



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

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

## REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

References are made to (i) the announcement of the Company dated 16 December 2021 in relation to, among other things, the Existing Material Purchase Framework Agreement between the Company and Chinatex whereby the Chinatex Group agreed to supply yarns, cotton and other materials to the Group for the manufacture of fabric, garments and cooking oil and foodstuffs and (ii) the announcement of the Company dated 14 July 2022 in relation to the Existing Financial Services Agreement between the Company and COFCO Finance whereby COFCO Finance agreed to provide the Deposit Services, the Loan Services and the Other Financial Services to the Group.

On 15 May 2023, the Company entered into (i) the Chinatex Supplemental Agreement with Chinatex to revise the Existing Chinatex Annual Caps and (ii) the COFCO Finance Supplemental Agreement with COFCO Finance to revise the Existing Deposit Annual Cap. Save for the revision of the Existing Chinatex Annual Caps and the Existing Deposit Annual Cap, all other terms and conditions under the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement remain unchanged.

### LISTING RULES IMPLICATIONS

Chinatex is a controlling Shareholder and hence a connected person of the Company under the Listing Rules. Accordingly, members of the Chinatex Group are associates of Chinatex and hence connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Existing Material Purchase Framework Agreement, the Chinatex Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

COFCO is a controlling Shareholder interested in 476,974,000 Shares, representing approximately 38.94% of the number of issued Shares as at the date hereof. COFCO Finance is an indirect wholly-owned subsidiary of COFCO and is therefore an associate of COFCO and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Existing Financial Services Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the highest of the applicable percentage ratios in respect of the Revised Chinatex Annual Caps for the transactions contemplated under the Existing Material Purchase Framework Agreement as supplemented by the Chinatex Supplemental Agreement is higher than 5% on an annual basis, the entering into of the Chinatex Supplemental Agreement is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Deposit Services are conducted on normal commercial terms or better terms and the highest of the applicable percentage ratios in respect of the Revised Deposit Annual Cap for the transactions contemplated under the Existing Financial Services Agreement as supplemented by the COFCO Finance Supplemental Agreement is higher than 5% on an annual basis, the entering into of the COFCO Finance Supplemental Agreement is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Chinatex Supplemental Agreement (including the Revised Chinatex Annual Caps), the COFCO Finance Supplemental Agreement (including the Revised Deposit Annual Cap) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the GM.

Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the GM to consider and, if thought fit, to approve, among other things, the Revised Chinatex Annual Caps, the Revised Deposit Annual Cap, the Chinatex Supplemental Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder.

As at the date of this announcement, COFCO (being the holding company of each of Chinatex and COFCO Finance) and its associates are interested in 476,974,000 Shares, representing approximately 38.94% of the issued Shares, and are required to abstain from voting on the relevant resolutions approving the Chinatex Supplemental Agreement, the Revised Chinatex Annual Caps, the COFCO Finance Supplemental Agreement, the Revised Deposit Annual Cap and the transactions contemplated thereunder at the GM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Revised Chinatex Annual Caps, the Revised Deposit Annual Cap, the Chinatex Supplemental Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder at the GM.

A circular containing, among other things, (i) further information on the Supplemental Agreements; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM with the proxy form is expected to be despatched to the Shareholders on or before 6 June 2023.

## **INTRODUCTION**

References are made to (i) the announcement of the Company dated 16 December 2021 in relation to, among other things, the Existing Material Purchase Framework Agreement between the Company and Chinatex whereby the Chinatex Group agreed to supply yarns, cotton and other materials to the Group for the manufacture of fabric, garments and cooking oil and foodstuffs and (ii) the announcement of the Company dated 14 July 2022 in relation to the Existing Financial Services Agreement between the Company and COFCO Finance whereby COFCO Finance agreed to provide the Deposit Services, the Loan Services and the Other Financial Services to the Group.

On 15 May 2023, the Company entered into (i) the Chinatex Supplemental Agreement with Chinatex to revise the Existing Chinatex Annual Caps and (ii) the COFCO Finance Supplemental Agreement with COFCO Finance to revise the Existing Deposit Annual Cap. Save for the revision of the Existing Chinatex Annual Caps and the Existing Deposit Annual Cap, all other terms and conditions under the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement remain unchanged.

The principal terms of the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement are set out in the announcements of the Company dated 16 December 2021 and 14 July 2022, respectively.

## **CHINATEX SUPPLEMENTAL AGREEMENT AND REVISION OF THE EXISTING CHINATEX ANNUAL CAPS**

The principal terms of the Chinatex Supplemental Agreement are set out as follows:

### **Date**

15 May 2023

### **Parties**

- (1) the Company; and
- (2) Chinatex

## Subject Matter

Pursuant to the Chinatex Supplemental Agreement, upon the approval by the Independent Shareholders at the GM, the Existing Chinatex Annual Caps shall be revised to the Revised Chinatex Annual Caps under the Chinatex Supplemental Agreement as follows:

	<b>For the year ended/ending 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Existing Chinatex Annual Caps	63,000	63,000	63,000
Revised Chinatex Annual Caps	63,000	363,000	363,000

## HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts for the transactions under the Existing Material Purchase Framework Agreement (and its preceding agreement) for the four years ended 31 December 2022 and for the three months ended 31 March 2023 are set out as follows:

	<b>For the year ended 31 December</b>				<b>For the three months ended 31 March</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Historical transaction amounts	22,924	6,507	1,224	18,461	3,386

## BASIS FOR DETERMINING THE REVISED CHINATEX ANNUAL CAPS

The Revised Chinatex Annual Caps were determined on arm's length negotiations between the Company and Chinatex with reference to, among other things:

- (i) an expected increase in the purchase volume of yarns and cotton from the Chinatex Group by the members of the Group for the rest of 2023 and 2024; and
- (ii) an appropriate buffer for allowing a more than expected increase in the demand for yarns and cotton from the members of the Group during the remaining term of the Existing Material Purchase Framework Agreement.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) consider that the Revised Chinatex Annual Caps are fair and reasonable taking into account the above factors.

The Group will continue adopting the pricing policy set out in the paragraph headed “(i) 2024 Material Purchase Framework Agreement – Pricing Policy” in the announcement of the Company dated 16 December 2021 for determining the purchase price and terms of the individual orders in respect of the transactions under the Existing Material Purchase Framework Agreement as supplemented by the Chinatex Supplemental Agreement.

## **COFCO FINANCE SUPPLEMENTAL AGREEMENT AND REVISION OF THE EXISTING DEPOSIT ANNUAL CAP**

The principal terms of the COFCO Finance Supplemental Agreement are set out as follows:

### **Date**

15 May 2023

### **Parties**

- (1) the Company; and
- (2) COFCO Finance

### **Subject Matter**

Pursuant to the COFCO Finance Supplemental Agreement, upon the approval by the Independent Shareholders at the GM, the Existing Deposit Annual Cap shall be revised to the Revised Deposit Annual Cap under the COFCO Finance Supplemental Agreement as follows:

Maximum daily balance of deposits (including  
accrued interests) placed by the Group with  
COFCO Finance  
*RMB '000*

Existing Deposit Annual Caps	55,000
Revised Deposit Annual Caps	155,000

## **HISTORICAL TRANSACTION AMOUNTS**

For the period between 14 July 2022 and 31 March 2023, the maximum daily balance of deposits (including accrued interests) placed by the Group with COFCO Finance was RMB55 million.

## **BASIS FOR DETERMINING THE REVISED DEPOSIT ANNUAL CAP**

The Revised Deposit Annual Cap was determined primarily based on arm's length negotiations between the Company and COFCO Finance with reference to, among other things:

- (i) as at 31 March 2023, the transaction amount of the Deposit Services under the Existing Financial Services Agreement reached approximately RMB55 million, representing approximately 100% of the Existing Deposit Annual Cap;
- (ii) the Group's business scale is expected to grow and the deposit amount and deposit interest will continue to increase correspondingly; and
- (iii) an appropriate buffer for allowing a more than expected increase in the deposit amount and deposit interest during the remaining term of the Existing Financial Services Agreement.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) consider that the Revised Deposit Annual Cap is fair and reasonable taking into account the above factors.

The Group will continue carrying out the measures set out in the paragraph headed "The Financial Services Agreement – Measures of determining the pricing terms" in the announcement of the Company dated 14 July 2022 for determining the pricing terms of individual transactions in respect of the Deposit Services, the Loan Services and the Other Financial Services under the Existing Financial Services Agreement as supplemented by the COFCO Finance Supplemental Agreement.

## **INFORMATION OF THE COMPANY AND THE GROUP**

The Company is a public limited company incorporated in Hong Kong and an investment holding company.

The Group is principally engaged in the production and sale of knitted fabrics, production and sale of garments and provision of knitting, dyeing, printing and finishing services.

## **INFORMATION OF CHINATEX AND THE CHINATEX GROUP**

Chinatex is directly wholly owned by COFCO and is a state-owned enterprise established in the PRC. COFCO is a state-owned enterprise established in the PRC and is a direct wholly-owned subsidiary of SASAC.

The Chinatex Group is principally engaged in the business of manufacturing and sale of yarns, cotton, garments and oil and foodstuff.

## **INFORMATION OF COFCO FINANCE**

COFCO Finance is a non-banking financial institution and an indirect wholly-owned subsidiary of COFCO established in the PRC since 2002 with the approval of PBC. It is subject to the supervision of CBIRC. COFCO Finance is authorized to provide services such as (a) the provision of financial and financing consultation services, credit appraisal and relevant consulting services and agency business services; (b) assisting implementation of payables and receivables of the transaction amounts; (c) handling of deposits, loans and bills acceptance and discounting; (d) conduct settlements and other relevant settlements; and (e) the provision of loans and financing leases.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS**

### **Chinatex Supplemental Agreement**

The Chinatex Group is directly wholly-owned by COFCO and is one of the 500 largest enterprises in the PRC. It has two core businesses, namely, textiles business and grains and oils business. COFCO is in turn under the direct administration of the SASAC. Taking into consideration of the quality of the products offered by the Chinatex Group, the Board is of the view that the Chinatex Group has competitive strengths over other independent suppliers of similar products in the PRC and considers that the Existing Material Purchase Framework Agreement enables the Group to continue to secure a long-term stable supply of yarns, cotton and other materials related to the production of fabrics and garments and enhance its position as one of the leading fabric suppliers to garment manufacturers in the global market.

Based on the reasons set out in the paragraph headed “Basis for Determining the Revised Chinatex Annual Caps” above, it is anticipated that the purchase volume of yarns and cotton from the Chinatex Group by the members of the Group will increase. Therefore, the Existing Chinatex Annual Caps for the years ending 31 December 2023 and 2024 may be exceeded. As such, the Directors propose to revise the Existing Chinatex Annual Caps for the two years ending 31 December 2024. The Board considers that the Chinatex Supplemental Agreement and the Revised Chinatex Annual Caps will facilitate the Group to satisfy the increasing demand for yarns and cotton. The Company will continue to carry out adequate supervision over the transaction amounts in respect of the relevant annual caps going forward with a view to ensuring that necessary measures and appropriate actions will be promptly taken in order to comply with the applicable requirements under the Listing Rules.

### **COFCO Finance Supplemental Agreement**

The Company and COFCO Finance entered into the Existing Financial Services Agreement in relation to provision of the Deposit Services, the Loan Services and the Other Financial Services by COFCO Finance to the Group with a term from 14 July 2022 to 13 July 2025. The series of transactions contemplated under the Existing Financial Services Agreement are entered into on normal commercial terms which are fair and reasonable.

As at 31 March 2023, the transaction amount of the Deposit Services under the Existing Financial Services Agreement reached approximately RMB55 million, representing approximately 100% of the Existing Deposit Annual Cap. In addition, as the Group's business scale is expected to grow, its deposit amount and deposit interest will continue to increase correspondingly. Therefore, the proposed transaction amount of the Deposit Services may exceed the Existing Deposit Annual Cap. As such, the Directors propose to revise the Existing Deposit Annual Cap. The Board considers that the COFCO Finance Supplemental Agreement and the Revised Deposit Annual Cap will facilitate the Group to satisfy the increasing demand for Deposit Services.

## **General**

The terms of the Existing Material Purchase Framework Agreement (as supplemented by the Chinatex Supplemental Agreement) and the Existing Financial Services Agreement (as supplemented by the COFCO Finance Supplemental Agreement) have been arrived at after arm's length negotiations by the Company with each of Chinatex and COFCO Finance. The Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendations from the Independent Financial Adviser) have confirmed that the transactions contemplated under the Existing Material Purchase Framework Agreement (as supplemented by the Chinatex Supplemental Agreement) (including the Revised Chinatex Annual Caps) and the Existing Financial Services Agreement (as supplemented by the COFCO Finance Supplemental Agreement) (including the Revised Deposit Annual Cap) are fair and reasonable, on normal commercial terms or better terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Supplemental Agreements and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the Board resolutions approving the Supplemental Agreements and the transactions contemplated thereunder.

## **INTERNAL CONTROL PROCEDURES**

To ensure the pricing and other contract terms of the transactions under the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement are in line with the prevailing market practice, on normal commercial terms, fair and reasonable and no less favourable than those available from the independent third parties, and the Revised Chinatex Annual Caps and the Revised Deposit Annual Cap will not be exceeded, the Group has adopted and will continue to adopt the internal control measures as set out in the paragraph headed "Internal Control Measures" in the announcement of the Company dated 16 December 2021 and the paragraph headed "Internal Control Procedures" in the announcement of the Company dated 14 July 2022.

The Directors consider that the internal control mechanism is effective to ensure that the transactions under the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and not prejudicial to the interests of the Company and the Shareholders as a whole.



## **LISTING RULES IMPLICATIONS**

Chinatex is a controlling Shareholder and hence a connected person of the Company under the Listing Rules. Accordingly, members of the Chinatex Group are associates of Chinatex and hence connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Existing Material Purchase Framework Agreement, the Chinatex Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

COFCO is a controlling Shareholder interested in 476,974,000 Shares, representing approximately 38.94% of the number of issued Shares as at the date hereof. COFCO Finance is an indirect wholly-owned subsidiary of COFCO and is therefore an associate of COFCO and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Existing Financial Services Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company intends to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with relevant provisions of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As the highest of the applicable percentage ratios in respect of the Revised Chinatex Annual Caps for the transactions contemplated under the Existing Material Purchase Framework Agreement as supplemented by the Chinatex Supplemental Agreement is higher than 5% on an annual basis, the entering into of the Chinatex Supplemental Agreement is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Deposit Services are conducted on normal commercial terms or better terms and the highest of the applicable percentage ratios in respect of the Revised Deposit Annual Cap for the transactions contemplated under the Existing Financial Services Agreement as supplemented by the COFCO Finance Supplemental Agreement is higher than 5% on an annual basis, the entering into of the COFCO Finance Supplemental Agreement is subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Chinatex Supplemental Agreement (including the Revised Chinatex Annual Caps), the COFCO Finance Supplemental Agreement (including the Revised Deposit Annual Cap) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the GM.

Donvex Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the GM to consider and, if thought fit, to approve, among other things, the Revised Chinatex Annual Caps, the Revised Deposit Annual Cap, the Chinatex Supplemental Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder.

As at the date of this announcement, COFCO (being the holding company of each of Chinatex and COFCO Finance) and its associates are interested in 476,974,000 Shares, representing approximately 38.94% of the issued Shares, and are required to abstain from voting on the relevant resolutions approving the Chinatex Supplemental Agreement, the Revised Chinatex Annual Caps, the COFCO Finance Supplemental Agreement, the Revised Deposit Annual Cap and the transactions contemplated thereunder at the GM.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the relevant resolutions approving the Revised Chinatex Annual Caps, the Revised Deposit Annual Cap, the Chinatex Supplemental Agreement, the COFCO Finance Supplemental Agreement and the transactions contemplated thereunder at the GM.

A circular containing, among other things, (i) further information on the Supplemental Agreements; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the GM with the proxy form is expected to be despatched to the Shareholders on or before 6 June 2023.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CBIC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Chinatex”	中國中紡集團有限公司 (Chinatex Corporation Limited), a state-owned enterprise established under the laws of the PRC, a controlling shareholder of the Company and is interested in approximately 38.94% of the Shares as at the date of this announcement
“Chinatex Group”	Chinatex and its subsidiaries from time to time
“Chinatex Supplemental Agreement”	the supplemental agreement dated 15 May 2023 between the Company and Chinatex to the Existing Material Purchase Framework Agreement

“COFCO”	COFCO Corporation (中糧集團有限公司), a state-owned company established in the PRC which is currently under the purview of SASAC, and a controlling Shareholder
“COFCO Finance”	COFCO Finance Company Limited (中糧財務有限責任公司), a company established in the PRC on 24 September 2002 with limited liability and an indirect wholly-owned subsidiary of COFCO
“COFCO Finance Supplemental Agreement”	the supplemental agreement dated 15 May 2023 between the Company and COFCO Finance to the Existing Financial Services Agreement
“Company”	Fountain Set (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 420)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Deposit Services”	the deposit and related services to be provided by COFCO Finance to the Group under the Existing Financial Services Agreement (as supplemented by the COFCO Finance Supplemental Agreement)
“Director(s)”	the director(s) of the Company
“Existing Chinatex Annual Caps”	the existing annual caps for the transactions under the Existing Material Purchase Framework Agreement as disclosed in the announcement of the Company dated 16 December 2021
“Existing Deposit Annual Cap”	the revised annual caps for the maximum daily balance of deposits (including accrued interests) placed by the Group with COFCO Finance pursuant to the Existing Financial Services Agreement
“Existing Financial Services Agreement”	the financial services agreement dated 14 July 2022 between the Company and COFCO Finance in relation to the Deposit Services, the Loan Services and the Other Financial Services for a term of three years
“Existing Material Purchase Framework Agreement”	the material purchase framework agreement dated 16 December 2021 between the Company and Chinatex in relation to the purchase of yarns, cotton and other materials related to the production of fabrics, garments and cooking oil and foodstuffs by members of the Group from members of the Chinatex Group from time to time

“GM”	the annual or extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, inter alia, the Revised Chinatex Annual Caps, the Revised Deposit Annual Cap, the Supplemental Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all independent non-executive Directors
“Independent Financial Adviser” or “Donvex Capital”	Donvex Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps under the Existing Material Purchase Framework Agreement and the Existing Financial Services Agreement
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the GM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services”	the comprehensive loan and related services to be provided by COFCO Finance to the Group under the Existing Financial Services Agreement (as supplemented by the COFCO Finance Supplemental Agreement)
“Other Financial Services”	apart from the Deposit Services and the Loan Services, other financial services as detailed in the announcement of the Company dated 14 July 2022 to be provided by COFCO Finance to the Group under the Existing Financial Services Agreement (as supplemented by the COFCO Finance Supplemental Agreement)
“PBC”	People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Revised Chinatex Annual Caps”	the revised annual caps for the transactions under the Existing Material Purchase Framework Agreement as set out in the Chinatex Supplemental Agreement
“Revised Deposit Annual Cap”	the revised annual caps for the maximum daily balance of deposits (including accrued interests) placed by the Group with COFCO Finance pursuant to the COFCO Finance Supplemental Agreement
“SASAC”	國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council of the PRC)
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the Chinatex Supplemental Agreement and the COFCO Finance Supplemental Agreement
“%”	per cent

By Order of the Board  
**Fountain Set (Holdings) Limited**  
**LIU Xianfu**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 May 2023

*Registered Office:*  
Block A, 6th Floor  
Eastern Sea Industrial Building  
29-39 Kwai Cheong Road  
Kwai Chung  
New Territories  
Hong Kong

*As at the date of this announcement, the Board comprises 4 executive Directors, namely Mr. LIU Xianfu (Chairman and Chief Executive Officer), Mr. YAU Hang Tat Andrew, Mr. ZHAO Yao 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.*