China Ludao Technology Company Limited

中國綠島科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2023)

POSTIVE PROFIT ALERT FOR THE SIX MONTHS ENDED 30 JUNE 2016

This announcement is made by China Ludao Technology Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform its shareholders (the "**Shareholders**") and potential investors of the Company that, based on the information currently available to the Board, the results of the Group for the six months ended 30 June 2016 (the "**Reporting Period**") are expected to record a net profit as compared with a net loss for the corresponding period in 2015.

Based on the information currently available, the improvement of the Group's financial performance was mainly due to: (i) the increase in gross profit margin during the Reporting Period, which was benefited from the improvement in the cost control achieved by the Group; and (ii) the decrease in administrative expenses in relation to share options (the "Share Option") granted by the Company on 29 June 2015, which is the encouragement and reward to the management, employees, suppliers and customers for their performance. The Company granted a total of 40,000,000 ordinary shares of the Company under the share option scheme. As the issuance of the Share Option was recognised an one-off non-cash administrative expense, it had an adverse impact on the Company's profit for the six months ended 30 June 2015.

The Company is in the process of finalising the consolidated interim results for the Reporting Period. The information contained in this announcement is only based on a preliminary assessment made by the Company with reference to the information presently available, including the unaudited management accounts of the Group for the Reporting Period. The details of the financial information of the Group will be disclosed in the unaudited results announcement of the Company for the Reporting Period, which is to be published on 29 August 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 18 August 2016

As at the date of this announcement, the Board comprises Mr. Yu Yuerong, Mr. Chen Baoyuan, Ms. Pan Yili, Ms. Wang Jinfei and Mr. Wang Xiaobing as the executive directors, and Ms. Cho Mei Ting, Mr. Wong Chi Wai and Mr. Ruan Lianfa as the independent non-executive directors.