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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China Fordoo Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2022.

**FINANCIAL HIGHLIGHTS**

- Revenue from continuing operations of the Group increased by 152.6% to RMB272.2 million (2021: RMB107.7 million (re-presented)).
- Gross profit from continuing operations of the Group increased by 301.8% to RMB90.6 million (2021: RMB22.6 million (re-presented)).
- Net loss attributable to equity holders of the Company was RMB3.6 million (2021: RMB63.5 million (re-presented)).
- Basic and diluted loss per share was RMB0.15 cents (2021: RMB3.3 cents (re-stated and re-presented)).

	<b>For the six months ended</b>		
	<b>30 June 2022</b>	30 June 2021 (re-presented)	Change
<b>Profitability ratios</b>			
From continuing operations			
Gross profit margin	<b>33.3%</b>	20.9%	+12.4 ppt
Net profit/loss to revenue	<b>4.9%</b>	-59.0%	+63.9 ppt
From continuing and discontinued operations			
Return on equity <sup>(1)</sup>	<b>2.8%</b>	-13.2%	+16.0 ppt
	<b>As at</b>	As at	
	<b>30 June 2022</b>	30 June 2021 (re-presented)	
<b>Liquidity ratios</b>			
From continuing operations			
Inventory turnover (Days) <sup>(2)</sup>	<b>35</b>	109	-74
Trade receivables turnover (Days) <sup>(3)</sup>	<b>176</b>	290	-114
Trade payables turnover (Days) <sup>(4)</sup>	<b>90</b>	50	+40
	<b>As at</b>	As at	
	<b>30 June</b>	31 December	
	<b>2022</b>	2021	
<b>Capital ratios</b>			
Interest coverage ratios <sup>(5)</sup>	<b>2.2</b>	N/A	
Net debt to equity ratio <sup>(6)</sup>	<b>81.1%</b>	71.8%	+9.3 ppt
Gearing ratio <sup>(7)</sup>	<b>103.7%</b>	100.8%	+2.9 ppt
<i>Notes:</i>			
(1) Net profit/loss for the period divided by total equity.			
(2) Average of the inventory at the beginning and at the end of the period divided by cost of sales times the number of days during the period.			
(3) Average of the trade receivables at the beginning and at the end of the period divided by revenue times the number of days during the period.			
(4) Average of the trade payables at the beginning and at the end of the period divided by costs of sales times the number of days during the period.			
(5) Profit before interest and tax for the period divided by interest expenses of the same period.			
(6) Net debt divided by total equity as at the end of the period. Net debt includes bank borrowings, corporate bonds and convertible bond net of cash and cash equivalents.			
(7) Total debts divided by the total equity as at the end of the period.			

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022 — unaudited (Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2022</b>	2021
		<b>RMB'000</b>	<b>RMB'000</b>
			(Re-presented)
<b>Continuing operations</b>			
<b>Revenue</b>	4	<b>272,187</b>	107,748
Cost of sales		<u>(181,559)</u>	<u>(85,194)</u>
<b>Gross profit</b>		<b>90,628</b>	22,554
Other income and other gains or losses	5	<b>7,516</b>	5,598
Selling and distribution expenses		<b>(16,977)</b>	(25,241)
Administrative and other operating expenses		<b>(32,739)</b>	(49,767)
Allowance for expected credit losses (“ECL”), net		<u>(19,214)</u>	<u>(9,788)</u>
<b>Profit/(loss) from operations</b>		<b>29,214</b>	(56,644)
Finance costs	6(a)	<u>(13,113)</u>	<u>(14,954)</u>
<b>Profit/(loss) before taxation</b>	6	<b>16,101</b>	(71,598)
Income tax	7	<u>(2,724)</u>	<u>8,060</u>
<b>Profit/(loss) for the period from continuing operations</b>		<b>13,377</b>	(63,538)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations		<u>—</u>	<u>(1,307)</u>
<b>Profit/(loss) for the period</b>		<u><b>13,377</b></u>	<u>(64,845)</u>
<b>Other comprehensive income/(expense) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People’s Republic of China (the “PRC”)			
— from continuing operations		<b>1,447</b>	1,607
— from discontinued operations		<u>—</u>	<u>(73)</u>
		<u><b>1,447</b></u>	<u>1,534</u>
<b>Total comprehensive income/(expense) for the period</b>		<u><b>14,824</b></u>	<u>(63,311)</u>

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
			(Re-presented)
Loss attributable to equity holders of the company:			
— from continuing operations		<b>(3,624)</b>	(63,538)
— from discontinued operations		—	(1,307)
		<u><b>(3,624)</b></u>	<u>(64,845)</u>
Profit attributable to non-controlling interest:			
— from continuing operations		<b>17,001</b>	—
		<u><b>13,377</b></u>	<u>(64,845)</u>
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		<b>(3,015)</b>	(63,311)
Non-controlling interest		<b>17,839</b>	—
		<u><b>14,824</b></u>	<u>(63,311)</u>
			(Restated)
<b>Loss per share (RMB cents)</b>			
Basic and diluted	9		
— from continuing and discontinued operations		<b>(0.15)</b>	(3.4)
— from continuing operations		<b>(0.15)</b>	(3.3)
		<u><b>(0.15)</b></u>	<u>(3.3)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2022 — unaudited (Expressed in Renminbi)*

		At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		22,824	42,149
Investment properties		362,085	338,937
Right-of-use assets		239,565	237,674
Intangible assets		56,258	9,428
Deposit for property, plant and equipment		7,348	—
Deferred tax assets		79,848	75,576
		767,928	703,764
		767,928	703,764
<b>Current assets</b>			
Inventories		38,168	31,244
Trade and other receivables	10	360,190	249,616
Cash and cash equivalents		107,449	131,821
		505,807	412,681
		505,807	412,681
<b>Current liabilities</b>			
Trade, bills and other payables	11	245,259	156,823
Bank borrowings	12	396,500	398,500
Corporate bonds	13	30,114	31,820
Lease liabilities		4,024	2,530
Current taxation		13,048	3,978
		688,945	593,651
		688,945	593,651
<b>Net current liabilities</b>		(183,138)	(180,970)
<b>Total assets less current liabilities</b>		584,790	522,794

		At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited)
<b>Non-current liabilities</b>			
Corporate bonds	<i>13</i>	19,831	27,391
Convertible bond	<i>14</i>	45,746	–
Lease liabilities		7,045	3,651
Deferred tax liabilities		37,740	37,740
		<u>110,362</u>	<u>68,782</u>
<b>Net assets</b>		<u>474,428</u>	<u>454,012</u>
<b>Capital and reserves</b>			
Share capital		4,163	4,163
Reserves		445,091	442,514
Equity attributable to equity holders of the Company		449,254	446,677
Non-controlling interest		25,174	7,335
<b>Total equity</b>		<u>474,428</u>	<u>454,012</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in Renminbi unless otherwise indicated)*

## 1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 30 August 2022.

The interim financial information has been prepared in accordance with the same accounting policies adopted in 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and the Group since the 2021 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). The interim financial information is unaudited, but has been reviewed by the Company’s audit committee.

In preparing these condensed consolidated interim financial statements, the Directors have considered the future liquidity of the Group. As at 30 June 2022, the Group has net current liabilities of RMB183,138,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these condensed consolidated interim financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the condensed consolidated interim financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

- (i) The Group have guarantee contracts with certain banks to obtain maximum credit amounts of RMB1,192,690,000 and as at 30 June 2022, the unutilised facilities amount in respect of bank borrowings is RMB1,589,190,000.
- (ii) The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investments and business opportunities with an aim to attain profitable and positive cash flow operations.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of twelve months from the date of condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements of the Group have been prepared on the going concern basis.

## 2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted and methods of computation used in the condensed consolidated interim financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has adopted all the amendments (the “**amended IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. The adoption of these amended IFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current and prior accounting period.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The Group has not applied any new and revised IFRSs that are not yet effective for the current period in advance.

## 3 SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the condensed consolidated interim financial statements are identified from the condensed consolidated interim financial statements provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Operating segments which are individually material are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet a majority of these criteria.

The main operations of the Group are sales of menswear apparel and brand licensing in the PRC (“**Menswear Apparel**”) and sales of industrial products to customers located in Saudi Arabia (“**Industrial Products**”).

During the six months ended 30 June 2021, the Group engaged in the business of provision of advertising services in the PRC through the acquisition of Good Productive Limited and its subsidiaries (the “**Good Productive Group**”). Due to the uncertainties brought by the change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, the Group disposed the Good Productive Group on 30 November 2021. This operating segment was discontinued.



(a) Segment revenue and results

For the six months ended 30 June 2022

	<b>Menswear Apparel RMB'000 (Unaudited)</b>	<b>Industrial Products RMB'000 (Unaudited)</b>	<b>Unallocated RMB'000 (Unaudited)</b>	<b>Consolidated RMB'000 (Unaudited)</b>
Revenue	<u>48,582</u>	<u>223,605</u>	–	<u>272,187</u>
Segment result before the following items	(10,687)	64,938	–	54,251
Allowance for ECL of trade receivables, net	<u>(18,517)</u>	<u>(697)</u>	–	<u>(19,214)</u>
Segment result	<u>(29,204)</u>	<u>64,241</u>	–	<u>35,037</u>
Other revenue and unallocated gains			146	146
Corporate and other unallocated expenses			(19,082)	<u>(19,082)</u>
Profit before taxation				16,101
Income tax	4,272	(6,996)	–	<u>(2,724)</u>
Profit for the period				<u><u>13,377</u></u>

For the six months ended 30 June 2021

	Continuing operations			Discontinued operations	Consolidated <i>RMB'000</i> (Unaudited)
	Menswear Apparel <i>RMB'000</i> (Unaudited)	Unallocated <i>RMB'000</i> (Unaudited)	Sub-total <i>RMB'000</i> (Unaudited)	Advertising <i>RMB'000</i> (Unaudited)	
Revenue	103,257	–	103,257	2,420	105,677
Segment result before the following items	(47,644)	–	(47,644)	(1,319)	(48,963)
Allowance for ECL of trade receivables, net	(10,538)	–	(10,538)	–	(10,538)
Segment result	(58,182)	–	(58,182)	(1,319)	(59,501)
Other revenue and unallocated gains		2,199	2,199	–	2,199
Corporate and other unallocated expenses		(15,615)	(15,615)	–	(15,615)
Loss before taxation			(71,598)	(1,319)	(72,917)
Income tax	8,060	–	8,060	12	8,072
Loss for the period			(63,538)	(1,307)	(64,845)

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segments:

	Menswear Apparel		Industrial Products		Unallocated		Consolidated	
	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Segment assets	648,803	695,475	206,038	80,920	418,894	340,050	1,237,735	1,116,445
Segment liabilities	489,316	491,070	117,787	63,474	192,204	107,889	799,307	662,433

(c) **Geographical Information**

(a) *Revenue*

The following table presents the Group's geographical information in terms of revenue for the six months ended 30 June 2022 and 2021:

	Continuing operations		Discontinued operation		Total	
	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021	Six months ended 30 June 2022	Six months ended 30 June 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
China	<b>48,582</b>	103,257	-	2,420	<b>48,582</b>	105,677
Saudi Arabia	<b>223,605</b>	-	-	-	<b>223,605</b>	-
	<b>272,187</b>	103,257	-	2,420	<b>272,187</b>	105,677

(b) *Non-current assets*

The principal place of the Group's operation is in PRC. For the purpose of segment information disclosures under IFRS 8, the Group regards PRC as its country of domicile. Over 90% of the Group's non-current assets are located in the PRC.

(d) **Information about major customers**

Revenue from customers of the corresponding periods contributing over 10% of the Group's total revenue are as follows:

	Six months ended 30 June 2022	Six months ended 30 June 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A (Menswear Apparel)	N/A*	13,868
Customer B (Menswear Apparel)	N/A*	12,596
Customer C (Industrial Products)	<b>102,693</b>	N/A*
Customer D (Industrial Products)	<b>66,882</b>	N/A*
Customer E (Industrial Products)	<b>37,913</b>	N/A*

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

#### 4 REVENUE

The principal activities of the Group are sales of menswear apparel and brand licensing in the PRC and sales of industrial products to customers located in Saudi Arabia. Revenue represents the sales value of goods sold less discounts and Value Added Tax.

Revenue by segment is as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Continuing operations</b>		
Menswear Apparel segment		
Men's trousers	<b>18,094</b>	58,338
Men's tops	<b>25,157</b>	44,774
Accessories	<b>100</b>	145
Brand licensing	<b>5,231</b>	4,491
Industrial Products segment	<b>223,605</b>	–
	<b>272,187</b>	107,748
	<b>272,187</b>	107,748
<b>Timing of revenue recognition</b>		
At a point of time	<b>266,956</b>	103,257
Over time	<b>5,231</b>	4,491
	<b>272,187</b>	107,748
	<b>272,187</b>	107,748

#### 5 OTHER INCOME AND OTHER GAINS OR LOSSES

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Continuing operation</b>		
Interest income	<b>605</b>	830
Rental income from investment properties less direct outgoings	<b>5,272</b>	2,724
Government grants ( <i>note (i)</i> )	<b>22</b>	–
Net foreign exchange gain	<b>25</b>	13
Consultancy service income	<b>–</b>	333
Gain on modification of corporate bonds	<b>540</b>	713
Others	<b>1,052</b>	985
	<b>7,516</b>	5,598
	<b>7,516</b>	5,598

*Note:*

- (i) Government grants were received from several local government authorities, of which the entitlements were under the discretion of the relevant authorities.

## 6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
<b>Continuing operations</b>		
<b>(a) Finance costs:</b>		
Interest on corporate bonds	3,132	4,218
Interest on convertible bonds	178	–
Interest on bank borrowings	9,674	10,674
Interest on lease liabilities	129	62
	<u>13,113</u>	<u>14,954</u>
<b>(b) Staff costs:</b>		
Contributions to defined contribution retirement plans	1,017	404
Salaries, wages and other benefits	9,251	8,054
	<u>10,268</u>	<u>8,458</u>
<b>(c) Other items:</b>		
Amortisation of intangible assets	1,765	22,958
Depreciation of property, plant and equipment	1,944	1,994
Depreciation of investment properties	6,753	5,724
Depreciation of right-of-use assets	4,889	4,213
Research and developments expenses ( <i>note (i)</i> )	651	984
Cost of inventories	85,194	84,536
Allowance for ECL, net	19,214	9,788
	<u>19,214</u>	<u>9,788</u>

*Note:*

- (i) Research and development costs include staff costs of employees in the design and product development department of RMB630,000 (six months ended 30 June 2021: RMB903,000), which are included in the staff costs as disclosed in note 6(b).

## 7 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Re-presented)
<b>Continuing operations</b>		
<b>Current tax</b>		
Provision for PRC corporate income tax for the period	–	–
Provision for Hong Kong profits tax for the period	<u>(6,996)</u>	<u>–</u>
	<u><b>(6,996)</b></u>	<u><b>–</b></u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>4,272</u>	<u>8,060</u>
	<u><b>(2,724)</b></u>	<u><b>8,060</b></u>

### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the six months ended 30 June 2022 and 2021.
- (iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on the statutory rate of 25% of the assessable profits of the subsidiaries incorporated in the PRC.
- (iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

## 8 DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (2021: Nil).

## 9 LOSS PER SHARE

### (a) Basic loss per share

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(Re-presented)</b>
<b>Loss</b>		
Loss for the period for the purposes of computation of basic loss per share		
— from continuing operations	<b>(3,624)</b>	(63,538)
— from discontinued operations	<b>—</b>	(1,307)
	<b><u>(3,624)</u></b>	<b><u>(64,845)</u></b>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b><u>2,364,866</u></b>	<b><u>1,923,600</u></b>

### (b) Diluted loss per share

The computation of diluted loss per share for the six months ended 2022 did not assume the conversion of the Company's outstanding convertible bond and exercise of outstanding share options of the Company since their assumed conversion and exercise would result in a decrease in loss per share.

The computation of diluted loss per share for the six months ended 2021 did not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

## 10 TRADE AND OTHER RECEIVABLES

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables	<b>627,340</b>	521,513
Less: Allowance for ECL	<b>(319,886)</b>	(302,106)
Written-off	<b>(1,434)</b>	(1,614)
	<hr/>	<hr/>
Trade receivables	<b>306,020</b>	217,793
Prepayments to suppliers	<b>25,706</b>	11,706
Other deposits, prepayments and receivables	<b>28,464</b>	20,117
	<hr/>	<hr/>
	<b>360,190</b>	249,616
	<hr/> <hr/>	<hr/> <hr/>

### Aging analysis

At the end of the reporting period, the aging analysis of trade receivables with net of allowance for ECL, based on invoice date, is as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 3 months	<b>194,681</b>	160,066
More than 3 months but within 6 months	<b>5,779</b>	12,880
More than 6 months but within 1 year	<b>105,560</b>	44,847
Over 1 year	<b>–</b>	–
	<hr/>	<hr/>
	<b>306,020</b>	217,793
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are normally due for settlement within 90–180 days (31 December 2021: 90–180 days) from the invoice date.



## Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance amount unless the recovery of the receivables is remote, in which case the receivables are written off directly.

The movement in the allowance for ECL during the period/year is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Balance as at 1 January	302,106	216,014
Reversal of ECL recognised in prior years	(8,461)	(27,020)
Reversal due to written-off of trade receivables	(1,434)	(1,614)
ECL recognised	<u>27,675</u>	<u>114,726</u>
Balance as at 30 June/31 December	<u><u>319,886</u></u>	<u><u>302,106</u></u>

## 11 TRADE, BILLS AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	119,620	58,984
Accruals	51,590	52,032
Other payables	<u>74,049</u>	<u>45,807</u>
	<u><u>245,259</u></u>	<u><u>156,823</u></u>

As at the end of the reporting period, the aging analysis of the trade and bills payables, based on relevant invoice date, is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 month	37,045	29,532
After 1 month but within 3 months	67,137	23,793
Over 3 months but within 6 months	9,029	–
Over 6 months but within 1 year	<u>6,409</u>	<u>5,659</u>
	<u><u>119,620</u></u>	<u><u>58,984</u></u>

## 12 BANK BORROWINGS

(a) The bank borrowings were repayable as follow:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Within 1 year or on demand	<u><b>396,500</b></u>	<u>398,500</u>

(b) The bank borrowings were secured as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Bank borrowings		
— Secured	<b>351,500</b>	348,500
— Unsecured	<u><b>45,000</b></u>	<u>50,000</u>
	<u><b>396,500</b></u>	<u>398,500</u>

(c) Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(Audited)</b>
Property, plant and equipment	<b>22,824</b>	31,357
Investment properties	<b>362,085</b>	338,937
Right-of-use assets	<u><b>237,423</b></u>	<u>231,802</u>
	<u><b>622,332</b></u>	<u>602,096</u>

- (d) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Facility amount	<u><b>1,192,690</b></u>	<u>1,193,190</u>
Utilised facilities amount in respect of bank borrowings	<u><b>396,500</b></u>	<u>398,500</u>

### 13 CORPORATE BONDS

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Unsecured corporate bonds	<u><b>49,945</b></u>	<u>59,211</u>

The Group's corporate bonds are repayable as follows:

	As at <b>30 June</b> <b>2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	<b>30,114</b>	31,820
After 1 year but within 2 years	–	9,189
After 2 years but within 5 years	<u><b>19,831</b></u>	<u>18,202</u>
	<u><b>49,945</b></u>	<u>59,211</u>

The movement of corporate bonds is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
As at 1 January	<b>59,211</b>	90,394
Modification of corporate bonds	<b>(540)</b>	(972)
Repayment of corporate bonds	<b>(13,036)</b>	(28,301)
Imputed interests	<b>2,856</b>	7,724
Interest expense paid	<b>(1,052)</b>	(3,590)
Exchange realignment	<b>2,506</b>	(6,044)
	<hr/>	<hr/>
As at 30 June/31 December	<b>49,945</b>	59,211
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2022, the Group issued bonds with a principle amount in a total of RMB59,052,000 (31 December 2021: RMB73,898,000) carried interest at 0.1%–6.5% (31 December 2021: 0.1%–13%) per annum. Total transaction cost attributable to the issuance of the bonds amounted to RMB11,898,000 (31 December 2021: RMB13,229,000). The bonds are unsecured with maturity date falling on 2–8 years (31 December 2021: 2–8 years) of the issue date.

The effective interest rate of the bonds ranges from 6.73% to 13.35% (31 December 2021: 6.73% to 13.63%) per annum.

#### 14. CONVERTIBLE BOND

The Company issued HK\$60,000,000, 8.0% per annum convertible bond on 21 June 2022. The convertible bond is denominated in Hong Kong dollars. The convertible bond holder is entitled to convert the convertible bond into ordinary shares of the Company at any time from 21 June 2023 to the maturity date on 20 June 2024 (the “**Maturity Date**”) at an initial conversion price of HK\$0.6 per conversion share (subject to adjustment). The Company has the callable option to redeem all or some of the convertible bond plus accrued interest from 21 June 2022 and prior to the Maturity Date. If the convertible bond has not been converted, it will be redeemed on the Maturity Date at par.

The convertible bond contains two components, debt component and equity component. The effective interest rate of the debt component is 15.8%.

The movement of the debt and equity components of the convertible bond for the period is set out as below:

	<b>Debt component RMB\$'000</b>	<b>Equity component RMB\$'000</b>
As at 1 January 2022	–	–
Proceed from the issuance of convertible bond	<b>44,320</b>	<b>5,592</b>
Effective interest expense	<b>178</b>	–
Exchange adjustment	<b>1,248</b>	–
	<hr/>	<hr/>
As at 30 June 2022	<b>45,746</b>	<b>5,592</b>
	<hr/> <hr/>	<hr/> <hr/>

## 15 BUSINESS COMBINATION

### (A) Acquisition of subsidiaries

On 14 December 2020 and 5 March 2021, the Company entered into the sale and purchase agreement and the supplemental agreement with Mr. Tong Xin (“**Mr. Tong**”), a former Director and the ultimate beneficial owner of vendor, respectively, for the acquisition of 100% the issued share capital of Good Productive Limited and its subsidiaries (“**Good Productive Group**”) at a cash consideration of HK\$9,700,000 (equivalent to RMB8,199,000). Good Productive Group is principally engaged in the sales and marketing of automobiles through an e-commerce platform. The acquisition of Good Productive Group was completed on 30 March 2021.

The fair value of identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	<i>RMB'000</i>
<b>Net assets acquired:</b>	
Intangible assets	1,031
Cash and cash equivalents	4,597
Trade and other receivables	12,956
Other payables	(11,534)
Deferred tax	(258)
Tax payables	(2,147)
	<hr/>
Total identifiable net assets at fair value	4,645
	<hr/> <hr/>
Cash consideration payable	8,199
Less: Fair value of net assets acquired	(4,645)
	<hr/>
Goodwill	3,554
	<hr/> <hr/>
	<i>RMB'000</i>
<b>Net cash inflow arising on acquisition:</b>	
Cash consideration (C)	–
Add: cash and cash equivalents acquired	4,597
	<hr/>
	4,597
	<hr/> <hr/>

**(B) Disposal of subsidiaries**

On 30 November 2021, the Company and Mr. Tong entered into an equity transfer agreement for the disposal of 100% issued share capital of Good Productive Group (the “**Disposal**”) at a cash consideration of HK\$9,700,000 (equivalent to RMB8,071,000) (“**Disposal Consideration**”). Accordingly, the Company agreed to dispose and Mr. Tong agreed to acquire the entire issued share capital of Good Productive Group.

The reason for the Disposal was mainly due to the uncertainties brought by the recent change in regulatory environment in the PRC that affected the operation of Good Productive Group in the PRC, including the introduction of (i) Measures for the Supervision and Administration of Combating Money Laundering and Financing of Terrorism by Financial Institutes; and (ii) Personal Information Protection Law. The Disposal was completed on 30 November 2021.

The net assets of Good Productive Group as at the date of disposal were as follow:

	<i>RMB'000</i>
Property, plant and equipment	77
Intangible assets	894
Goodwill	3,554
Other receivables	9,244
Cash and bank equivalents	63
Other payables	(8,979)
Deferred tax	(237)
Exchange reserve	83
	<hr/>
Net assets disposal of Good Productive Group	4,699
Consideration	(8,071)
	<hr/> <hr/>
Gain on disposal	3,372
	<hr/> <hr/>
Cash consideration (C)	–
Cash and cash equivalents disposed	(63)
	<hr/>
Net cash outflow from the disposal	(63)
	<hr/> <hr/>

**(C) Non-cash transaction**

Under the circumstances that (i) the Acquisition Consideration due to Mr. Tong was not yet paid; and (ii) the Disposal Consideration due from Mr. Tong was not yet received, the Company and Mr. Tong agreed in writing that the Acquisition Consideration and the Disposal Consideration to be set-off.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

China Fordoo Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are one of the leading menswear enterprises in the PRC focusing on the sales of its branded menswear apparels and brand licensing. The Company further expanded to the business of sales of automotive, motorcycle and other industrial products through its indirectly owned subsidiary in Hong Kong to customers located in Saudi Arabia in the second half of 2021.

In the six months ended 30 June 2022 (the “**Period**”), due to the recurrence of COVID-19 pandemic, the menswear apparel segment was significantly affected. The revenue from this segment decreased approximately 54.9% from RMB107.7 million in the six months ended 30 June 2021 (the “**Prior Period**”) to RMB48.6 million due to the dampen consumer sentiment.

To cope up with the intense competition in the retail market and weak consumer sentiment, the Group continued to rationalize its distribution network by closing some of the underperforming retail outlets and to strengthen the corporation with its distributors and sub-distributors in order to improve operating efficiency. Furthermore, the Group will persistently enhance its design and product development capabilities to increase its brand building strategies and flexibility in outsourcing and sales of its branded menswear apparel.

Nevertheless, the Group’s total revenue from continuing operations for the Period increased by approximately 152.6%. It was mainly attributable to the new revenue stream of the industrial products segment. The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia: (i) recovered rapidly from the Covid-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War.

In addition, due to the recurrence of COVID-19 pandemic during the Period, some of the suppliers in Southeast Asia were not able to arrange productions and shipments to meet the demand from customers in Saudi Arabia. Since our main suppliers and export ports were located in Zhejiang and Shandong in the PRC and were not significantly affected by the pandemic prevention measures. Therefore, we had stronger bargaining power to negotiate and led to higher selling prices and higher profit margin.

During the Period, the Group had issued a 8% convertible bond due 2024 for a sum of HK\$60,000,000 (approximately RMB51,282,051), which is expected to be used for future business development, repayment of debts and general working capital. For details, please refer to the announcements of the Company dated 8 June 2022 and 21 June 2022.

## FINANCIAL REVIEW

The Group's revenue from continuing operations for the Period was approximately RMB272.2 million, representing an increase of approximately RMB164.5 million or approximately 152.6% from the revenue of approximately RMB107.7 million (re-presented) in the Prior Period. The increase in revenue was the combined effect of the decrease of approximately RMB59.1 million in the revenue from the menswear apparel segment and the new revenue contribution of approximately RMB223.6 million from the industrial products segment.

During the Period, the Group reported a gross profit of RMB90.6 million, representing an increase of approximately 301.8% or approximately RMB68.0 million over the Prior Period. The gross profit margin for the Period and the Prior Period was 33.3% and 20.9% (re-presented), respectively. The increase in gross profit margin was mainly due to the higher gross profit margin of approximately 34.7% in the sales of industrial products segment compared to approximately 27.1% in the menswear apparel segment. The profit margin in the menswear apparel segment also increased from approximately 20.9% (re-presented) in Prior Period to approximately 27.1% in the Period causing by the increase in higher profit margin brand licensing income.

The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of trade receivables. Based on the result of the assessment, management of the Group determined that the recoverable amounts of these assets were lower than their carrying amounts. An net allowance for expected credit losses on trade receivables under IFRS 9 "Financial Instruments" of approximately RMB19.2 million (2021: RMB9.8 million) had been recognized.

As a result of the above factors, loss attributable to equity holders of the Company for the Period was approximately RMB3.6 million (2021: from continuing operations: RMB63.5 million (re-presented)), representing a decrease of approximately RMB59.9 million or 94.3% comparing with the Prior Period. Loss from sales of menswear apparel was approximately RMB21.3 million (2021: RMB63.5 million), representing a decrease of approximately RMB42.2 million or 65.3% comparing with the Prior Period. Profit from sales of industrial products was approximately RMB34.7 million.

As at 30 June 2022, the Group's menswear apparel segment had 212 retail outlets (including 6 self-operated retail outlets in Beijing), representing a net decrease of 51 retail outlets from 263 retail outlets as at 31 December 2021.



## Revenue

The decrease in revenue from the menswear apparel segment was primarily due to (i) the persistent COVID-19 pandemic and slowdown in China's economic growth in the Period; (ii) the reduction of selling prices to attract consumers; (iii) the Group's continued consolidation strategy on its retail outlet network; and (iv) the decrease in wholesale orders as a result of the termination of distribution relationships with some of the Group's distributors who had slow repayment history, slightly offset by the increase in brand licensing income.

Due to the decrease in revenue from the menswear apparel segment, revenue from the industrial products segment became the major revenue contributor of the Group and accounted for 82.2% of the total revenue for the Period.

## Revenue by Product Type

	For the six months ended				Change %
	30 June 2022		30 June 2021		
	<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of revenue</i>	
	(Unaudited)		(Unaudited)	(re-presented)	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Men's trousers	18.1	6.6%	58.3	54.2%	-69.0%
Men's tops	25.2	9.3%	44.8	41.6%	-43.8%
Accessories	0.1	0.0%	0.1	0.0%	-
Brand licensing	5.2	1.9%	4.5	4.2%	+15.6%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	107.7	100.0%	-54.9%
<b>Industrial Products</b>	<b>223.6</b>	<b>82.2%</b>	-	-	+100%
<b>Total</b>	<b>272.2</b>	<b>100%</b>	107.7	100.0%	+152.6%

Men's tops became the major turnover contributor of the menswear apparel segment in terms of product type and accounted for 9.3% of the total revenue for the Period (2021: 41.6% (re-presented)).

## Revenue by Product Style

	For the six months ended				Change %
	30 June 2022		30 June 2021		
	<i>RMB million</i> (Unaudited)	<i>% of revenue</i>	<i>RMB million</i> (Unaudited) (re-presented)	<i>% of revenue</i>	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Business Casual	29.2	10.7%	72.3	67.2%	-59.6%
Business Formal	9.2	3.4%	19.3	17.9%	-52.3%
Casual	4.9	1.8%	11.5	10.7%	-57.4%
Accessories	0.1	0.0%	0.1	0.0%	-
Brand licensing	5.2	1.9%	4.5	4.2%	+15.6%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	<b>107.7</b>	<b>100%</b>	<b>-54.9%</b>
<b>Industrial Products</b>	<b>223.6</b>	<b>82.2%</b>	<b>-</b>	<b>-</b>	<b>+100%</b>
<b>Total</b>	<b>272.2</b>	<b>100.0%</b>	<b>107.7</b>	<b>100.0%</b>	<b>+152.6%</b>

Business casual series remained our largest revenue contributor of the menswear apparel segment in terms of product style and accounted for 10.7% of the total revenue for the Period (2021: 67.2% (re-presented)).

## Revenue by Region

Region	For the six months ended				Change %
	30 June 2022		30 June 2021		
	RMB million (Unaudited)	% of revenue	RMB million (Unaudited) (re-presented)	% of revenue	
<b>Continuing operations</b>					
<b>Menswear Apparel</b>					
Northern China <sup>(1)</sup>	5.6	2.1%	16.1	15.0%	-65.2%
Eastern China <sup>(2)</sup>	17.0	6.2%	42.2	39.2%	-59.7%
Central Southern China <sup>(3)</sup>	4.0	1.5%	6.8	6.3%	-41.2%
Southwestern China <sup>(4)</sup>	0.6	0.2%	2.9	2.7%	-79.3%
Northwestern China <sup>(5)</sup>	0.8	0.3%	2.4	2.2%	-66.7%
<b>Subtotal</b>	<b>28.0</b>	<b>10.3%</b>	<b>70.4</b>	<b>65.4%</b>	<b>-60.2%</b>
Online distributor	15.4	5.6%	32.8	30.4%	-53.0%
Brand licensing	5.2	1.9%	4.5	4.2%	+15.8%
<b>Total of Menswear Apparel</b>	<b>48.6</b>	<b>17.8%</b>	<b>107.7</b>	<b>100.0%</b>	<b>-54.9%</b>
<b>Industrial Products</b>					
Saudi Arabia	223.6	82.2%	-	-	+100%
<b>Total</b>	<b>272.2</b>	<b>100.0%</b>	<b>107.7</b>	<b>100.0%</b>	<b>+152.6%</b>

### Notes:

- (1) Northern China includes Beijing, Hebei, Shanxi, Tianjin and Inner Mongolia.
- (2) Eastern China includes Jiangsu, Zhejiang, Shanghai, Anhui, Fujian, Shandong and Jiangxi.
- (3) Central Southern China includes Henan, Hubei, Hunan, Guangdong, Guangxi and Hainan.
- (4) Southwestern China includes Chongqing, Sichuan, Guizhou, Yunnan and Tibet.
- (5) Northwestern China includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.

The Eastern China region and online distributors were the major revenue contributors of the menswear apparel segment, and together accounted for 11.8% (2021: 69.6% (represented)) of the total revenue for the Period.

Saudi Arabia region became the major revenue contributor to the Group accounting for approximately 82.2% of the total revenue for the Period.

## **Cost of Sales**

Cost of sales from continuing operations increased by approximately 113.1% to approximately RMB181.6 million for the Period from approximately RMB85.2 million for the Prior Period.

Cost of sales from menswear apparel segment decreased by approximately 58.4% to approximately RMB35.4 million for the Period from approximately RMB85.2 million for the Prior Period. The decrease was in line with the decrease in revenue from the menswear apparel segment.

The Group had changed its menswear apparel operational strategy to source its products on OEM purchase only which was more flexible in meeting the current customers' demand. Under the current weak retail situation, distributors placed small quantity orders of different product mix, which meant that economies of scale in production could not be achieved. In addition, after experiencing the suspension of social and economic activities since early 2020 due to the COVID-19 pandemic, outsourcing production process can avoid the sunk cost of production, such as idle labor costs and the fringe benefits.

Cost of sales from industrial products segment was approximately RMB146.1 million for the Period.

## **Other Income and Other Gains or Losses**

For the Period, other income and other gains or losses from continuing operations increased by approximately RMB1.9 million to approximately RMB7.5 million from approximately RMB5.6 million (re-presented) for the Prior Period. The net increase was mainly due to an increase in rental income of approximately RMB2.5 million, offset by a decrease in interest income of approximately RMB0.2 million and a decrease in gain on modification of corporate bonds of approximately RMB0.2 million.

## **Selling and Distribution Expenses**

For the Period, selling and distribution expenses from continuing operations accounted for approximately 6.2% of total revenue, decreased by approximately RMB8.2 million to approximately RMB17.0 million, which represented an decrease of approximately 32.7%.

For the menswear apparel segment, selling and distribution expenses accounted for approximately 8.8% of the revenue from menswear apparel segment, decreased by approximately RMB20.9 million to approximately RMB4.3 million, which represented a decrease of approximately 83.0%. The decrease in selling and distribution expenses was primarily due to (i) the decrease in salesman salaries and insurance resulting from the decrease in the Group's headcount coupled with a decrease in number of stores during the Period; (ii) the decrease in advertising and promotional expenses; and (iii) the decrease in store management and promotion expenses, which was in line with the consolidation strategy on the underperforming shops.

For the industrial products segment, the selling and distribution expenses were approximately RMB12.7 million, accounted for approximately 5.7% of the revenue from industrial products segment.

### **Administrative and Other Operating Expenses**

For the Period, the Group's administrative and other operating expenses accounted for approximately 12.1% of total revenue from continuing operations, decreased by approximately RMB17.1 million to RMB32.7 million, which represented a decrease of approximately 34.2%.

The administrative and other operating expenses from menswear apparel segment accounted for approximately 21.3% of revenue from menswear apparel segment, decreased by approximately RMB39.5 million to RMB10.3 million, which represented a decrease of approximately 79.2%. The decrease was mainly due to the decrease in staff salaries expenses and research and development expenses of approximately RMB1.0 million; decrease in PRC government fee of approximately RMB0.8 million; and decrease in amortisation expenses in goodwill of approximately RMB21.7 million. All goodwill was fully impaired as at 31 December 2021.

The administrative and other operating expenses from industrial products segment was RMB22.4 million, accounting for approximately 10.0% of revenue from industrial products segment.

### **Finance Costs**

Finance costs decreased by 12.3% from RMB15.0 million (re-presented) in the Prior Period to RMB13.1 million in the Period, mainly due to decrease in bank borrowings and corporate bonds.

## Income Tax

Income tax increased by 133.8% from income tax credit of RMB8.1 million in the Prior Period to RMB2.7 million in the Period. The increase in income tax expenses was mainly due to the increase of profit before taxation and the decrease in deferred tax assets generated from allowance for expected credit losses on trade receivables.

## Loss From Continuing Operations Attributable to equity holders of the Company

For the Period, loss from continuing operations attributable to the equity holders of the Company was approximately RMB3.6 million (2021: RMB63.5 million (re-presented)).

## Interim Dividend

The Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## BUSINESS REVIEW

### A. Menswear Apparel Segment

#### *Distribution Network for the Sales of Menswear Apparel*

The following table shows the changes in the number of stores in different regions during the Period:

Region	As at 1 January 2022	Number of stores		As at 30 June 2022
		Stores opened during the period	Stores closed during the period	
Northern China	31	4	6	29
Northeastern China	5	0	2	3
Eastern China	113	4	30	87
Central Southern China	26	2	5	23
Southwestern China	34	0	8	26
Northwestern China	39	2	3	38
<b>Subtotal</b>	<b>248</b>	<b>12</b>	<b>54</b>	<b>206</b>
Self-operated retail outlets	15	0	9	6
<b>Total</b>	<b>263</b>	<b>12</b>	<b>63</b>	<b>212</b>

As at 30 June 2022, we had a nationwide retail network of 212 retail outlets (including 6 self-operated retail outlets in Beijing) in the PRC. There was a net decrease of 51 retail stores from 263 as at 31 December 2021, as we continued our consolidation strategy on the retail outlet network during the Period and closed down inefficient retail stores.

As at 30 June 2022, 85.8% of the retail outlets were located in department stores or shopping malls whereas 11.3% of the retail outlets were standalone stores.

#### *Distribution Channel Management*

As at 30 June 2022, the Group's distribution network comprised 57 distributors (31 December 2021: 57 distributors) and 22 sub-distributors (31 December 2021: 28). Among the 57 distributors mentioned above, 9 had business relationships with us for more than ten years. We believe that these strong, stable and long-standing relationships with our distributors are essential to our brand building efforts and continued business development. At the same time, in order to strengthen our distribution channel, we are inviting distributors with extensive industry experience, stable working capital and managerial expertise to join our distribution network.

To facilitate the management of our distributors and retail outlets, we divide our distribution network by regions in the PRC. We have assigned a management team for each region. Each team is responsible for soliciting and selecting potential distributor candidates, supervising and communicating with our distributors and monitoring and conducting on-site inspections of retail outlets within their respective regions.

The Group will continue to provide training for its distributors and the management teams, with an aim of improving their retail management skills, sales technique as well as brand and product knowledge.

#### *Marketing and Promotion*

The Group believes that brand awareness is crucial to its long-term business development and a cornerstone of its future success. During the Period, the Group invested moderately in advertising and promotion to enhance its brand awareness, including organising presentation events for new products and engaging in online advertisement through the internet, e.g. [www.163.com](http://www.163.com), and software value-added services to promote our brand name.

The Group continued to upgrade its existing retail stores to enhance and reinforce its brand image. The Group opened 12 new stores and renovated 14 existing stores during the Period. We also endeavor to continue to gradually upgrade some of the stores operated by our distributors and their sub-distributors through store renovation and improvement of in-store design and layout.

### *Design and Product Development*

The Group always put great emphasis on product design and quality, as we believe our ability and commitment to provide fashionable and comfortable products have been integral to our success. Our product development initiatives include, among others, launching of our new men's casual fashion series and developing our own quality fabrics. As at 30 June 2022, our product design and development team consisted of 5 members. The key team members, who plan, implement, supervise and manage the design and development efforts, have an average of 12 years of experience in the fashion industry. We will continue to invest in our product design and research and development capabilities to capture fashion trends and product designs.

### *Sales Fairs*

We generally organize sales fairs at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and sub-distributors. We review our distributors' orders placed at our sales fair to ensure that they are reasonable and in line with the relevant distributor's capacity and development plans. The sales fairs for 2022 autumn/winter collections was held in April 2022, and the sales fairs for 2022 spring/summer collections will be held in September 2022.

## **B. Industrial Products Segment**

The Group expanded to the business of the sale of automotive, motorcycle and other industrial products through its indirectly-owned subsidiary in Hong Kong to customers located in Saudi Arabia in the second half of 2021. Due to the decrease in revenue of the menswear apparel segment, the industrial products segment comparatively became the major revenue contributor of the Group for the Period.

The demand of such products from customers in Saudi Arabia remained high during the Period as the economy of Saudi Arabia: (i) recovered rapidly from the Covid-19 pandemic due to the high vaccination rate; and (ii) benefited from the high oil prices and strong demand of oil owing to the Russian-Ukrainian War.

In addition, due to the recurrence of COVID-19 pandemic during the Period, some of the suppliers in Southeast Asia were not able to arrange productions and shipments to meet the demand from customers in Saudi Arabia. Since our main suppliers and export ports were located in Zhejiang and Shandong in the PRC and were not significantly affected by the pandemic prevention measures. Therefore, we had stronger bargaining power to negotiate and led to higher selling prices and higher profit margin.



Along with the easing COVID-19 pandemic, the suppliers in Southeast Asia engaging exporting business to Saudi Arabia started to resume normal. The management expects that competition faced by the industrial products segment is fierce and may put pressure on the prices of the Group's industrial products in the second half of 2022, thus lowering the profit margin.

As at 30 June 2022, the revenue of the five largest customers during the Period accounted for approximately 98.8% of the total revenue of the industrial products segment. They are located in Saudi Arabia and engage in the businesses of wholesale and retail sale of automotive, motorcycle and other industrial products.

The Group purchased those industrial products from suppliers in PRC. The purchase amounts of the five largest suppliers during the Period for industrial products segment accounted for approximately 82.6% of the total purchase amount of the industrial products segment.

### Liquidity and Financial Resources and Capital Structure

As at 30 June 2022, the total cash and bank balances of the Group were approximately RMB107.4 million (31 December 2021: RMB131.8 million).

The Group had a total of interest bearing borrowings of approximately RMB492.1 million (31 December 2021: RMB457.7 million) comprising bank borrowings of approximately RMB396.5 million (31 December 2021: RMB398.5 million), corporate bonds of approximately RMB49.9 million (31 December 2021: RMB59.2 million) and convertible bond of approximately RMB45.7 million (31 December 2021: nil). The Group's borrowings were primarily denominated in RMB and HK\$ (31 December 2021: in both RMB and HK\$) and bear interest at fixed rate (31 December 2021: fixed rate) ranging from 5% to 15% (31 December 2021: 5% to 15%).

The maturity profile of the total borrowings as at 30 June 2022 is as follows (with comparative figures as at 31 December 2021):

	As at 30 June 2022		As at 31 December 2021	
	<i>RMB million</i> (Unaudited)	%	<i>RMB million</i> (Audited)	%
Bank borrowings, corporate bonds and convertible bond				
— Within 1 year or on demand	<b>426.6</b>	<b>86.7%</b>	419.0	91.5%
— Over 1 but within 2 years	<b>45.7</b>	<b>9.3%</b>	20.5	4.5%
— Over 2 but within 5 years	<b>19.8</b>	<b>4.0%</b>	18.2	4.0%
Total	<b>492.1</b>	<b>100%</b>	457.7	100%

As at 30 June 2022, the gearing ratio was approximately 103.7% (31 December 2021: 100.8%). The increase was mainly due to the increase in borrowing. The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%.

As at 30 June 2022, the Group's total equity increased by approximately RMB20.4 million to RMB474.4 million (31 December 2021: RMB454.0 million). The increase was mainly due to the incur of profit for the Period.

### **Trade Working Capital Ratios**

The Group's average inventory turnover days was 35 days for the Period, as compared to 109 days for the Prior Period. The decrease in inventory turnover days was mainly due to distributors postponing the collection of the inventories during the Prior Period. As at 30 June 2022, the Group's total inventories decreased by 14.9% from approximately RMB44.8 million as at 30 June 2021 to approximately RMB38.2 million.

The Group's average trade receivables turnover days was 176 days for the Period, representing a decrease of 114 days from 290 days for the Prior Period. Such decrease is due to the combined effect of the higher turnover days in menswear apparel segment (557 days) and the lower turnover days in industrial products segment (93 days). Although the Group's trade receivables of menswear apparel segment decreased by approximately 24.9% to RMB134.4 million (2021: RMB179.0 million), the average trade receivables turnover days of menswear apparel segment was 557 days for the Period, representing an increase of 268 days from 290 days for the Prior Period. The increase in trade receivables turnover days was mainly due to the decreased revenue and the long outstanding trade receivables from some customers. The management in charge has been closely following up with the distributors for settlement arrangement with monthly statements and collection letters issued, regular telephone calls and site visits, if possible. The Group will consider taking legal actions to collect the overdue trade receivables and enforce the collaterals if no further repayment is made in near future.

The Group's average trade payables turnover days was 90 days for the Period, representing an increase of 40 days from 50 days for the Prior Period. The increase was mainly due to the higher average trade payables turnover days of industrial products segment of 98 days for the Period, and the increase in the average trade payables turnover days of menswear apparel segment of 8 days from 50 days for the Prior Period to 58 days for the Period. For menswear apparel segment, we normally have 7 to 60 days credit period from our suppliers, while for industrial products segment, we normally have 90 days credit period from our suppliers.

The Group recorded a net debt to equity ratio of 81.1% as at 30 June 2022 (30 June 2021: 71.8%).

The Group regularly and actively monitors its capital structure to ensure that there is sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to its Shareholders and benefits to its other stakeholders and having an adequate level of borrowing and security.

### **Charges of Assets**

As at 30 June 2022, secured bank borrowings RMB351.5 million (31 December 2021: RMB348.5 million) were secured by certain buildings, investment properties and land use rights with carrying value of approximately RMB22.8 million (31 December 2021: RMB31.4 million), approximately RMB362.1 million (31 December 2021: RMB338.9 million) and approximately RMB237.4 million (31 December 2021: RMB231.8 million), respectively.

### **Significant Investment, Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures**

#### *Power Storage Industry Business Segment*

On 10 January 2022, as part of the Group's strategy to diversify its business and to enhance the long-term growth and shareholder value, Jiangsu HengAn Energy Technology Co., Ltd.\* (江蘇恒安儲能科技有限公司) (“**Jiangsu HengAn**”), an indirectly wholly-owned subsidiary of the Company, entered into the Intellectual Property Rights Transfer Agreement and the Fixed Assets Transfer Agreement with Beijing Baineng Huitong Technology Co., Ltd.\* (北京百能匯通科技有限責任公司), Baoding Baineng Huitong New Energy Technology Co., Ltd.\* (保定百能匯通新能源科技有限公司) and Qinghai Baineng Huitong New Energy Technology Co., Ltd.\* (青海百能匯通新能源科技有限公司) (collectively, the “**Transferors**”), pursuant to which Jiangsu HengAn agreed to acquire and the Transferors agreed to transfer the intellectual property rights and fixed assets in respect of the production facilities of zinc-bromine flow battery (鋅溴液流電池) at a total consideration of RMB53.6 million, which comprises of (i) consideration for the intellectual properties rights, RMB48.7 million; and (ii) consideration for the fixed assets, RMB4.9 million (the “**2022 Acquisitions**”).

Most of the intellectual properties rights, in the approximate amount of RMB48.6 million, were transferred to Jiangsu HengAn and all of the fixed assets were received by Jiangsu HengAn as at 30 June 2022. The fixed assets were placed in the leased factory in Nanjing under assembly. Due to the COVID-19 pandemic recurring in the Period, the management expected that the assembly would be completed in the second half of 2022.

Save as disclosed above, the Group had no significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Period.

## **Future Plans for Material Investments and Capital Assets**

### *Factory Restructuring*

Since 2020, the Group had started to restructure some redundant factory areas (the “**Restructuring**”) in Quanzhou to alternate the usage of those areas to develop a one-stop home and commercial furnishing chain business platform (the “**Platform**”) to increase the income streams.

The Platform will facilitate the matching of suppliers and customers of the furnishing industry. The Restructuring will be separated into different areas such as the furnishing materials store, the furnishing design centre and supporting facilities such as the business centre. We expect to receive rental incomes, promotion and advertisement fees from the Platform.

The Restructuring is under the construction stage and is principally funded by cash generated from our operations and bank borrowings. According to the original planned timetable, we expect that the Restructuring will be completed by early 2022. However, due to the recurring COVID-19 situation in the first half of 2022, the completion would be delayed to late 2022.

### **Capital Commitments and Contingencies**

As at 30 June 2022, the Group had a total capital commitment of RMB232.6 million (31 December 2021: RMB238.8 million). It was primarily related to the construction in progress. All the capital commitments are expected to be financed by our operations and bank borrowings.

As at 30 June 2022, the Group had no material contingent liabilities.

### **Foreign Currency Exposure**

The functional currency of the Company is the Hong Kong dollar and the figures in the Group’s financial statements are translated into Renminbi for reporting and consolidation purposes. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. As the Group conducts business transaction principally in Renminbi, the exchange rate risk at the Group’s operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

## Employees, Training, and Development

The Group had a total of 149 employees as at 30 June 2022 (31 December 2021: 138). The main reason of the increase was due to the new employees of Jiangsu Heng An. The Group invested in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offered competitive remuneration packages to its employees, including basic salary, allowances, insurance, commission or bonuses and entitlement to participate in the Group's share option scheme.

## Use of Proceeds

The shares of the Company (the “**Shares**”) were listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 July 2014 with net proceeds (the “**Net Proceeds**”) from the global offering of HK\$454.7 million (after deducting underwriting commissions and related expenses). Parts of the Net Proceeds were applied during the reporting period in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 June 2014 (the “**Prospectus**”). As at 30 June 2022, the Group had utilized HK\$390.7 million of the Net Proceeds and unutilized Net Proceeds amounts to HK\$64.0 million.

The following table sets forth a breakdown of the use of the Net Proceeds as at 30 June 2022:

	Available for use <i>HK\$ million</i>	Utilized (as at 30 June 2022) <i>HK\$ million</i>	Unutilized (as at 30 June 2022) <i>HK\$ million</i>
<b>Use of net proceeds</b>			
Brand promotion and marketing	122.8	122.8	–
Research, design and product development	90.9	52.4	38.5
Repay a portion of our bank borrowings	90.9	90.9	–
Expand distribution network and provide storefront decoration	59.1	59.1	–
Install ERP system	45.5	20.0	25.5
Working capital and other general corporate purposes	45.5	45.5	–
	<u>454.7</u>	<u>390.7</u>	<u>64.0</u>

The proceeds not utilised were deposited into interest bearing bank accounts with licensed commercial banks in China. The unused proceeds are planned to be utilised by 2022.

## **PROSPECTS**

In the Period, the COVID-19 pandemic recurred in some cities in PRC and affected the economic environment. For the menswear apparel segment, the Group has to remain cautious and continue to monitor the impact of the pandemic to the wholesale and retail businesses. The Group will place more attention on the fashion trends, consumer needs and preferences in the market to be more efficient and effective to control costs and avoid unnecessary costs. The Group will also develop new products series with new and high-quality elements that appeal to the target customers and align with our marketing strategy and customer perception.

For the industrial products segment, due to the pandemic has been easing worldwide and the supplies of these products to Saudi Arabia started to resume normal, the management expected that the revenue and the profit margin of this segment would be less than those of the Period. The Group will continue to monitor the impact to the business and the customers' orders to retain the market share.

For the power storage industry business segment, the fixed assets are under assembly in the factory. The management expected that the assembly would be completed and the remaining intellectual properties would be transferred to Jiangsu HengAn in the second half of 2022.

The Group will also implement strict cost control and continue to explore opportunities for business development and diversification, so as to maximize the returns to the Company and Shareholders in the long run and enhance its shareholder value accordingly.

## **OTHER INFORMATION**

### **Sufficiency of Public Float**

Based on the publicly available information and to the best of the Directors' knowledge, information and belief at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules during the six months ended 30 June 2022.

### **Review of Interim Results**

The Company has an audit committee (the "**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Poon Yick Pang Philip (Chairman of the Audit Committee), Mr. Cheung Chiu Tung and Mr. Ma Yu-heng. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, financial reporting, internal control and risk management systems, and has reviewed the unaudited interim financial report for the six months ended 30 June 2022.

## **Purchase, Sale or Redemption of The Company’s Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

## **Compliance with the Corporate Governance Code**

The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) during the six months ended 30 June 2022.

With effect from 27 December 2021, Ms. Huang Yumin (黃宇敏) (“**Ms. Huang**”) resigned as an independent non-executive Director (“**INED**”), the member of the audit committee (the “**Audit Committee**”), the member of the remuneration committee (the “**Remuneration Committee**”) and the member of the nomination committee (the “**Nomination Committee**”) of the Company. Following the resignation of Ms. Huang, the Board comprises only two INEDs. On 27 December 2021, Mr. Peng Zuncheng (彭遵丞), an executive Director, was appointed as a member of the Remuneration Committee; and Mr. Cheung Chiu Tung (張照東), an INED, was appointed as a member of the Nomination Committee. In light of the above, the Company failed to comply with (i) rule 3.10(1) of the Listing Rules requires that the Company must have at least three INEDs and (ii) rule 3.21 of the Listing Rules requires that the audit committee must comprise a minimum of three members. With effect from 16 March 2022, Mr. Ma Yuheng (馬有恒) (“**Mr. Ma**”) was appointed as an INED and a member of Audit Committee. Following the appointment of Mr. Ma as an INED and a member of the Audit Committee, the Company then re-complies with the requirements of rule 3.10(1) and rule 3.21 of the Listing Rules.

In addition, the Board currently comprises four executive Directors, one non-executive Director and three independent non-executive Directors, with independent non-executive Directors representing 37.5% of the Board, which is higher than the requirement of the Listing Rules. Such percentage of independent non-executive Directors on the Board can ensure their views would carry significant weight and enhance independence of the Board. On the above basis, the Board considers that the current structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

## **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding Directors’ securities transactions.

The senior management personnel who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

Upon specific enquiries, all Directors and the senior management personnel of Company confirmed that they have complied with the relevant requirements under the Model Code throughout the reporting period.

### **Updates on Compliance and Regulatory Matters as Disclosed in the Prospectus**

Our Directors are not aware of any legal, arbitration or administrative proceedings against us, including the matter described above, that will have a material adverse effect on our business, financial condition or results of operations.

### **EVENTS AFTER REPORTING PERIOD**

#### **Proposed Change of Company Name**

The Company proposed to change its English name from “China Fordoo Holdings Limited” to “China Anchu Energy Storage Group Limited” and to change its dual foreign name in Chinese from “中國虎都控股有限公司” to “中國安儲能源集團有限公司” (the “**Proposed Change of Company Name**”). The Board considers that the Proposed Change of Company Name will better reflect the current status of the Group and its direction of future development. The Board also believes that the new English name and dual foreign name in Chinese of the Company will provide the Company with a new corporate image which will benefit the Company’s future business development. The Proposed Change of Company Name is subject to the approval of the Shareholders by way of a special resolution at an extraordinary general meeting to be convened and held by the Company (the “**EGM**”). The EGM will be convened and held on 2 September 2022. For details, please refer to the announcement of the Company dated 11 July 2022 and circular and notice of EGM of the Company dated 4 August 2022.

#### **Issue of New Shares under General Mandate**

On 13 July 2022 (after trading hours of the Stock Exchange), the Company entered into a subscription agreement with a subscriber pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 120,000,000 new shares of the Company under general mandate at a subscription price of HK\$0.550 per subscription share (the “**Subscription**”). The Subscription was completed on 29 July 2022 and the net proceeds from the Subscription are approximately HK\$65.86 million. It is expected that such net proceeds will be utilised for future business development and general working capital. For the details of the Subscription, please refer to the announcements of the Company dated on 13 July 2022 and 29 July 2022.



## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The 2022 Interim Report will be dispatched to the shareholders of the Company and published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.fordoo.cn](http://www.fordoo.cn) in due course. This announcement can also be accessed on the above websites.

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

Hong Kong, 30 August 2022

*As at the date of this announcement, the executive Directors are Mr. Kwok Kin Sun, Mr. Kwok Hon Fung, Mr. Lu Ke and Mr. Peng Zuncheng; the non-executive Director is Mr. Wang Yan; and the independent non-executive Directors are Mr. Cheung Chiu Tung, Mr. Poon Yick Pang Philip and Mr. Ma Yu-heng.*