

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

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

PROFIT WARNING

This announcement is made by Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and 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 (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and other information currently available to the Board, the Group is expected to record a reduction of approximately 48% for six months ended 30 June 2022 as compared to the profit attributable to owners of the Company of approximately HK\$136 million for the six months ended 30 June 2021. Reasons of the reduction of the profit to owners of the Company including (1) reduction of consumers’ purchasing momentum due to the Covid-19 Pandemic and war; (2) reduction of consumers’ purchasing power due to the overall global inflation; and (3) the overstocking of the Group’s retail apparel clients lower their demand to our products.

Besides, the liquidity of the Group remains strong. The Board estimates that the Group will have approximately HK\$1,127 million of cash and cash equivalent as of 30 June 2022, as compared to that of about HK\$808 million as of 31 December 2021. The Group will closely monitor the market situation and the development of global economy and will focus on making full use of existing production capacity for the rest of this year to increase profitability and enhance financial stability of the Group.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022, which have not been reviewed nor audited by the Company’s auditors or the audit committee of the Company. The Board also wishes to emphasize that the performance of the Group can be affected by market environment, including cotton yarn market price, the development of the global economy and the status of the Sino-US trade war. The Group’s interim results for the six months ended 30 June 2022 will be announced by the end of August 2022 in compliance with the Listing Rules. Shareholders and potential investors are advised to read the unaudited interim results announcement of the Company when it is published.

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

By Order of the Board of
Fountain Set (Holdings) Limited
LIU Xianfu
Chairman

Hong Kong, 8 July 2022

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. LIU Xianfu (Chairman), Mr. SUN Fuji (Chief Executive Officer), Mr. ZHAO Yao, Mr. YAU Hang Tat Andrew and Mr. ZHANG Zheng; 2 non-executive Directors, namely Dr. YEN Gordon (Non-executive Vice Chairman) and Mr. TAO Yongming; and 4 independent non-executive Directors, namely Mr. NG Kwok Tung, Mr. YING Wei, Mr. William LAM and Mr. WONG Kwong Chi.