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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)

SUPPLEMENTAL ANNOUNCEMENT ON CHANGE OF AUDITORS

Reference is made to the announcement of the Company dated 11 October 2016 in relation to the change of auditors of the Company (the “**Announcement**”). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide further information on the change of auditors.

INTERNAL INVESTIGATION

Upon receipt of the letter from KPMG dated 16 August 2016 (the “**First Letter**”), the Board had nominated Ms. Yuan Mei Rong, the Vice General Manager of the Company and an executive Director, who is primarily responsible for the finance and administrative functions of the Group, to take charge of the internal investigation in respect of the allegations raised in the First Letter. Ms. Yuan was authorized to form a working group under her leadership to conduct the investigation. The Board considered that Ms. Yuan possessed the necessary knowledge of the Group and expertise to handle the internal investigation. The persons involved in the working group were selected by Ms. Yuan based on their knowledge of the Company’s financial and tax matters and working experience.

Previous auditors’ reports and internal control reports for the Group had covered periods up to 31 December 2015 and indicated that no material findings or irregularities were identified. Furthermore, by the time of commencement of the internal investigation, regular annual internal audit for the Group for the full year of 2016 had already been planned to commence by the end of October 2016. To avoid unnecessarily depleting resources of the Company and distracting the focus of the management of the Company, and given that no specific figures, dates or supporting evidence for the allegations were provided in the First Letter, the Board considered that examination of documents which covered the first half of

2016 under the internal investigation was appropriate. As stated in the internal investigation report by the working group dated 28 September 2016, the working group had conducted the investigation by reviewing and examining documents including the following:

- the tax documents for first half of 2016;
- samples of sales invoices, sale and purchase agreements, supplier's delivery notes, the relevant value added tax invoices;
- banking slips and statements for the period between 1 January 2016 and 30 June 2016; and
- purchase agreements with the supplier in Jiangxi, Jiahao (Jiangxi) Qingfang Company Limited* (佳號(江西)輕紡有限公司), and all related documents for the first half of 2016.

No material findings or irregularities were identified during the process of internal investigation.

As disclosed in the Announcement, three allegations were raised in the letter from KPMG dated 30 September 2016 (the “**Second Letter**”). The first two allegations had already been covered by the internal investigation conducted in response to the First Letter. In response to the third allegation, Ms. Yuan Mei Rong and the working group conducted a further investigation on any inconsistencies between the actual and reported numbers of production employees of the Group. As stated in the second internal investigation report by the working group dated 26 October 2016, the working group had performed procedures such as examining samples of employment and payroll documents and conducting spot checks at production sites to verify headcount. No inconsistencies or irregularities were identified.

The Board considered that the scope of the internal investigation reports and the procedures performed under the investigations had covered all the allegations as raised in the First Letter and the Second Letter. As no specific figures, dates or supporting evidence for the allegations were provided in the First Letter or Second Letter, the Audit Committee considered that appropriate procedures had already been adopted under the internal investigations.

ADDITIONAL STEPS TO BE UNDERTAKEN BY ELITE PARTNERS

In order to address the alleged irregularities raised in the First Letter and Second Letter and to ensure that the Company's previous accounts and public disclosures are accurate in all material respect, Elite Partners will discuss with the Company on any necessary extra procedures it would recommend regarding the allegations. In particular, Elite Partners will pay special attention and undertake various procedures in respect of tax documents, bank receipts and bank statements, sales recognition and income, purchase price with supplier and number of employees.

INTERNAL CONTROL REVIEW

The Company will continue to engage the internal control advisory division of a reputable international audit firm to conduct internal control review of the Company to 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, 3 November 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.

* *For identification purposes only*