interim Condensed Consolidated Financial Statements	18
Corporate Governance and Other Information	31

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
Unit 2003, 20/F
Dah Sing Financial Centre
248 Queen's Road East
Wan Chai
Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
5 Sanmen Industry Road
Sanmen Industry Zone
Taizhou City
Zhejiang Province
The PRC

INDEPENDENT AUDITOR

WM CPA Limited
18/F., King's Commercial Centre
25 King's Road
Hong Kong

LEGAL ADVISOR

Ma Tang & Co.
Rooms 1508-1513
Nan Fung Tower
88 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
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

STOCK CODE

2023

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "Board") of directors (the "Directors") of China Ludao Technology Company Limited (the "Company") hereby presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group" or our "Group") for the six months ended 30 June 2025 (the "Reporting Period").

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"), our Group is principally engaged in the research and development, manufacture and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides, and wholesales of personal care products and production related materials. We sell our products on contract manufacturing service ("CMS") basis to overseas markets and on original brand manufacturing ("OBM") basis in the PRC market. Meanwhile, the Group also expands the Mainland China market on CMS basis gradually. Our products can be divided into four major categories, namely (i) household and auto care products, (ii) air-fresheners, (iii) personal care products, and (iv) insecticides.

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

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

During the Reporting Period, the Group remained steadfast in upholding its philosophy of "innovative, green and harmonious" development, and further strengthened partnerships with strategic customers. While consolidating our existing sales channels, we actively explored new distribution networks, expanded domestic market presence, and intensified research and development efforts for high value-added products to enhance the Group's pricing power. Investments in e-commerce operations also scaled up, resulting in broader online sales coverage. In the first half of 2025, the Group's CMS and OBM business both achieved an increase of approximately 11.8% and approximately 18.0% respectively while the wholesale business recorded a decrease of approximately 6.7%.

For the six months ended 30 June 2025, the revenue and net profit of the Group were approximately RMB596.9 million and approximately RMB43.2 million respectively, representing an increase of approximately 7.9% and approximately 3.8% respectively as compared with that for the corresponding period in 2024. The earnings per share for profit attributable to owners of the Company was approximately RMB0.09 during the Reporting Period which represents an increase of approximately RMB0.01 as compared with the earnings per share of approximately RMB0.08 for the corresponding period in 2024.

Prospect

Looking forward to the second half of 2025, 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. Moreover, we will not only continuously develop the wholesale business, but also explore other business development opportunities. In addition, the product lines will be further expanded through products such as medical, edible aerosol products, cosmetics researched and developed by our subordinate company, Zhejiang Sinopharm Junyue Aerosol Co., Ltd*(浙江國藥景岳氣霧劑有限公司), and sales channels will be increased by its e-commerce subsidiary, so as to lay a solid foundation for the sustainable growth of sales revenue in the future. 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 2025, the revenue of the Group's CMS business was approximately RMB403.3 million (2024: approximately RMB360.8 million), representing an increase of approximately 11.8% as compared with that for the corresponding period in 2024.

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 international markets. In 2025, the Group's CMS business achieved a growth as compared with that for the corresponding period in 2024.

OBM

The revenue for OBM business of the Group for the six months ended 30 June 2025 was approximately RMB68.7 million (2024: approximately RMB58.2 million), representing an increase of approximately 18.0% as compared with that for the corresponding period in 2024.

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 recorded steady 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. Leveraging its industry experience and established market network in the personal care products sector, the Group was able to maintain its customer base and business sources, which helped to cushion the impact of market fluctuation. The revenue of the Group from wholesale business for the six months ended 30 June 2025 was approximately RMB125.0 million (2024: approximately RMB134.0 million), representing a decrease of approximately 6.7% as compared with that for the corresponding period in 2024.

Cost of Sales

Cost of sales of the Group for the six months ended 30 June 2025 was approximately RMB527.5 million (2024: approximately RMB487.7 million), representing an increase of approximately 8.2% as compared with that for the corresponding period in 2024. The increase was in line with the increment of sales volume.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2025, the Group recorded gross profit of approximately RMB69.5 million (2024: approximately RMB65.3 million) and the gross profit margin was approximately 11.6% (2024: approximately 11.8%). The slightly decrease in gross profit margin was mainly due to the pressure of price competition of the market and increase in cost of raw materials during the Reporting Period.

Other Income and Other Gains

Other income and other gains of the Group for the six months ended 30 June 2025 was approximately RMB29.7 million (2024: approximately RMB29.7 million), representing a similar level with the the corresponding period in 2024.

Expenses

Selling Expenses

Selling expenses mainly consist of staff salaries, allowance and bonus, entertainment expenses, transportation and travelling expenses, advertising expenses and exhibition expenses. For the six months ended 30 June 2025, selling expenses was approximately RMB13.9 million (2024: approximately RMB9.6 million), representing an increase of approximately 44.8% as compared with that for the corresponding period in 2024. The increase was mainly due to the increase in transportation and travelling expenses and staff salaries, allowance and bonuses 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, research and development, tax and entertainment expenses. For the six months ended 30 June 2025, administrative expenses was approximately RMB35.0 million (2024: approximately RMB30.5 million), representing an increase of approximately 14.8% as compared with that for the corresponding period in 2024. The increase was primarily due to the increase in staff salaries and benefit expenses, transportation and travelling expenses and research and development during the Reporting Period.

Finance Costs – net

For the six months ended 30 June 2025, the Group recorded net finance cost of approximately RMB2.4 million (2024: approximately RMB8.9 million), representing a decrease of approximately 73.0% as compared with that for the corresponding period in 2024. The decrease in net finance costs was primarily due to the decrease in interest expenses from bank and other borrowings and no interest expenses from convertible bonds during the Reporting Period.

Income Tax Expense

The income tax expense of the Group for the six months ended 30 June 2025 was approximately RMB4.5 million, representing an increase of approximately RMB0.3 million as compared with approximately RMB4.2 million for the corresponding period in 2024, 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 2025 of approximately RMB43.2 million (2024: approximately RMB41.6 million), representing an increase of approximately RMB1.6 million as compared with that for the corresponding period in 2024. Such increase was primarily due to the net effect of decrease in finance costs and increase in selling expenses during the Reporting Period.

Highlights of Statement of Financial Position

Property, Plant and Equipment

The Group's property, plant and equipment was approximately RMB832.8 million as at 30 June 2025 compared to approximately RMB801.0 million as at 31 December 2024. Such increase was due to the Group had acquired property, plant and equipment of approximately RMB36.3 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 2025, the Group's prepayments for property, plant and equipment was approximately RMB80.1 million (31 December 2024: approximately RMB80.1 million). No further advanced payment was made in construction in progress related to the development of production plant in the PRC during the Reporting Period.

Inventories

As at 30 June 2025, the inventories increased by approximately 18.8% to approximately RMB68.4 million (31 December 2024: approximately RMB57.6 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 2025, trade receivables of approximately RMB44.5 million were past due, representing a decrease of approximately 58.7% as compared to the amount of approximately RMB107.6 million as at 31 December 2024. The amount of the impairment provision was approximately RMB14.2 million (31 December 2024: approximately RMB14.2 million).

Liquidity and Financial Resources

As at 30 June 2025, the total assets of the Group amounted to approximately RMB1,638.8 million (31 December 2024: approximately RMB1,694.8 million), and the net current liabilities of approximately RMB256.1 million (31 December 2024: net current liabilities of approximately RMB266.4 million).

The gearing ratio (based on the total debt over the total equity) of the Group decreased from approximately 175.8% as at 31 December 2024 to approximately 150.5% as at 30 June 2025 due to the increase in total equity and decrease in bank and other borrowings.

Borrowings and the Pledge of the Group's Assets

As at 30 June 2025, notes payable of approximately RMB168.7 million (31 December 2024: approximately RMB149.2 million) were secured by pledge bank deposits with an aggregate carrying amount of approximately RMB84.8 million (31 December 2024: approximately RMB70.0 million) and guaranteed by a director of the Group and a close family member of director of the Group.

As at 30 June 2025, buildings, construction in progress, land use rights and pledged bank deposits with an aggregate carrying amount of approximately RMB768.4 million (31 December 2024: approximately RMB735.2 million) were pledged to secure the Group's bank borrowings which were guaranteed by a director of the Group and a close family member of directors of the Group.

Save as disclosed herein, there was no other charge on the Group's assets.

As at 30 June 2025, bank and other borrowings of the Group amounted to approximately RMB585.0 million (31 December 2024: approximately RMB637.5 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 2025, the Group had capital commitments of approximately RMB220.3 million in respect of property, plant and equipment (31 December 2024: approximately RMB263.7 million).

Contingent Liabilities

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: nil).

Exchange Rate Exposure

During the Reporting Period, the Group mainly operated in the PRC with most transactions settled in RMB. Although the Group may be exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in currencies other than RMB, the majority of 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 2025, the Group had employed a total of 493 employees in the PRC and Hong Kong (30 June 2024: 466). The total staff costs (including fees, salaries and other allowance for both Directors and other staff) for the Reporting Period were approximately RMB33.4 million (30 June 2024: approximately RMB30.6 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 have any significant investments as at 30 June 2025.

Future Plans for Material Investments or Capital Assets

The Company planned to continue upgrading the existing production line in the future for the sake of improving the automatic level and production quality. In addition, 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 acquisition and disposal 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 2025

	Notes	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	6	**596,928**	552,976
Cost of sales		**(527,455)**	(487,672)
Gross profit		**69,473**	65,304
Other income and other gains	6	**29,715**	29,705
Selling expenses		**(13,915)**	(9,588)
Administrative and other operating expenses		**(34,953)**	(30,538)
Operating profit		**50,320**	54,883
Finance income	9	**201**	418
Finance costs	9	**(2,634)**	(9,285)
Finance costs – net	9	**(2,433)**	(8,867)
Share of results of a joint venture		**(210)**	(206)
Profit before income tax	7	**47,677**	45,810
Income tax expense	10	**(4,458)**	(4,193)
Profit for the period		**43,219**	41,617
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**10,204**	9,106
Other comprehensive income for the period, net of tax		**10,204**	9,106
Total comprehensive income for the period		**53,423**	50,723
Profit for the period attributable to:			
Owners of the Company		**43,183**	41,617
Non-controlling interests		**36**	–
		43,219	41,617
Total comprehensive income for the period attributable to:			
Owners of the Company		**53,387**	50,723
Non-controlling interests		**36**	–
		53,423	50,723
Earnings per share for profit attributable to owners of the Company			
– basic and diluted (RMB per share)	11	**0.09**	0.08

The notes on pages 18 to 30 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**832,797**	801,048
Prepayments for property, plant and equipment		**80,070**	80,070
Right-of-use assets	12	**77,977**	77,984
Intangible assets		**916**	1,586
Investment in a joint venture		**46,290**	46,500
Financial asset at fair value through profit or loss		**2,000**	2,000
Deferred tax assets		**2,768**	2,768
Trade and other receivables	13	**63**	64
		1,042,881	1,012,020
Current assets			
Inventories		**68,390**	57,593
Trade and other receivables	13	**401,884**	508,028
Income tax recoverable		**1,170**	–
Pledged bank deposits		**99,620**	85,089
Cash and cash equivalents		**24,904**	32,087
		595,968	682,797
Total assets		**1,638,849**	1,694,817
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		**(65,544)**	(75,748)
Retained earnings		**411,918**	368,735
		500,418	447,031
Non-controlling interests		**401**	365
Total equity		**500,819**	447,396

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**266,816**	279,078
Lease liabilities		**1,946**	1,948
Deferred tax liabilities		**7,756**	7,756
Deferred government grants		**9,486**	9,486
		286,004	298,268
Current liabilities			
Trade and other payables	15	**475,030**	531,148
Contract liabilities		**57,518**	57,518
Bank and other borrowings		**318,221**	358,468
Convertible bonds	16	**–**	–
Income tax payable		**–**	758
Lease liabilities		**1,257**	1,261
		852,026	949,153
Total liabilities		**1,138,030**	1,247,421
Total equity and liabilities		**1,638,849**	1,694,817

The notes on pages 18 to 30 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 2025

	(Unaudited)						
	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	**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	**3,901**	**150,143**	**(65,544)**	**411,918**	**500,418**	**401**	**500,819**

For the six months ended 30 June 2024

	(Unaudited)						
	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 2024	3,901	150,143	(61,114)	316,254	409,184	382	409,566
Comprehensive income							
Profit for the period	–	–	–	41,617	41,617	–	41,617
Currency translation differences	–	–	9,106	–	9,106	–	9,106
Total comprehensive income	–	–	9,106	41,617	50,723	–	50,723
Balance at 30 June 2024	3,901	150,143	(52,008)	357,871	459,907	382	460,289

The notes on pages 18 to 30 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 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**68,964**	11,814
Income tax paid	**(5,115)**	(963)
Net cash generated from operating activities	**63,849**	10,851
Cash flows from investing activities		
Purchase of property, plant and equipment	**(31,749)**	(40,535)
Placement of pledged bank deposits	**(14,531)**	(4,796)
Net cash used in investing activities	**(46,280)**	(45,331)
Cash flows from financing activities		
Repayments of principal portion of the lease liabilities	**(3,211)**	(350)
Proceeds from bank and other borrowings	**131,988**	113,849
Repayments of bank and other borrowings	**(124,497)**	(95,434)
Interest paid	**(15,367)**	(14,987)
Proceeds from notes payable	**64,658**	68,160
Repayment of notes payable	**(79,419)**	(38,925)
Net cash (used in)/generated from financing activities	**(25,848)**	32,313
Net decrease in cash and cash equivalents	**(8,279)**	(2,167)
Cash and cash equivalents at beginning of the period	**32,087**	31,579
Currency translation differences	**1,096**	3,353
Cash and cash equivalents at end of the period	**24,904**	32,765

The notes on pages 18 to 30 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, KY1-1180, 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 manufacturing and sale of aerosol products for household and auto care products, air fresheners, personal care products and insecticides and wholesales 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 29 August 2025.

2 BASIS OF PREPARATION

This unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 has 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 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 June 2025, the Group recorded net current liabilities of approximately RMB256,058,000 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 2025; and

(c) subsequent to 30 June 2025, the Group has obtained additional bank facilities.

2 BASIS OF PREPARATION *(Continued)*

The Directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of approval of these consolidated financial statements taking into account the above-mentioned plans and measures, having considered the Group's bank balances as at 30 June 2025 and the Group's continuous net cash inflows from future operations and/or other sources, the Directors were of the opinion that the Group has sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due in the next twelve months from the date of approval of these unaudited interim condensed consolidated financial statements. Accordingly, the unaudited interim condensed consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2024, 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 HKAS 21	*Lack of Exchangeability*[1]

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

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 2025. 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 2024.

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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**487,867**	443,469
United States of America	**40,720**	33,541
Chile	**46,914**	46,936
Japan	**6,117**	6,514
Others	**15,310**	22,516
	596,928	552,976

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 2025 and 31 December 2024.

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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**46,914**	46,936
Customer B	**41,507**	42,614
Customer C	**37,567**	30,450
Customer D	**36,781**	43,947
	162,769	163,947

6 REVENUE, OTHER INCOME AND OTHER GAINS

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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**596,928**	552,976
Other income and other gains		
Government grants	**26,000**	26,000
Foreign exchange gain	**3,571**	3,605
Others	**144**	100
	29,715	29,705

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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation	**6,140**	6,064
Employee benefit expenses, excluding amount including in research and development costs	**29,804**	27,048
Transportation and travelling expenses	**5,969**	4,117
Research and development costs *(Note)*		
– Employee benefit expenses	**3,596**	3,587
– Materials and others, excluding depreciation and amortisation	**8,135**	8,013
Auditor's remuneration		
– Audit service	**872**	1,088
Professional services fee	**3,958**	2,336
Short term lease expenses	**1,603**	2,224

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 2025 and 2024 are equivalent to key management compensation, and is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fee	**237**	235
Salaries	**745**	719
Pension scheme contributions	**32**	30
Total compensation paid to key management personnel	**1,014**	984

9 FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**201**	418
Interest expenses		
– Bank and other borrowings	**(2,389)**	(6,631)
– Convertible bonds	**–**	(2,493)
– Interest expense on lease liabilities	**(245)**	(161)
	(2,634)	(9,285)
Finance costs – net	**(2,433)**	(8,867)

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 24 December 2022 to 23 December 2025.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	**4,458**	4,193

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	
	2025	2024
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purposes of basic earnings per share (RMB'000)	**43,183**	41,617
Add: interest savings on convertible bonds (RMB'000) *(Note)*	**N/A**	N/A
Profit for the period attributable to owners of the Company for the purposes of diluted earnings per share (RMB'000)	**43,183**	41,617
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands of shares)	**491,800**	491,800
Effect of dilutive potential ordinary shares: – Convertible bonds (thousands of shares) *(Note)*	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share (thousands of shares)	**491,800**	491,800

Note:

There is no dilutive effect on the convertible bonds as they are anti-dilutive.

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

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group had not entered into any new significant lease agreement.

(b) Property, plant and equipment

	2025	2024
	RMB'000	RMB'000
Net book amount as at 1 January (Audited)	**801,048**	635,496
Additions	**36,297**	155,027
Disposal	**(13)**	(100)
Transfer from right-of-use assets	**–**	20,884
Depreciation provided during the period/year	**(4,535)**	(10,259)
Net book amount as at 30 June (Unaudited)/ 31 December (Audited)	**832,797**	801,048

As at 30 June 2025, the net book value of construction in progress of approximately RMB714,540,000 (31 December 2024: RMB690,019,000) 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 2025, the Group's buildings and construction in progress with an aggregate net the carrying amount of RMB20,292,000 (31 December 2024: RMB20,499,000) and RMB648,798,000 (31 December 2024: RMB625,315,000) respectively, were pledged to secure bank borrowings.

As at 30 June 2025, the Group's plant and machinery with an aggregate net carrying amount of RMB40,260,000 (31 December 2024: RMB42,050,000) were held under sale and leaseback liabilities.

13 TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-Current		
Deposits	**63**	64
Current		
Trade receivables, net (a)	**194,285**	204,249
Other receivables, net	**47,773**	28,365
Prepayments and deposits, net	**159,826**	275,414
	401,884	508,028
	401,947	508,092

The fair values of trade and other receivables approximated to their carrying values as at 30 June 2025 and 31 December 2024 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 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Up to 3 months	**164,050**	110,787
3 to 6 months	**41,355**	50,249
6 to 12 months	**2,227**	15,914
Over 12 months	**891**	41,475
	208,523	218,425
Loss allowance for impairment	**(14,238)**	(14,176)
	194,285	204,249

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 27% (31 December 2024: 44%) of the Group's revenue for the period. They accounted for approximately 54% (31 December 2024: 74%) of the gross trade receivable balances as at 30 June 2025.

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

14 SHARE CAPITAL

	30 June 2025 (Unaudited) and 31 December 2024 (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 2024 (Audited), 30 June 2024 (Unaudited), 31 December 2024 (Audited) and 30 June 2025 (Unaudited)	**491,800,000**	**3,901**

All shares issued rank pari passu against each other.

15 TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables (a)	**143,381**	182,082
Notes payable (b)	**168,680**	149,159
Deposit received from customers	**–**	3,087
Other taxes payables	**865**	44
Accrued salaries and wages	**3,498**	4,117
Accrued interest	**214**	506
Accrued expenses and others	**158,392**	192,153
	475,030	531,148

The fair values of trade and other payables approximated to their carrying values as at 30 June 2025 and 31 December 2024 respectively.

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Up to 3 months	**69,434**	86,428
3 to 6 months	**59,710**	67,082
6 to 12 months	**8,042**	17,191
Over 12 months	**6,195**	11,381
	143,381	182,082

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 8 July 2025 to 27 December 2025 (2024: from 29 January 2025 to 24 September 2025), 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.

16 CONVERTIBLE BONDS

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

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

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

The Convertible Bonds recognised in the condensed consolidated statement of financial position are calculated as follows:

	Convertible Bonds due 2024		
	Liability component	**Equity component**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2024 (Audited)	83,235	7,176	90,411
Interest expense	6,311	–	6,311
Repayment	(89,986)	–	(89,986)
Foreign exchange movements	440	–	440
Transfer to retained earnings due to maturity	–	(7,176)	(7,176)
At 31 December 2024 (Audited) and at 30 June 2025 (Unaudited)	–	–	–

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

17 DIVIDENDS

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2025 (2024: nil).

18 CONTINGENT LIABILITIES

As at 30 June 2025, the Group and the Company had no significant contingent liabilities (31 December 2024: nil).

19 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 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Property, plant and equipment	**220,300**	263,723

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 to 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 and there were no transactions, arrangements or contracts of significance for the provision of services to the Group by the controlling shareholder of the Company.

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 2025, 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 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 2025.

(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 2025, 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 2025, 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 2025.

(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 2025.

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 of the Company 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 of the Company 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.

AUDIT COMMITTEE

The audit committee of the Compnay (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 2025.

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 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, 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 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.

SHARE OPTION SCHEME

Neither the Company nor its subsidiaries had any share option scheme 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 defined in the Listing Rules) as at 30 June 2025.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2025 (2024: 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 are no material subsequent events undertaken by the Group after 30 June 2025 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
29 August 2025

* For translation and identification purposes only.