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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 TRANSACTION IN RELATION TO EVER CLEVER GROUP LIMITED

Reference is made to the announcements of the Company dated 29 November 2017, 5 December 2017, 23 August 2018, 4 September 2018, 25 October 2019, 17 January 2020, 20 August 2020 and 16 September 2020 (the "**Announcements**") in relation to, amongst other things, the profit guarantee concerning the acquisition of 25% equity interest of Ever Clever Group Limited ("**EC**"). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise specified.

As disclosed in the Announcements, in response to the EC Vendor's breach of the EC Agreement, the Board had resolved to exercise the rights of the Company to cancel the Convertible Bonds and to enforce the share charge over 2,500 shares in EC against the EC Vendor (the "**EC Share Charge**").

As at the date of this announcement, the Company has taken actions to enforce the EC Share Charge and notified the EC Vendor of the same, subject to completion of the relevant registration and filing requirements. To recover the compensation for which the Company is entitled to hold the EC Vendor liable under the EC Agreement, the Company and the Purchaser acted as plaintiffs to commence the legal proceedings in the High Court of Hong Kong on 2 November 2020 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 to deliver the audited financial statements of HGRL and its failure to evidence or prove the fulfillment of the EC Profit Guarantee.

Further announcement(s) will be made by the Company on the progress of the enforcement of the EC Share Charge and the legal proceedings against the EC Vendor as and when appropriate.

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, 2 November 2020

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