福田實業（集團）有限公司
Fountain Set (Holdings) Limited

(Incorporated in Hong Kong with limited liability)
(Stock code: 420)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the Group will record a significant increase in net profit for the six months ended 30 June 2016 as compared to the net profit for the six months ended 30 June 2015.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Fountain Set (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company and potential investors that based on preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the Group will record a significant increase in net profit for the six months ended 30 June 2016 as compared to the net profit for the six months ended 30 June 2015.

The significant increase in net profit for the six months ended 30 June 2016 was mainly attributable to (i) the improvement in sales volume of the Group; (ii) the improvement in operation efficiency through adopting a series of measures by the Group to reduce operating and production costs; and (iii) the depreciation of Reminbi ("RMB") resulting in a decrease in production cost as most of the production plants of the Group are located in China.

The Company is still in the process of finalising the results of the Group for the six months ended 30 June 2016. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available including the consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors and are subject to possible adjustments arising from further review. The unaudited interim results of the Group for the six months ended 30 June 2016 are expected to be published on or about 18 August 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Fountain Set (Holdings) Limited
ZHAO Yao
Chairman and Chief Executive Officer

Hong Kong, 8 August 2016

As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. ZHAO Yao, Mr. CHEN Minghong and Mr. LAN Jiang; 2 non-executive Directors, namely Dr. YEN Gordon and Mr. ZHANG Chong; and 3 independent non-executive Directors, namely Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM.