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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE POSSIBLE ACQUISITION**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of 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 MOU

The Board is pleased to announce that on 28 October 2020 (after trading hours), the Purchaser and the Vendor entered into the MOU in relation to the Possible Acquisition.

Subject to the parties entering into the Formal Agreement, the Vendor intended to sell and the Purchaser intended to purchase the controlling interest in the Target Company or obtain control over the Target Company through a variable interest entity (VIE) controlling structure for financial consolidation.

GENERAL

In the event that the Possible Acquisition materialises, it may constitute a notifiable and connected transaction of the Company under the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.

The Possible Acquisition is subject to, among others, further due diligence and negotiation concerning the entering into of the Formal Agreement. As at the date of this announcement, the terms and conditions of the Formal Agreement are yet to be finalized or agreed between the Purchaser and the Vendor. As such, the Possible Acquisition may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Acquisition as and when appropriate in accordance with the Listing Rules.

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THE MOU

On 28 October 2020 (after trading hours), the Purchaser and the Vendor entered into the MOU in relation to the possible acquisition of the controlling interest in the Target Company or the obtaining of control over the Target Company through a variable interest entity (VIE) controlling structure by the Purchaser for financial consolidation. Details of the MOU are set out below:

Date: 28 October 2020

Parties: (i) the Purchaser; and
(ii) the Vendor

As at the date of this announcement, the Vendor beneficially owns 100% of the equity interest in the Target Company.

As at the date of this announcement, the Vendor, Mr. Tong Xin (同心), is an executive Director and the general manager of the Company and is therefore a connected person (as defined under the Listing Rules) of the Company.

Subject matter to be acquired

Subject to the parties entering into the Formal Agreement, the Vendor intended to sell, and the Purchaser intended to acquire the controlling interest in the Target Company or obtain control over the Target Company through a variable interest entity (VIE) controlling structure for financial consolidation.

Consideration

The exact amount of the consideration, the manner and the method of payment of the consideration for the Possible Acquisition will be negotiated between the parties to the MOU based on the results of the due diligence to be conducted by the Purchaser on the Target Company, and shall be subject to the terms and conditions of the Formal Agreement, which may or may not be entered into by the parties to the MOU.

Exclusivity Period

Pursuant to the terms of the MOU, the Vendor has agreed that it will not and will procure that the Target Company and its directors, officers, employees, representatives and agents not to, directly or indirectly, for a period of 180 days from the date of the MOU (or a later time as agreed in writing by both parties), (i) solicit, initiate or encourage enquiries or offers from; (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Purchaser with respect to the sale, other disposition or subscription of the equity interest in the Target Company, or the making of capital contribution to the Target Company. In the event that the Target Company (and each of its existing shareholder(s)) or the Vendor receive any respective inquiries or invitation, the Purchaser shall be informed immediately.

Due diligence

The Purchaser shall conduct due diligence in respect of the Possible Acquisition and the Vendor shall assist and procure the Target Company to assist in ensuring smooth proceeding of the due diligence.

Binding effect

Save for the provisions relating to exclusivity period, confidentiality and governing law and jurisdiction, the provisions of the MOU are not legally binding.

INFORMATION ON THE TARGET COMPANY

As informed by the Vendor, the Target Company is Tianjin Honggao Technology Limited* (天津洪高科技有限公司) a limited liability company established in the PRC and is principally engaged in the business of sales and marketing of automobiles through an online e-commerce platform and combined with ancillary financing, auto parts sales, offline auto trading services and other business in the PRC.

REASONS AND BENEFITS FOR ENTERING INTO THE MOU

As at the date of this announcement, the Group is principally engaged in the design, sourcing, manufacturing and sales of its branded menswear in the PRC.

As set out in the announcement of the Company dated 25 September 2020, the Group has been exploring business opportunities in the operation of an online e-commerce platform combined with an offline trading service system, which coordinate with China's major e-commerce platforms and major distributors to carry out automotive sales business in the PRC. The Possible Acquisition, if materialized, will be a major step taken by the Company to expand and diversify its business and activities, with a view to create new sources of income and to maximize the return to the Company and the shareholders of the Company in the long run.

The Board considers that the terms of the MOU are fair and reasonable and that the Possible Acquisition is in the interest of the Company and the shareholders of the Company as a whole.

GENERAL

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The Possible Acquisition is subject to, among others, further due diligence and negotiation concerning the entering into of the Formal Agreement. As at the date of this announcement, the terms and conditions of the Formal Agreement are yet to be finalized or agreed between the purchaser and the Vendor. As such, the Possible Acquisition may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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)
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement for the Possible Acquisition which may or may not be entered into by the Purchaser and the Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the Memorandum of Understanding dated 28 October 2020 entered into by the Company and the Vendor setting out the preliminary understanding for the Possible Acquisition

“Possible Acquisition”	the possible acquisition of the controlling interest in the Target Company by the Company from the Vendor or through a variable interest entity (VIE) controlling structure to obtain control over the Target Company for financial consolidation as contemplated under the MOU
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Ample Route Limited (博途有限公司), a limited liability company established in the BVI and a directly wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Tianjin Honggao Technology Limited* (天津洪高科技有限公司), a limited liability company established in the PRC
“Vendor”	Mr. Tong Xin (同心), an executive Director and the general manager of the Company

For and on behalf of
China Fordoo Holdings Limited
Kwok Kin Sun
Chairman and Executive Director

Hong Kong, 28 October 2020

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

** For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails*