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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)

**CHANGES OF DIRECTORS,
CHANGES OF COMPOSITION OF BOARD COMMITTEES AND
APPOINTMENT OF VICE CHAIRMAN**

With effect from 28 August 2018:

1. Mr. CHEN Minghong has resigned as an Executive Director of the Company;
2. Mr. LAN Jiang has resigned as an Executive Director of the Company and ceased to be a member of the Remuneration Committee;
3. Mr. ZHANG Chong has resigned as a Non-executive Director of the Company and ceased to be a member of the Audit Committee;
4. Mr. LIU Xianfu has been appointed as an Executive Director of the Company;
5. Mr. TAO Yongming has been appointed as an Executive Director of the Company and a member of the Remuneration Committee;
6. Mr. YAU Hang Tat Andrew has been appointed as an Executive Director of the Company;
7. Dr. YEN Gordon, a Non-executive Director, has been appointed as the vice chairman of the Board of the Company; and
8. Mr. SUN Fuji has been appointed as a Non-executive Director of the Company and a member of the Audit Committee .

RESIGNATION OF DIRECTORS AND CESSATION AS BOARD COMMITTEES MEMBERS

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries the “**Group**”) announces that with effect from 28 August 2018:

1. Mr. CHEN Minghong (“**Mr. CHEN**”) has resigned as an executive Director (the “**Executive Director**”) of the Company due to his intention to devote more time for the business and commitments at Chinatex Corporation Limited (“**Chinatex**”) (formerly known as China National Textiles Import and Export Corporation), a controlling shareholder of the Company;
2. Mr. LAN Jiang (“**Mr. LAN**”) has resigned as an Executive Director of the Company due to his intention to devote more time for the business and commitments at a subsidiary of the Company and ceased to be a member of the remuneration committee of the Board (the “**Remuneration Committee**”); and
3. Mr. ZHANG Chong (“**Mr. ZHANG**”) has resigned as a non-executive Director (the “**Non-executive Director**”) of the Company due to his intention to devote more time for the business and commitments at Chinatex and ceased to be a member of the audit committee of the Board (the “**Audit Committee**”).

Each of Mr. CHEN, Mr. LAN and Mr. ZHANG has confirmed that (i) he does not have any disagreement with the Board; and (ii) there is no matter in respect of his resignation and cessation above-mentioned, which needs to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) and the Stock Exchange.

APPOINTMENT OF DIRECTORS AND BOARD COMMITTEES MEMBERS

The Board also announces that with effect from 28 August 2018:

1. Mr. LIU Xianfu (“**Mr. LIU**”) has been appointed as an Executive Director of the Company;
2. Mr. TAO Yongming (“**Mr. TAO**”) has been appointed as an Executive Director of the Company and a member of the Remuneration Committee;
3. Mr. YAU Hang Tat Andrew (“**Mr. YAU**”) has been appointed as an Executive Director of the Company; and

4. Mr. SUN Fuji (“**Mr. SUN**”) has been appointed as a Non-executive Director of the Company and a member of the Audit Committee.

The respective brief biographical particulars of Mr. LIU, Mr. TAO, Mr. YAU and Mr. SUN are set out as follows:

Mr. LIU

Mr. LIU, aged 53, has over 24 years of experience in the textile industry. He joined Chinatex 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., 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*) in the People’s Republic of China (the “**PRC**”) in 1987 in professional accounting with a Bachelor's degree of Economics. He graduated in finance and 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 from The University of Texas at Arlington, United States of America (the “**USA**”) in December 2010.

Mr. LIU has entered into a service agreement with the Company for a term of 3 years commencing on 28 August 2018, which is terminable by either the Company or Mr. LIU by giving no less than 6 months’ notice in writing to each other. Mr. LIU is subject to retirement and re-election in accordance with the articles of association of the Company (the “**Articles of Association**”). The director’s fees and other monetary remuneration under the service agreement between the Company and Mr. LIU are waived by Mr. LIU.

As at the date of this announcement, Mr. LIU (i) does not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years or any other position in the Company or any of its subsidiaries; and (ii) does not have any interests or is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the

“SFO”). Save as disclosed above, Mr. LIU does not have any relationships with any directors, senior management, substantial shareholder or controlling shareholder (as respectively defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) of the Company.

Mr. TAO

Mr. TAO, aged 52, joined China National Cereals, Oils and Foodstuffs Corporation (“**COFCO**”), the predecessor of China National Cereals, Oils & Foodstuffs Import & Export Corporation, in 1987 and has held positions such as the officer and Deputy General Manager of Planning and Finance Department of COFCO, the Deputy General Manager of COFCO Capital Corporation, a subsidiary of COFCO, the General Manager of Shandong Peanut Import and Export Co., Ltd.*, a subsidiary of COFCO, Deputy General Manager of Risk Management Department of the Auditing & Supervision Department of COFCO, the Deputy General Manager of Audit Department of Audit, Legal and Risk Management Department of COFCO, the General Manager of Discipline Inspection & Supervision Department of Chinatex. Mr. TAO has served as the General Manager of Audit, Legal and Risk Management Department of Chinatex since May 2017. Mr. TAO graduated from Renmin University of China with a Bachelor's degree in Foreign Trade Accounting in the PRC in 1987.

Mr. TAO has entered into a service agreement with the Company for a term of 3 years commencing on 28 August 2018, which is terminable by either the Company or Mr. TAO by giving no less than 6 months’ notice in writing to each other. Mr. TAO is subject to retirement and re-election in accordance with the Articles of Association. The director’s fees and other monetary remuneration under the service agreement between the Company and Mr. TAO are waived by Mr. TAO.

As at the date of this announcement, Mr. TAO (i) does not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years or any other position in the Company or any of its subsidiaries; and (ii) does not have any interests or is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO. Save as disclosed above, Mr. TAO does not have any relationships with any directors, senior management, substantial shareholder or controlling shareholder (as respectively defined in the Listing Rules) of the Company.

Mr. YAU

Mr. YAU, aged 49, is currently the chief operating officer of the Group (the “COO”). Mr. YAU joined the Group in 1992 and has over 25 years of experience in the textile industry with extensive experience in operations and strategic planning. Mr. YAU graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1991 with a Higher Diploma in Textile Technology and subsequently obtained a Master of Science in Textile Engineering from the University of Leeds in the United Kingdom in 1992. In 2015, he earned an Executive Master of Business Administration from the Chinese University of Hong Kong.

Mr. YAU has entered into a service agreement with the Company for a term of 3 years commencing on 28 August 2018, which is terminable by either the Company or Mr. YAU by giving no less than 6 months’ notice in writing to each other. Mr. YAU is subject to retirement and re-election in accordance with the Articles of Association. The director’s fees and other monetary remuneration under the service agreement between the Company and Mr. YAU are waived by Mr. YAU. However, as Mr. YAU is currently the COO, he is entitled to a salary of HK\$2,200,000 per year, as well as a double pay and a discretionary bonus payment for this position. Mr. YAU’s remuneration is determined by the Board upon the Remuneration Committee’s recommendation by reference to his qualifications, experience, duties and responsibilities within the Group and the market conditions.

As at the date of this announcement, Mr. YAU holds 450,000 shares of the Company (the “Shares”) and the wife of Mr. YAU (“Mrs. YAU”) holds 480,000 Shares. By virtue of the SFO, Mr. YAU is deemed to be interested in such Shares held by Mrs. YAU, and therefore, Mr. YAU holds a total of 930,000 Shares. Mr. YAU has also been granted options to subscribe for 1,800,000 Shares during the exercisable period from 19 January 2019 to 18 January 2020 at an exercise price of HK\$1.1 per Share.

As at the date of this announcement, Mr. YAU does not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years or any other position in the Company or any of its subsidiaries. Save as disclosed above, Mr. YAU (i) does not have any relationships with any directors, senior management, substantial shareholder or controlling shareholder (as respectively defined in the Listing Rules) of the Company; and (ii) does not have any interests or is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

APPOINTMENT OF VICE CHAIRMAN

The Board further announces that with effect from 28 August 2018, Dr. YEN Gordon (“**Dr. YEN**”), a Non-executive Director, has been appointed as the vice chairman of the Board.

The brief biographical particulars of Dr. YEN are set out as follows:

Dr. YEN

Dr. YEN, aged 48, has been a Non-executive Director of the Company since 31 May 2013. Prior to that, he was the Chief Financial Officer of the Group and an Executive Director. He joined the Group in 1999 and was then promoted to the role of Executive Director in 2004 before re-designating as a Non-executive Director. Dr. YEN is currently the managing director of Radiant Venture Capital Limited and the managing partner of Radiant Tech Ventures Limited. He also serves as an independent non-executive director and a member of each of the remuneration committee and audit committee of Hopewell Holdings Limited, a company listed in Hong Kong. Dr. YEN is a member of the Henan Province Committee of the Chinese People’s Political Consultative Conference of the PRC, a director of GS1 HK Limited, and a director of the Hong Kong Chiu Chow Chamber of Commerce. He holds a Bachelor’s degree in Manufacturing Engineering from Boston University, USA; a Master of Business Administration degree from McGill University, Canada and a Doctor of Business Administration from The Hong Kong Polytechnic University.

Dr. YEN has entered into a letter of appointment with the Company for a further term of 1 year commencing on 28 August 2018, which is terminable by either the Company or Dr. YEN by giving no less than 1 month’s advance notice in writing to each other. Dr. YEN is subject to retirement by rotation and re-election in accordance with the Articles of Association. Pursuant to the letter of appointment, Dr. YEN is entitled to a director’s fee of HK\$200,000 per annum, which was determined by the Board upon the Remuneration Committee’s recommendation by reference to his qualifications, experience, duties and responsibilities within the Group and the market conditions.

As at the date of this announcement, Dr. YEN was beneficially interested in 8,380,000 Shares. Save as disclosed above, Dr. YEN (i) did not hold any directorship in other listed companies during the past three years nor any other position in any member of the Group; (ii) does not have any relationship with any directors, senior management, substantial shareholder or controlling shareholder (as respectively defined in the Listing Rules) of the Company; and (iii) does not have any interest in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO.

Mr. SUN

Mr. SUN, aged 54, is a senior engineer. He has over 34 years of experience in the textile industry. Mr. SUN joined Zhucheng Chinatex Sunrise Textiles Co., Ltd. (formerly known as Zhucheng Cotton Spinning Factory) in 1984 and has held positions such as the technician and the Deputy Officer of Front Spinning Department, the Factory Director Assistant and the Deputy Factory Director of Zhucheng Cotton Spinning Factory, the Deputy General Manager of Zhucheng Textiles Corporation, and the General Manager of Chinatex Jinwei Textiles Co., Ltd.* and the General Manager of Chinatex Sunrise Textiles Co., Ltd. Mr. SUN has served as the Deputy General Manager of Textile & Garment BU, a subsidiary of Chinatex, the General Manager of Chinatex Jinwei Textiles Co., Ltd.* and the General Manager of Chinatex Sunrise Textiles Co., Ltd. since May 2017. Mr. SUN graduated with a Bachelor's degree in engineering from the Textile Department of Cotton Manufacturing of Shandong Textiles Engineering Institute in the PRC in 1984.

Mr. SUN has entered into a letter of appointment with the Company for a term of 1 year commencing on 28 August 2018, which is terminable by either the Company or Mr. SUN by giving no less than 1 month's notice in writing to each other. Mr. SUN is subject to retirement and re-election in accordance with the Articles of Association. The director's fees and other monetary remuneration under the letter of appointment between the Company and Mr. SUN are waived by Mr. SUN.

As at the date of this announcement, Mr. SUN (i) does not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years or any other position in the Company or any of its subsidiaries; and (ii) does not have any interests or is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO. Save as disclosed above, Mr. SUN does not have any relationships with any directors, senior management, substantial shareholder or controlling shareholder (as respectively defined in the Listing Rules) of the Company.

Save as disclosed above, there are no other matters relating to the appointments of Mr. LIU, Mr. TAO, Mr. YAU and Mr. SUN that need to be brought to the attention of the Shareholders and there is no information that should be disclosed pursuant to Rule 13.51 (2)(h) to (v) of the Listing Rules.

Save as disclosed above, there are no other matters relating to Dr. YEN's appointment of a new position that need to be brought to the attention of the Shareholders and there is no

information that should be disclosed pursuant to Rule 13.51 (2)(h) to (v) of the Listing Rules.

APPRECIATION AND WELCOME

The Board would like to take this opportunity to (i) express its sincere gratitude to Mr. CHEN, Mr. LAN and Mr. ZHANG for their valuable contributions to the Group over the years; (ii) welcome Mr. LIU, Mr. TAO, Mr. YAU and Mr. SUN on their appointments; and (iii) welcome Dr. YEN for taking up the new position.

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

Hong Kong, 28 August 2018

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

**For identification purpose only*