

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of the Company.



CHINA FORDOO HOLDINGS LIMITED

中國虎都控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2399)

**SUPPLEMENTAL ANNOUNCEMENT
REVISION OF CONSIDERATION
IN RELATION TO THE
(1) DISCLOSABLE TRANSACTION AND CONNECTED TRANSACTION IN
RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE
CAPITAL OF THE TARGET COMPANY;
AND
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE
ENTRY OF THE VIE AGREEMENTS**

Reference is made to the announcement of China Fordoo Holdings Limited (the “**Company**”) dated 14 December 2020 (the “**Announcement**”) in relation to, among others, the disclosable and connected transaction in relation to the acquisition of the entire issued share capital of the Target Company involving the issue of Consideration Shares and continuing connected transactions in relation to the entry of the VIE Agreements. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 5 March 2021 (after trading hours), the Company, the Vendor and the Guarantor entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and supplement the Sale and Purchase Agreement. The principal effects of the amendments are:

- (i) the Consideration is changed from the issuance of Consideration Shares I and Consideration Shares II to the Vendor (or its nominee) (subject to the Actual Net Profit), to payment of HK\$9.70 million in cash to Vendor within 10 days upon Completion;
- (ii) the condition precedent (A) as disclosed in the section headed “THE SALE AND PURCHASE AGREEMENT — Conditions precedent” of the Announcement is changed as follows:
 - (A) all necessary internal authorisations and approvals for or in connection with the Acquisition (including the transactions contemplated under the VIE Agreements) having been obtained by the Company and the Vendor, including the written Shareholders’ approval or Shareholders’ approval at the general meeting of the Company for the VIE Agreements and the transactions contemplated thereunder has been obtained in accordance with the Listing Rules;
- (iii) the condition precedent (B) as disclosed in the section headed “THE SALE AND PURCHASE AGREEMENT — Conditions precedent” of the Announcement is changed as follows:
 - (B) the Stock Exchange granting the waiver or no objection in relation to the Acquisition (including the transactions contemplated under the VIE Agreements);

Save as amended and supplemented by the Supplemental Agreement, the Sale and Purchase Agreement shall remain in full force and effect in all respects.

REASONS FOR THE SUPPLEMENTAL AGREEMENT

Prior to entering into the Sale and Purchase Agreement, the Board notes that the OPCO has a relatively short operation track record. In order to address the potential concerns over the limited track record of the OPCO, a mechanism was built in the Sale and Purchase Agreement that the Company is not required to allot any Consideration Shares to the Vendor (or its nominee) if the Target Group fails to record any profit in the financial year of 2021 or 2022; and the number of Consideration Shares is calculated based on the achieved profits by the Target Group in order to protect the interest of the Company. It is one of the conditions precedent of the Sale and Purchase Agreement that the Company has to satisfy with the due diligence review of the Target Group on various aspects, including commerce and trade. During the due diligence process, the Company was given to understand that there may be a delay in the launch of the trading services and sales services of Honggao Technology, which was targeted to be launched by the end of the first quarter of 2021. Honggao Technology entered into an Interbank Express Payment Business Agreement (跨行快付業務協議) with a major bank in China in November 2020, pursuant to which Honggao Technology will be able to settle payment on an interbank basis through internet banking. It

was originally expected that Changyou Car would link with the bank's payment system within the first quarter of 2021. Then Honggao Technology would be able to provide its sales services by allowing the car buyer to pay the deposit to the payment system and then release the funds to the car seller after the buyer is satisfied with the inspection of the car. Based on the communication between the management of the Target Group and the aforesaid bank, there will be a delay in the launch of the payment platform on the part of the aforesaid bank as it has to upgrade and enhance the payment system in light of the recent change in the regulatory environment as The People's Bank of China (中國人民銀行) issued the Measures for the Administration of Credit Investigation Industry (Consultant Draft)* (《徵信業務管理辦法(徵求意見稿)》) in January 2021. As such, the management of the Target Group expects that the launch of the Target Group's new businesses will delay to the second quarter of 2021, which will increase uncertainty in achieving the performance target of the Target Group. Since there would be greater uncertainty on the future performance of the Target Group in light of the delay brought by the recent change in regulatory environment, in order to avoid such uncertainty and to address the concern from stakeholders on the potential dilution effect on the existing Shareholders' shareholding as the number of Consideration Shares to be issued is dependent on the Target Group's future performance, the Directors are of the view that it would be in the interest of the Company and the Shareholders as a whole to fix and pay the Consideration by cash at this stage instead of issuing Consideration Shares depending on the future performance of the Target Group.

Apart from the new businesses, Honggao Technology is currently providing advertising services and ordering services. In respect of advertising services, customers may place different advertisements on Honggao Technology's mobile applications, including pop-up advertisement, display of logo or information at top or bottom, inclusion of advertising articles, priority in display of car seller's product and the like, over certain period of time and/or to appear in a fixed frequency. In respect of the ordering services, Honggao Technology charges an ordering fee on the car seller once the car buyer and car seller entered into a sales contract. Based on the unaudited financial information of the Target Group for the seven months ended 30 November 2020, the revenue generated from the advertising services and the ordering services were approximately RMB15.6 million and RMB3.3 million, respectively. Upon taking into consideration the performance of the current businesses of the Target Group, the Directors are of the opinion that the terms of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole, notwithstanding the delay in the launch of the new businesses of Honggao Technology.

In addition, apart from Mr. Tong, other members of the Board do not possess the relevant expertise to establish a business similar to the Target Group. The Board is of the view that the Acquisition can offer the Group an opportunity to immediately tap into the success of an on-going business and enable the Group to acquire its readily available resources and core competencies, including the e-commerce mobile applications, clientele, business networks, intellectual property rights, business licences (such as Internet Content Provider Licence), and experienced management team. This, in turn, can help save start-up costs and time, thus allowing the Company to seize the market opportunity in a timely manner.

BASIS OF CONSIDERATION

The revised Consideration is determined with reference to, among other things, (i) the unaudited consolidated net asset value of the Target Group as at 30 November 2020, being approximately RMB12.1 million (which is equivalent to approximately HK\$14.6 million); (ii) the financial performance of the Target Group; (iii) the business development and future prospects of the Target Group; (iv) the prospect of the automobile industry and e-commerce in the PRC; and (v) the arm's length negotiations between the Company and the Vendor.

The Company is not obliged to contribute to any of the outstanding registered capital of the OPCO.

The Board (including its independent non-executive Directors) is of the view that the revised Consideration is fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

On the other hand, in order to provide incentives to Mr. Tong (being the Guarantor) and other management members as the key management team of the Target Group and retain them for the continual operation and development of the Target Group, the Company may grant share options, award restricted shares and/or provide other incentives to them. As at the date of this supplemental announcement, there is no binding agreement among the Company, the Vendor and Mr. Tong (being the Guarantor), that obliges the Company to provide such incentives to the Vendor, Mr. Tong or the key management team of the Target Group. In other words, the Company is under no binding obligation to issue any of such incentives to them. In the future, in case the Company decides to provide such incentives, the Company shall comply with the applicable Listing Rules (including Chapter 17 of the Listing Rules), and obtain recommendation from the remuneration committee and the Shareholders' approval, make further announcement where applicable.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) exceeds 0.1% but all of them are below 25% and the amended Consideration is below HK\$10 million, the transactions contemplated under the Sale and Purchase Agreement (as amended and supplemented by the Supplemental Agreement) are subject to the reporting, announcement and annual review requirements but exempted from the circular and Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the VIE Agreements exceeds 5%, the transactions contemplated under the VIE Agreements are subject to the reporting, announcement, annual review, circular and Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Company has applied for a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) fixing the term of the VIE Agreements for a period of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules, and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the service fees payable by the OPCO to the WFOE under the Exclusive Consultation and Technical Services Agreement.

Pursuant to Rule 14A.37 of the Listing Rules, the Stock Exchange may waive the general meeting requirement and accept a written shareholders' approval on the conditions that (i) no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the transactions contemplated under the VIE Agreements; and (ii) approval has been given by a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the Shares in issue giving the right to vote at general meetings to approve the transactions contemplated under the VIE Agreements.

As at the date of this supplemental announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, neither Mr. Tong nor his associates is a Shareholder nor has any interest in the Shares, and no Shareholders or any of their respective associates have any material interest in the VIE Agreements and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the VIE Agreements and the transactions contemplated thereunder.

As at the date of this supplemental announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Kwok Kin Sun (who is the father of Mr. Kwok Hon Fung) and Mr. Kwok Hon Fung, being a closely allied group of Shareholders, control an aggregate of 1,087,067,000 Shares in issue (representing approximately 56.51% of the total number of the issued share capital of the Company) have indicated their approval to the VIE Agreements and the transactions contemplated thereunder. The Company will apply for a waiver from requirement to convene a Shareholders' meeting for approving the VIE Agreements, such that the written approval would be accepted in lieu of convening a general meeting under Rule 14A.37 of the Listing Rules. If the waiver application made pursuant to Rule 14A.37 of the Listing Rules is not accepted by the Stock Exchange, the Company will convene a Shareholders' meeting in accordance with its articles of association and the requirements under the Listing Rules.

Pursuant to Rule 14A.46(2) of the Listing Rules, a circular containing, among other things, (i) further information on the VIE Agreements and the transactions contemplated thereunder, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the Shareholders on or before 26 March 2021.

By order of the Board
China Fordoo Holdings Limited
Kwok Kin Sun
Chairman and executive Director

* For identification purpose only

Hong Kong, 5 March 2021

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.828 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at such a rate.

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Tong Xin and Mr. Peng Zuncheng; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Ms. Huang Yumin.

Website: www.fordoo.cn