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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
THE TARGET COMPANY**

THE DISPOSAL

The Board announces that on 30 November 2021 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, subject to the Conditions Precedent, the Company agreed to sell, and the Purchaser agreed to purchase the entire issued share capital in the Target Company at a consideration of HK\$9,700,000.

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The Company has discussed with the auditors of the Company which have confirmed that under the prevailing accounting principles of the Company, the Company will no longer consolidate the financial results of the OPCO in its consolidated accounts as if it were a subsidiary of the Target Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

As at the date of this announcement, Mr. Tong (an executive Director in the last 12 months who ceased to be an executive Director with effect from 12 October 2021) is the ultimate beneficial owner of the Purchaser. Accordingly, the Purchaser is an associate of Mr. Tong and therefore a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Consideration is less than HK\$10 million and all the applicable percentage ratios (other than the profits ratio) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are less than 25%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

The Board announces that on 30 November 2021 (after trading hours of the Stock Exchange), the Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, subject to the Conditions Precedent, the Company agreed to sell, and the Purchaser agreed to purchase the entire issued share capital in the Target Company at a consideration of HK\$9,700,000.

THE EQUITY TRANSFER AGREEMENT

Date 30 November 2021 (after trading hours of the Stock Exchange)

Parties (i) the Company (as the vendor); and
(ii) the Purchaser (as the purchaser)

As at the date of this announcement, Mr. Tong (an executive Director in the last 12 months who ceased to be an executive Director with effect from 12 October 2021) is the ultimate beneficial owner of the Purchaser. Accordingly, the Purchaser is an associate of Mr. Tong and therefore a connected person of the Company.

Subject matter

Subject to the Conditions Precedent, the Company agreed to sell, and the Purchaser agreed to purchase the entire issued share capital in the Target Company at a consideration of HK\$9,700,000.

Consideration

The Consideration for the Disposal shall be HK\$9,700,000 and shall be payable by the Purchaser to the Company within 10 days upon Completion.

The Consideration is determined after taking into account, among others, (i) the original acquisition price of the Target Group paid by the Group; (ii) the valuation of the Target Group as at 31 October 2021 by an independent valuer; (iii) the past financial performance of the Target Group; (iv) the reasons and benefits of the Disposal as set out in the paragraph headed “Reasons for and benefits of the Disposal” below; and (v) the arm’s length negotiations between the Company and the Purchaser.

Conditions precedent

Completion is conditional upon each of the following conditions being satisfied or waived in writing by the parties to the Equity Transfer Agreement:

- (i) the Company and the Purchaser has obtained all necessary internal authorisation and approvals in relation to the Disposal;
- (ii) no governmental authority having promulgated, issued or implemented any validly subsisting laws, regulations, administrative orders, decrees, judgments, interlocutory or permanent injunctions or other orders, that may prohibit or otherwise prevent the completion of the transactions contemplated under the Equity Transfer Agreement; and
- (iii) there having been no breach by any party to the Equity Transfer Agreement.

Condition (i), (ii) and (iii) above can be waived in writing by the parties to the Equity Transfer Agreement.

Completion

Completion shall take place in the fifth (5th) business day from the date of fulfillment (or waiver, as the case may be) of the Conditions Precedent (or such other date as the parties to the Equity Transfer Agreement may agree in writing).

INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in the design, sourcing, manufacturing and sales of its branded menswear in the PRC.

INFORMATION ON THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is a company incorporated under the laws of BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target Company is indirectly wholly-owned by the Company.

Golden Maxwell is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, Golden Maxwell is directly wholly-owned by the Target Company.

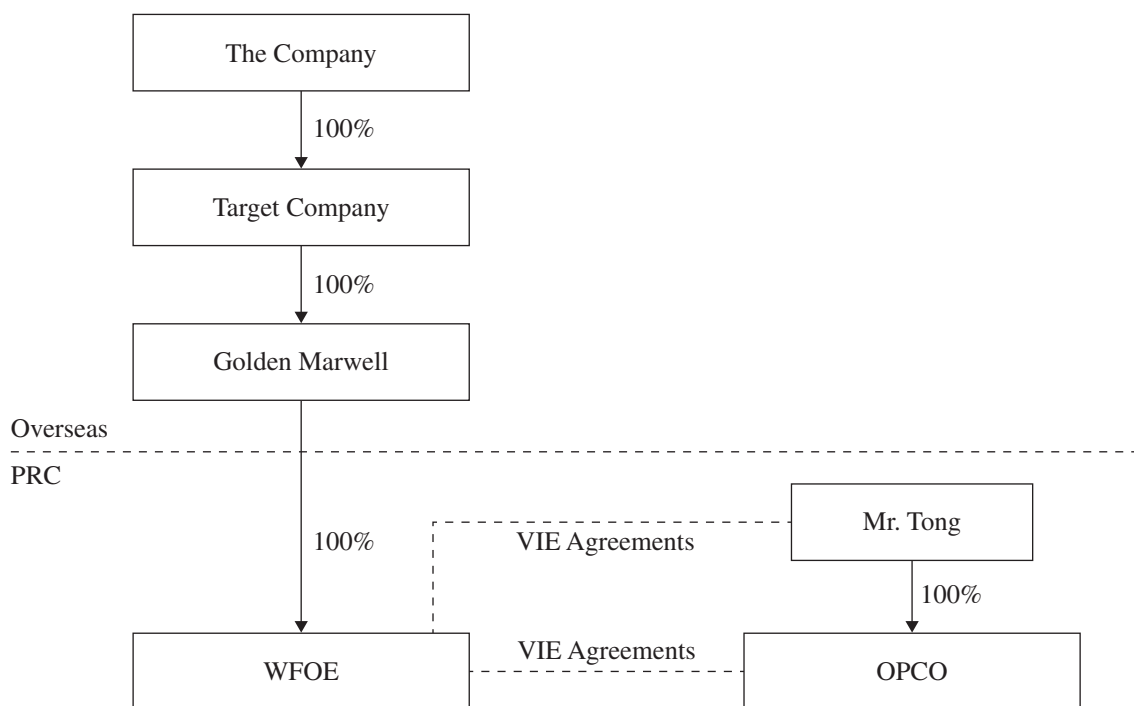
The WFOE is a company established under the laws of the PRC with limited liability which will enjoy the economic interests and benefits of the OPCO through a series of VIE agreements. It is directly wholly-owned by Golden Maxwell as at the date of this announcement.

The OPCO is principally engaged in the business of sales and marketing of automobiles through an online e-commerce platform combined with ancillary financing, auto parts sales, offline auto trading services and other business in the PRC. The OPCO is directly wholly-owned by Mr. Tong as at the date of this announcement.

For further details of the VIE agreements between, among others, (i) Mr. Tong and the WFOE; and (ii) Mr. Tong and the OPCO, please refer to the circular of the Company dated 24 March 2021 in relation to, amongst others, the acquisition of the Target Group.

Shareholding structure of the Target Group

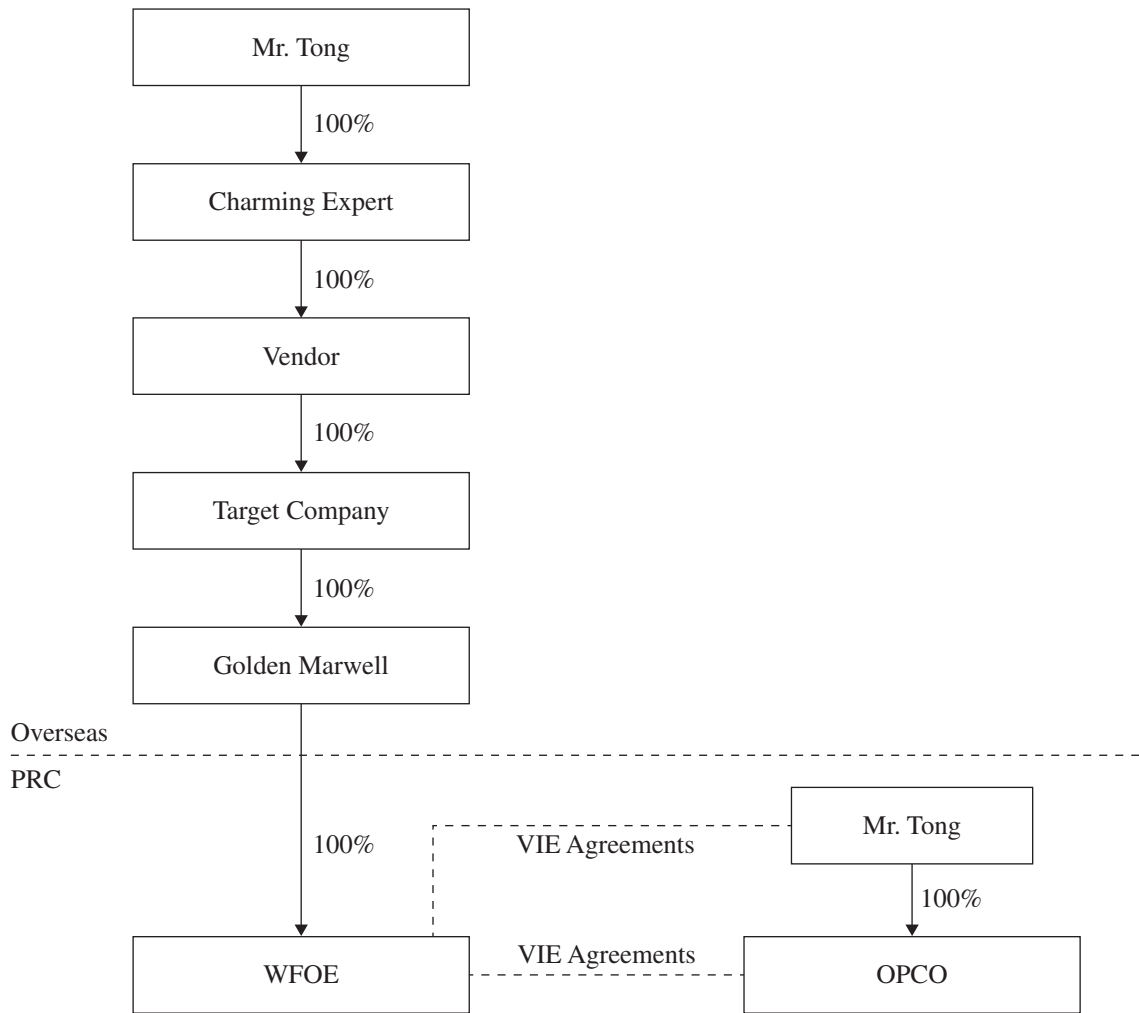
(i) Shareholding structure of the Target Group before Completion



“_____” denotes shareholding relationship

“- - - - -” denotes contractual relationship

(ii) Shareholding structure of the Target Group after Completion



“_____” denotes shareholding relationship

“- - - - -” denotes contractual relationship

Financial information of the Target Group

Set out below is the unaudited financial information of the Target Group for the eight months ended 31 December 2020 and the ten months ended 31 October 2021:

	For the eight months ended 31 December 2020 <i>(Note)</i> (RMB'000)	For the ten months ended 31 October 2021 (RMB'000)
Revenue	20,204	13,873
Profit/(loss) before taxation	16,009	(9,476)
Profit/(loss) after taxation	12,000	(11,558)

Note: The OPCO was established on 7 May 2020. Therefore, only eight months financial information for the period ended 31 December 2020 is available.

The unaudited consolidated net asset value of the Target Group as at 31 October 2021 was approximately RMB771,000 (equivalent to approximately HK\$941,000).

INFORMATION OF THE PURCHASER

The Purchaser is a company established under the laws of the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is indirectly wholly-owned by Mr. Tong.

REASONS FOR AND BENEFITS OF THE DISPOSAL

References are made to the announcement of the Company dated 14 December 2020, the supplement announcement of the Company dated 5 March 2021 and the circular of the Company dated 24 March 2021 in relation to, among others, the acquisition of the entire issued share capital of the Target Company from Mr. Tong for a consideration of HK\$9,700,000.

The Group is principally engaged in the design, sourcing, manufacturing and sales of its branded menswear in the PRC. As part of the Group's policy to diversify its business, the Group acquired the Target Group (including the OPCO) earlier this year with the intention to capture the market opportunities presented in the e-commerce and automotive industry in PRC. The Target Group (including the OPCO) is principally engaged in the business of sales and marketing of automobiles through an online e-commerce platform combined with ancillary financing, auto parts sales, offline auto trading services and other business in the PRC. The OPCO has developed an online e-commerce platform known as "Changyou Car* (暢遊汽車)" ("Changyou Car"), which materializes car sales by integrating mobile apps with offline trading service centres of distributors across the nation.

Changyou Car comprises two mobile apps, namely (i) for B2B wholesale e-commerce business among car dealers in various regions, and (ii) for B2C retail e-commerce business between car dealers and end users. The proper functioning of these two apps largely depends on the provision of banking services from a PRC bank under an Interbank Express Payment

Business Agreement (跨行快付業務協議), pursuant to which it will act as a third-party payment agent that allows the users to link their bank accounts to Changyou Car for settling payment, obtaining financing and loan and other related banking services including insurance.

OPCO was informed by the aforesaid PRC bank in early April 2021 that the aforesaid arrangement was ready and would be able to allow the users of Changyou Car to settle payment through internet banking starting from April 2021. As such, OPCO expected to commence its new businesses correspondingly from the second quarter of 2021. For further details, please refer to the voluntary announcement of the Company dated 7 April 2021.

Nevertheless, in mid April 2021, the PRC government promulgated the Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutions (《金融機構反洗錢和反恐怖融資監督管理辦法》) (the “**Measures**”) which was effective since 1 August 2021. The Measure stipulated certain provisions with an aim to urging financial institutions to effectively perform the obligations of combating money laundering and financing of terrorism and regulating the supervision and administration acts of combating money laundering and financing of terrorism. In addition, the Personal Information Protection Law (《個人信息保護法》) (the “**PIP Law**”) was passed by the Standing Committee of the National People’s Congress on 20 August 2021 and came into effective from 1 November 2021, with an aim to protecting the rights and interests in relation to personal information, regulate processing activities of personal information, and facilitate the rational use of personal information.

Since the introduction of the Measures and PIP Law, the aforesaid PRC bank has been very slow in enhancing and upgrading the payment gateway in response to the Measures and PIP Law, therefore the users of app were unable to settle payment through the PRC bank. Against this backdrop, the financial performance of the Target Group were below expectation since acquisition as it recorded a loss of approximately RMB11,558,000 for the ten months ended 31 October 2021. Since the performance of the Target Group failed to meet the expectation, the Company took the view that it would be in the best interests of the Company and its Shareholders to dispose of the Target Group in light of the uncertainties brought by the recent change in the regulatory environment and to avoid incurring further losses.

The Company intends to apply part of the net proceeds of the Disposal for general working capital and repayment of debts and/or payables. As such, the Group will enjoy a better financial position and the proceeds from the Disposal will further strengthen the cash flow of the Group.

The terms of the Equity Transfer Agreement were determined after arm’s length negotiations and based on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT ON THE DISPOSAL

The Group is expected to recognise a gain of approximately HK\$8,759,000 (subject to audit) upon the Completion. Such gain is estimated based on the Consideration less the unaudited consolidated net asset value of the Target Group as at 31 October 2021.

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The Company has discussed with the auditors of the Company which have confirmed that under the prevailing accounting principles of the Company, the Company will no longer consolidate the financial results of the OPCO in its consolidated accounts as if it were a subsidiary of the Target Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

As at the date of this announcement, Mr. Tong (an executive Director in the last 12 months who ceased to be an executive Director with effect from 12 October 2021) is the ultimate beneficial owner of the Purchaser. Accordingly, the Purchaser is an associate of Mr. Tong and therefore a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Consideration is less than HK\$10 million and all the applicable percentage ratios (other than the profits ratio) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal are less than 25%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors had any material interests in the Disposal and accordingly no Director was required to abstain from voting on the relevant Board resolutions approving the Disposal.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or statutory holiday) on which banks in the PRC are generally open for normal banking business
“BVI”	the British Virgin Islands

“Charming Expert”	Charming Expert Limited, a company incorporated in BVI with limited liability and directly wholly-owned by Mr. Tong as at the date of this announcement
“Company”	China Fordoo Holdings Limited (中國虎都控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2399)
“Completion”	completion of the Disposal in accordance with the terms and conditions under the Equity Transfer Agreement
“Completion Date”	the fifth Business Day after the date of fulfillment (or waiver) of all Conditions Precedent (or such other date as the parties to the Equity Transfer Agreement may agree in writing), on which Completion shall take place
“Conditions Precedent”	the conditions precedent to which the Disposal is subject, as detailed in the section headed “Conditions Precedents” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$9,700,000
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of the Target Company by the Company pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 30 November 2021 entered into between the Company and the Purchaser in relation to the Disposal
“Golden Maxwell”	Hong Kong Golden Maxwell Limited (香港金晟有限公司), a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Mr. Tong”	Mr. Tong Xin* (同心), the ultimate beneficial owner of the Purchaser and the OPCO as at the date of this announcement
“OPCO”	Tianjin Honggao Technology Co., Ltd.* (天津洪高科技有限公司), a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Purchaser”	Famous Brightness Limited, a company incorporated under the laws of BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Good Productive Limited, a company incorporated in BVI with limited liability and is indirectly wholly-owned by the Company as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries, including the OPCO
“VIE”	variable interest entity
“WFOE”	Tianjin Jinsheng International Trade Co., Ltd.* (天津金聖國際貿易有限責任公司), a wholly-owned subsidiary of the Target Company, is a special purpose company established in the PRC with limited liability
“%”	per cent

* For identification purpose only

In this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1: HK\$1.2208.

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

Hong Kong, 30 November 2021

As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung 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