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## **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)**

### **UPDATE ON PROFIT GUARANTEE CONCERNING THE DISCLOSEABLE TRANSACTIONS IN RELATION TO EVER CLEVER GROUP LIMITED AND ILLUSTRIOUS SUCCESS LIMITED**

Reference is made to the announcements of the Company dated 4 July 2017, 29 November 2017, 5 December 2017, 23 August 2018, 4 September 2018 and 25 October 2019 (the “**Announcements**”) in relation to, amongst other things, the profit guarantee concerning the acquisition of 50% of the issued share capital of Illustrious Success Limited (“**Illustrious**”) and 25% equity interest of Ever Clever Group Limited (“**EC**”, together with its subsidiaries, the “**EC Group**”). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise specified.

### **PROFIT GUARANTEE IN RELATION TO ILLUSTRIOUS SUCCESS LIMITED**

As disclosed in the Announcements, the Illustrious Vendor, the Guarantors and the Company have agreed that the amount of the monetary compensation payable by the Illustrious Vendor to the Company as a result of the non-fulfilment of the Illustrious Profit Guarantee in the amount of RMB5,919,000 shall be paid in two equal instalments in December 2019 and December 2020.

In December 2019, the first instalment in the amount of RMB2,960,000 was duly paid by the Illustrious Vendor to the Company.

## **PROFIT GUARANTEE IN RELATION TO EVER CLEVER GROUP LIMITED**

As disclosed in the Announcements, the Company has made attempts to communicate and enquire with the relevant individuals from the EC Vendor and HGRL to request for the audited financial statements of HGRL on several occasions from time to time in 2019 but such attempts did not come to any fruitful results. There has been no material development since the publication of the announcement dated 25 October 2019.

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 will also seek legal advice from 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.

The Board expects to obtain legal advice from PRC legal advisers by the end of February 2020 and subject to the PRC legal advice, take the best course of action against the EC Vendor and/or HGRL in the most appropriate jurisdiction by the end of March 2020.

In this regard, further announcement will be made by the Company on the progress of enforcing its rights under the EC Agreement in due course.

By order of the Board

**China Ludao Technology Company Limited**

中國綠島科技有限公司

**Mr. Yu Yuerong**

*Chairman and executive Director*

Hong Kong, 17 January 2020

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yu Yuerong, Mr. Tan Xiangdong, Mr. Chen Baoyuan, Ms. Pan Yili, and Mr. Wang Xiaobing; one non-executive director, namely Mr. Tian Tingshan; and three independent non-executive directors, namely Mr. Chan Yin Tsung, Mr. Ruan Lianfa and Ms. Yau Kit Kuen Jean.*