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**福田實業(集團)有限公司**

**Fountain Set (Holdings) Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 420)**

## **CHANGE OF AUDITOR**

The Board announces that Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 5 November 2012. The Board has resolved to appoint BDO Limited as new auditor of the Company to fill the casual vacancy occasioned by the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the next annual general meeting of the Company.

The board of directors (the “Board”) of Fountain Set (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces that Deloitte Touche Tohmatsu, (“Deloitte”), resigned as auditor of the Company with effect from 5 November 2012. The Board has resolved to appoint BDO Limited (“BDO”) as new auditor of the Company to fill the casual vacancy occasioned by the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

Recently, Chinatex Corporation, the single largest shareholder of the Company since 6 June 2012 and a state-owned enterprise in the People’s Republic of China (the “PRC”), has requested the Company to undertake a rotation of the external auditor every five years in accordance with the relevant requirements of the State-owned Assets Supervision and Administration Commission of the PRC. In view of this, the management of the Company had a discussion with Deloitte about their proposal to change the auditor of the Company for the audit of its financial statements for the sixteen months ending 31 December 2012 and after careful consideration, Deloitte tendered its resignation as auditor of the Company.

Deloitte has also confirmed in its letter of resignation that there are no matters and no circumstances connected with its resignation need to be brought to the attention of the shareholders and creditors of the Company.

The Board has confirmed that there are no circumstances in respect of the change of auditor which shall be brought to the attention of shareholders of the Company. The Board and the Company's Audit Committee have also confirmed that there is no disagreement with Deloitte and the Board has no unresolved issue regarding the change of auditor.

The Board would like to take this opportunity to thank Deloitte for its past services provided to the Group and welcome BDO on its appointment.

On behalf of the Board  
**Fountain Set (Holdings) Limited**  
**Li Lan**  
*Chairman*

Hong Kong, 5 November 2012

*As at the date of this announcement, the Board comprises six executive directors, namely, Madam Li Lan, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Dr. Yen Gordon, Mr. Gong Zhengyi and Mr. Chen Rong; two non-executive directors, namely, Mr. Zhang Chong and Mr. Chen Minghong; and three independent non-executive directors, namely, Mr. Ng Kwok Tung, Mr. Chow Wing Kin, Anthony, SBS, JP, and Mr. Yang Shibin.*