



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

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

(1) RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER; (2) APPOINTMENT OF CHIEF EXECUTIVE OFFICER; AND (3) APPOINTMENT OF EXECUTIVE DIRECTOR AND VICE PRESIDENT

The Board would like to announce that it has resolved the following:

1. Mr. SUN will resign as an executive Director and the CEO with effect from 1 April 2023;
2. Mr. LIU will be appointed as the CEO in place of Mr. SUN with effect from 1 April 2023; and
3. Mr. Li will be appointed as an executive Director and the Vice President with effect from the Effective Date (Mr. Li’s Appointment).

RESIGNATION OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, APPOINTMENT OF CHIEF EXECUTIVE OFFICER AND APPOINTMENT OF EXECUTIVE DIRECTOR AND VICE PRESIDENT

The board (the “**Board**”) of directors (the “**Director(s)**”) of Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to announce that:

1. Mr. SUN Fuji (“**Mr. SUN**”) will resign as an executive Director and the chief executive officer of the Company (the “**CEO**”) with effect from 1 April 2023 as he would like to spend more of his time on his personal and other business engagements;
2. Mr. LIU Xianfu (“**Mr. LIU**”), an executive Director, the chairman of the Board (the “**Chairman**”) and the chairman of the nomination committee of the Company, will be appointed as the CEO in place of Mr. SUN with effect from 1 April 2023, and will remain as the Chairman and the chairman of the nomination committee of the Company; and
3. Mr. LI Gang (“**Mr. LI**”) will be appointed as an executive Director and the vice president of the Company (the “**Vice President**”) with effect from the date on which Mr. LI has obtained his long-term working visa in Hong Kong, which is expected to be about one or two months from the date hereof (the “**Effective Date (Mr. Li’s Appointment)**”).

Further announcement will be issued by the Company once the Effective Date (Mr. Li’s Appointment) has been confirmed.

Mr. SUN has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the shareholders of the Company in connection with his resignation.

The brief biographical particulars of Mr. LIU and Mr. LI are set out as follows:

Mr. LIU Xianfu

Mr. LIU Xianfu (劉賢福先生), aged 57, was appointed as an executive Director on 28 August 2018, was re-designated as a non-executive Director on 1 November 2021 and was further re-designated as an executive Director and appointed as the Chairman on 1 April 2022. Mr. LIU has over 28 years of experience in the textile industry. He joined China National Textiles Import and Export Corporation* (中國紡織品進出口總公司), the predecessor of Chinatex Corporation Limited* (中國中紡集團有限公司) (“**Chinatex**”), a controlling shareholder of the Company, in 1994 and has held positions such as the Deputy Finance Section Chief of Chinatex Cotton Yarns and Fabrics Import and Export Corporation, the Deputy General Manager of Chinatex Real Estate Administration Co., Ltd.* (中紡物業管理有限公司), the Deputy General Manager of Finance Department of Chinatex, the General Manager of Audit Department of Chinatex, the General Manager of Finance Department of Chinatex, the General Manager of Chinatex Raw Materials International Trading Corporation, and the Vice President of Chinatex. Mr. LIU has served as the Chief Accountant of Chinatex since March 2017. Mr. LIU graduated from Anhui University of Finance and Economics (formerly known as Anhui Finance and Trade College* (安徽財貿學院)) in the People’s Republic of China (the “**PRC**”) in 1987 in professional accounting with a Bachelor’s degree of Economics. He obtained a Master’s degree in Economics from Chinese Academy of Fiscal Sciences (formerly known as The Research Institute for Fiscal Science) in the PRC in 1990 and an Executive Master of Business Administration degree from The University of Texas at Arlington, USA in December 2010.

Mr. LIU entered into a service agreement with the Company with a term of three years commencing from 1 April 2022 (as amended from time to time, the “**Service Agreement**”). The Company and Mr. LIU will enter into a supplemental agreement to the Service Agreement to supplement certain information including but not limited to his appointment as the CEO. The Service Agreement is terminable by either the Company or Mr. LIU by giving no less than six months’ advance notice in writing to each other. Mr. LIU is subject to retirement and re-appointment in accordance with the articles of association of the Company (the “**Articles of Association**”). Mr. LIU’s emoluments as an executive Director, the Chairman and the CEO will be determined by the Board based on the recommendation of the remuneration committee of the Company (the “**Remuneration Committee**”) with reference to his experience, job duties and the Company’s remuneration policy applicable to his positions in the Company. The Company will further update the shareholders of the Company regarding the amount and details of the emoluments to be received by Mr. LIU when they are fixed.

As at the date of this announcement, save as disclosed above, Mr. LIU:

- (i) does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO;

- (ii) does not hold any other positions with the Company and/or other members of its subsidiaries;
- (iii) does not hold any other directorship in any listed public companies, whether in Hong Kong or overseas, in the last three years; and
- (iv) does not have any relationship with any other Directors, senior management, substantial shareholders (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) or controlling shareholders (as defined under the Listing Rules) of the Company.

Save as disclosed above, there is no other matter relating to the appointment of Mr. LIU as the CEO that needs to be brought to the attention of the shareholders of the Company and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Pursuant to Code Provision C.2.1 of Part 2 - Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of Appendix 14 to the Listing Rules, the roles of chairman and the chief executive should be segregated and should not be performed by the same individual. Despite deviating from Code Provision C.2.1, the Board believes that, Mr. LIU, being the Chairman, is familiar with the Group’s business operations and has superior knowledge and experience of the Group’s businesses, vesting the roles of both the Chairman and the CEO in the same person has the benefit of ensuring consistent leadership of the Company and improving the efficiency of overall strategic planning for the Company. Under the supervision of the Board which comprises five executive Directors, two non-executive Directors and four independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Mr. LI Gang

Mr. LI Gang (李剛先生), aged 43, will be appointed as an executive Director. He is qualified as a senior economist and has over nine years of experience in the textile industry and 16 years of experience in strategic research and planning, strategy implementation and investment project management.

From August 2007 to July 2011, Mr. LI acted as a deputy manager of strategic projects department of the wheat processing division at COFCO Corporation. From June 2011 to January 2014, Mr. LI served as an assistant to the general manager of the strategic development department of Sinofert Holding Limited. From January 2014 to May 2017, Mr. LI acted as a vice general manager of the strategic development department and a director of the strategic research office at Chinatex. From May 2017 to November 2021, Mr. LI acted as a vice general manager of strategic investment department at Chinatex. Since November 2021, Mr. LI has acted as the general manager of the strategic investment department of Chinatex.

In July 2001, Mr. LI obtained his bachelor's degree in management science at Hubei University of Technology. In July 2004, Mr. LI obtained his master's degree in Economics from Zhongnan University of Economics and Law. In July 2007, Mr. LI graduated from Renmin University with a doctorate degree in Economics.

Mr. LI will enter into a service agreement with the Company commencing from the Effective Date (Mr. LI's Appointment). His appointment as an executive Director shall be for a term of three (3) years while his appointment as the vice president of the Company shall not be subject to any term. The service agreement is terminable by either the Company or Mr. LI by giving no less than six months' advance notice in writing to each other. Mr. LI is subject to retirement and re-appointment in accordance with the Articles of Association. Pursuant to the service agreement with Mr. LI, he will not receive emoluments in his capacity as an executive Director. Mr. LI will receive the Vice President's remuneration of HK\$1,696,000 per annum, out of which, the fixed salary is HK\$1,176,000 and the performance-based salary is HK\$520,000 (which is linked to performance targets and payable when the performance targets are achieved). Mr. LI's remuneration has been determined with reference to the prevailing market condition, his experience and job duties and the Company's remuneration policy. Such remuneration has been recommended by the Remuneration Committee and approved by the Board and subject to review on a periodical basis by the Board and the Remuneration Committee.

As at the date of this announcement, save as disclosed above, Mr. LI:

- (i) does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO;
- (ii) does not hold any other positions with the Company and/or other members of its subsidiaries;
- (iii) does not hold any other directorship in any listed public companies, whether in Hong Kong or overseas, in the last three years; and
- (iv) does not have any relationship with any other Directors, senior management, substantial shareholders (as defined under the Listing Rules) or controlling shareholders (as defined under the Listing Rules) of the Company.

Save as disclosed above, there is no other matter relating to the appointment of Mr. LI as an executive Director and the Vice President that needs to be brought to the attention of the shareholders of the Company and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. LIU Xianfu (Chairman), Mr. SUN Fuji (CEO), Mr. ZHAO Yao, Mr. YAU Hang Tat Andrew, 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.

* For identification purposes only