



16 December 2016

**High Concentration of Shareholding
in
China Fordoo Holdings Limited (Stock Code: 2399)**

This announcement is made by the Securities and Futures Commission (“SFC”) in respect of the concentration of the shareholding of China Fordoo Holdings Limited (“the Company”) in the hands of a limited number of shareholders as at 1 December 2016.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.

The SFC has recently completed an enquiry into the shareholding of the Company. Our findings suggested that as at 1 December 2016, a group of 20 shareholders held an aggregate of 96,487,000 Shares, representing 20.10% of the issued Shares. Such shareholding, together with an aggregate of 340,812,000 Shares (representing 71.00% of the issued Shares) held by 3 substantial shareholders of the Company, represented 91.10% of the issued Shares as at 1 December 2016. Therefore, only 42,801,000 Shares (representing 8.90% of the issued Shares) were held by other shareholders.

As at 1 December 2016, the shareholding structure of the Company was as follows:-

	Number of Shares held (Shares)	% of total number of issued Shares (%)
Everkept Limited (Note 1)	244,800,000	51.00
Equal Plus Limited (Note 2)	50,400,000	10.50
Key Tide Limited (Note 3)	45,612,000	9.50
A group of 20 shareholders	96,487,000	20.10
Other shareholders	42,801,000	8.90
Total	480,100,000	100.00

Note 1: Everkept Limited is 70% owned by Mr. Kwok Kin Sun, an executive director and chairman of the Company.

Note 2: Equal Plus Limited is wholly-owned by Mr. Kwok Hon Fung, an executive director and chief executive officer of the Company, and the son of Mr. Kwok Kin Sun.

Note 3: Key Tide Limited is wholly-owned by Mr. Kwok Hon Pan, the son of Mr. Kwok Kin Sun and brother of Mr. Kwok Hon Fung.



The closing price of the Shares hovered between \$2.15 and \$2.46 during the period from 1 June 2016 to 29 August 2016. The Company's share price increased substantially by 139.5% from \$2.23 on 29 August 2016 to \$5.34 on 1 December 2016.

During this period, the Company made, inter alia, the following announcements:

- On 29 August 2016, the Company announced its interim results for the 6 months ended 30 June 2016, reporting a net profit of RMB61.6 million, representing a decrease of 55.0% compared with a net profit of RMB136.9 million for the corresponding period in the previous year.
- On 11 October 2016, the Company announced the resignation of its auditors, KPMG, with effect from 11 October 2016. As disclosed, KPMG and the Company were unable to reach agreement on the annual audit fee for the year 2016 after KPMG had assessed their extension of procedures as a result of receiving anonymous calls alleging irregularities in the Company's financial information. Elite Partners CPA Limited was appointed as the new auditor of the Company to replace KPMG with effect from 11 October 2016. In relation to the allegation, the Company stated in the announcement that it had completed an internal investigation and no material findings was identified.
- On 3 November 2016, the Company made a further announcement providing details of the internal investigation conducted and additional steps to be undertaken by the new auditor to address the alleged irregularities.

As of 15 December 2016, the Share price closed at \$6.25, representing an increase of 180.3% from the closing price of \$2.23 on 29 August 2016.

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