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)

POSITIVE PROFIT ALERT

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 and a preliminary review and assessment of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2016 ("**Management Accounts**"), it is expected that the profit for the year of the Group for the year ended 31 December 2016 may record a substantial increase as compared with that 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 of products and (ii) the decrease in administrative expenses, which was attributable by, among others, share options (the "Share Options") granted by the Company on 29 June 2015 to certain Directors, employees, supplier and customer to subscribe for a total of 40,000,000 ordinary shares of the Company under the share option scheme adopted by the Company on 13 September 2013. As the issuance of the Share Options was recognised an one-off non-cash administrative expense, it had an adverse impact on the Group's profit for the year ended 31 December 2015.

The Company has yet to finalise the final results of the Group for the year ended 31 December 2016. The information above is based only on a preliminary review of the Management Accounts which has not been reviewed or audited by the auditor of the Company and the actual results of the Group for the year ended 31 December 2016 may be different from what is disclosed above. Shareholders and potential investors are advised to read carefully the audited final results announcement of the Group for the year ended 31 December 2016 which is expected to be published on 23 March 2017.

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, 14 March 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yu Yuerong, Mr. Chen Baoyuan, Ms. Pan Yili and Mr. Wang Xiaobing, and three independent non-executive directors, namely Mr. Chan Yin Tsung, Ms. Cho Mei Ting and Mr. Ruan Lianfa.