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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)**

### **CHANGE OF AUDITORS**

This announcement is made by China Fordoo Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that KPMG has resigned as auditors of the Group with effect from 11 October 2016.

The following paragraph setting out the circumstances leading to KPMG’s resignation is extracted from its letter to the Board and the audit committee of the Company (the “**Audit Committee**”) dated 11 October 2016.

*“We refer to our letters dated 16 August and 30 September 2016 to the Board of Directors and Audit Committee of the Company in respect of allegations against the Group we received. We assessed the extension of our procedures and communicated our fee proposal with the Company and are not able to reach agreement on the annual audit fee for the year 2016 with the Company.”*

In its letter dated 16 August 2016, KPMG stated that they received a call from a person alleging that there were irregularities in the Company’s financial information in areas including tax documents, value added tax invoices, banking slips and statements and purchase prices with a supplier in Jiangxi. KPMG had requested the Company to investigate the above situation and revert with results of such investigation. KPMG would then determine if extra procedures would be required for the audit work for the Company.

In its letter dated 30 September 2016, KPMG stated that they received another call from a person alleging that there were false reporting of the Company’s sales and income, suspicious banking slips and statements and inconsistencies between the actual and reported numbers of production employees of the Group. KPMG further stated in the letter that it had not yet received any investigation results from the Company in relation to the allegations.

The Company would like to clarify that upon receipt of the first letter from KPMG dated 16 August 2016, notwithstanding that it was an anonymous call directed to the auditor of the Company and no specific figures, dates or supporting evidence for the allegations had been provided, the Board had nominated and authorized an executive Director to form a working group to conduct investigation on the allegations. The internal investigation has been completed and no material findings were identified. The Audit Committee has reviewed and was satisfied with the internal investigation report.

In connection with the allegations, KPMG communicated a fee proposal to the Board in relation to the audit fee for the financial year ending 31 December 2016 on which the Company and KPMG were not able to reach a consensus, leading to the resignation of KPMG as auditors of the Group.

Save for the matters set out above, the Board confirms that there are no matters in relation to the resignation of KPMG which need to be brought to the attention of the shareholders of the Company. The Board would like to take this opportunity to express its gratitude to KPMG for their professional services rendered to the Company in the past years.

Upon recommendation of the Audit Committee, Elite Partners CPA Limited (“**Elite Partners**”) has been appointed as the new auditors of the Company to replace KPMG with effect from 11 October 2016. Elite Partners shall hold office until the conclusion of the next annual general meeting of the Company. The Company will assist Elite Partners with any necessary extra procedures it would recommend in connection with the allegations and ensure proper internal control system and corporate governance practice are in place.

By Order of the Board  
**China Fordoo Holdings Limited**  
**Kwok Kin Sun**  
*Chairman*

Hong Kong, 11 October 2016

*As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung and Ms. Yuan Mei Rong; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Zhang Longgen.*