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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)

POSITIVE PROFIT ALERT

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 (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) 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 year ended 31 December 2023 and other information currently available to the Board, the Group is expected to record a profit before income tax expense of approximately HK\$70 million to HK\$110 million and a net profit attributable to owners of the Company of approximately HK\$25 million to HK\$55 million for the year ended 31 December 2023 as compared to the loss before income tax expense of HK\$20.2 million and the net loss attributable to owners of the Company of approximately HK\$115.5 million for the year ended 31 December 2022.

The net profit attributable to owners of the Company for the year ended 31 December 2023 was mainly attributable to the one-off gain of approximately HK\$196 million recorded during the year on disposal of the land use rights of part of the land parcel located at number 12, West District, Xiaoshan Road, Jiangyin City pursuant to the land resumption agreement dated 19 November 2023 between Jiangyin Fuhui Textile Company Limited* (江陰福匯紡織有限公司) (an indirect wholly-owned subsidiary of the Company) and the local government of Jiangyin City People’s Government Chengdong Subdistrict Office* (江陰市人民政府城東街道辦事處). The one-off gain is still subject to audit and the actual amount will be determined upon completion of audit of the consolidated accounts of the Group for the year ended 31 December 2023. For details of the land resumption, please refer to the announcement of the Company dated 21 November 2023.

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 year ended 31 December 2023, 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 audited annual results for the year ended 31 December 2023 will be announced by the end of March 2024 in compliance with the Listing Rules.

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

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

Hong Kong, 5 February 2024

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. LIU Xianfu (Chairman and Chief Executive Officer), Dr. LI Gang, Mr. YAU Hang Tat Andrew, Ms. ZHAO Jianli 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.

* *For identification purposes only*