

# TARGET

## Intelligence Report

VOLUME XXIV No. 205

T H U R S D A Y

September 22, 2022

**CHINA LUDAO TECHNOLOGY COMPANY LTD:  
IT IS QUITE LIKELY THAT THIS COMPANY WILL CONTINUE  
ALONG ITS PREVIOUSLY CHOSEN PATH – DUE TO CIRCUMSTANCES**

On scanning the financials of China Ludao Technology Company Ltd (中國綠島科技有限公司) (Code: 2023, Main Board, The Stock Exchange of Hongkong Ltd) in respect of six months, ended June 30, 2022, one is unlikely to be gleefully inspired.

However, it could be held that this is, still, in the early days into the 2022 Financial Year, viz. December 31, 2022, and, as many an optimist is likely to cognise, the worm could still be caused to turn.

**First: Turning To The 2021 Annual Report**

The Annual Report of China Ludao Technology Company Ltd with regard to the Financial Year, ended December 31, 2021, was published and disseminated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about Thursday, April 28, 2022.

At Page Three of 2021 Annual Report, Mr Yu Yue Rong (虞岳榮), the Chairman of the Board of Directors as well as being an Executive Director of the Company, stated, at Paragraph Two of this Page:

*‘During the Reporting Period, as the long shadow of the COVID-19 epidemic lingered around the world, supply chain costs increased dramatically and prices of commodities continued rising, leading to significant increases in the prices of materials such as tinplate, propylene butane gas and alcohol that are required for the production of the Group, and thereby diluting the Group's profits. In terms of export, the Group was subject to various factors including the reduced marine transportation to and from the United States, surged container freight rates and the difficulties in sourcing containers. Therefore, the CMS (Contract Manufacturing Service) and OBM (Original Brand Manufacturing) businesses of the Group both were affected by the external environment and recorded decreases of 14.3% and 27.4%, respectively.’*

In respect of the other three paragraphs of Page Three, in this medium's opinion, they are not worthy of being recorded in this Report since, the word, 'waffle', would be within the bounds of sufficiency to describe them.

China Ludao Technology Company Ltd makes the claim of being amongst '*the top leading manufacturers of aerosol products in the PRC.*'

At Page 94 of the 2021 Annual Report, under the heading, '**GENERAL INFORMATON**', one was informed of the following:

*'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 Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the manufacturing and sale of aerosol products for household and auto care, air fresheners, personal care products and insecticides. Ludao China Investments Holdings Limited (綠島中國投資控股有限公司) ("**Ludao Investments**"), which is wholly owned by Mr. Yu Yuerong ("**Controlling Shareholder**"), has 48.97% interest in the Company.*

*'Pursuant to a Group reorganisation (the "**Reorganisation**") in preparation for the listing of shares of the Company, the Company acquired the entire issued share capital of Ludao Investments Holdings Limited (綠島投資控股有限公司) ("**Ludao BVI**"), through a share exchange with Ludao Investments, the owner of Ludao BVI and the holding company of the Company, and Neland Development Limited. Upon completion of the Reorganisation in 2013, the Company became the holding company of the Group and Ludao BVI acts as the intermediate holding company of Zhejiang Ludao Technology Co., Ltd. (浙江綠島科技有限公司) ("**Ludao PRC**"), an operating subsidiary of the Group in the People's Republic of China (the "**PRC**").*

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

At Page 89 of the 2021 Annual Report of the Company, the '**Consolidated Statement of Comprehensive Income**' was presented, to which, other than just copying the statistics, verbatim, from this Page, **TARGET** (泰達財經) has taken the liberty of including certain extrapolations with regard to certain factors that this medium has determined as being relevant:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In <b>Renminbi (RMB)</b> ’000 (except where otherwise stipulated)		
Revenue	476,397	566,291	(15.87)
Gross Profit	128,588	181,020	(28.96)
Gross Profit Margin*	26.99 percent	31.97 percent	(15.58)

Operating Profit	<b>59,653</b>	74,720	<b>(20.16)</b>
Profit Before Income Tax	<b>40,048</b>	53,110	<b>(24.59)</b>
Profit For The Year	<b>35,230</b>	40,432	<b>(12.87)</b>
Net Profit Attributable To Shareholders Of The Company	<b>35,495</b>	40,517	<b>(12.39)</b>
Net Profit Margin*	<b>7.45 percent</b>	7.15 percent	<b>4.20</b>
Earnings Per Share Attributable To Shareholders Of The Company	<b>0.07 RMB</b>	0.08 RMB	<b>(12.50)</b>

\* These are **TARGET**'s calculations.

At Page 152 of the 2021 Annual Report of China Ludao Technology Company Ltd, geographic information, with regard to Revenue from External Customers, was given as follows:

	<b>2021</b>	2020
	<b>All Figures Are Denominated In RMB'000</b>	
Mainland China	<b>194,952</b>	224,482
The United States of America	<b>88,083</b>	185,939
Europe	<b>Nil</b>	837
Japan	<b>7,295</b>	6,879
Chile	<b>176,281</b>	131,631
Others	<b>9,786</b>	16,523
<b>TOTALS</b>	<b>476,397</b>	<b>566,291</b>

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***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

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