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

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

MAJOR TRANSACTION
PROPOSED ACQUISITION OF 81% CAPITAL CONTRIBUTION INTEREST IN A VIETNAMESE COMPANY

THE ACQUISITION

The Board is pleased to announce that, on 9 September 2026 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company), as transferee, the Vendor and the Target Company entered into an Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to buy 81% of the capital contribution interest in the Target Company for a cash consideration of US$27,945,000 (equivalent to approximately HK$219,089,000). The remaining 19% capital contribution interest will be held by a person designated by the Vendor and approved in writing by the Purchaser.

The Target Company is a company incorporated in Tây Ninh Province, Vietnam, and is continuously engaged in the production of knits, dyeing and finishing, and supporting textile products. The Target Company owns land use right, fabric production plants, machinery, and other facilities in the locality.

Upon the Completion, the Target Company will become an indirect subsidiary of the Company holding its 81% equity interest, and its financial results will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition will be subject to the approval of the Shareholders at the extraordinary general meeting. To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, no Shareholder nor its/his/her associate(s) has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and accordingly, no Shareholder is required to abstain from voting at the EGM to be convened by the Company for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, information relating to the Acquisition and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 October 2026, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Acquisition is conditional on the fulfillment of the conditions precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

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The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 9 September 2026

Parties:

(i) Ocean Textile Investment Pte. Limited (the Purchaser)

(ii) Lian-Ta-Hsing International Co., Ltd. (the Vendor)

(iii) Target Company

(iv) Mr. Kao, Wen-cheng (the Guarantor)

SUBJECT MATTER OF THE ACQUISITION

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to buy 81% of the capital contribution interest in the Target Company.

The Target Company mainly owns long-term operating assets such as land use rights, plants and equipment. These assets also form the core valuation basis of the Acquisition. According to the Transaction Agreements (including the Equity Transfer Agreement and the Asset Divestment Agreement), the current assets (cash, inventories, accounts receivable, and others) and liabilities (bank loans, shareholder loans, accounts payable, tax payable, employee remuneration, guarantees, and others) of the Target Company as of the Reference Date (namely the Divested Assets and Liabilities as defined in this announcement) must be divested, repaid, or transferred by the Vendor through its own arrangements before 31 July 2026 (or a grace period approved in writing by the Purchaser). As at the date of the Valuation Report, the aforesaid divestment of assets and liabilities has been completed.

In addition, Mr. Kao, Wen-cheng, being the director of the Vendor and/or the legal representative of the Target Company, has provided a personal guarantee in favour of the Purchaser under the Equity Transfer Agreement. The personal guarantee provided by Mr. Kao is a continuing and full recourse guarantee in favour of the Purchaser in respect of all monetary obligations of the Vendor and, to the extent applicable, the Target Company under the Transaction Agreements, including without limitation any payment obligations, refund obligations, indemnities and compensation for losses arising from breach of representations and warranties, undisclosed liabilities, tax reassessments, historical liabilities, and other contractual obligations. The guarantee shall remain valid for a period of ten (10) years from the date of Completion.

CONSIDERATION

The Consideration for the Acquisition is US$27,945,000 (equivalent to approximately HK$219,089,000).

The Consideration shall be payable by the Purchaser to the Vendor in cash in three instalments in accordance with the Equity Transfer Agreement, as follows:

(1) Deposit

The first instalment, being 20% of the Consideration in the amount of US$5,589,000 (equivalent to approximately HK$43,818,000) (the "**First Instalment**"), shall be payable upon the Equity Transfer Agreement becoming effective and the Vendor and the Minority Shareholder having completed the necessary internal approvals and authorisations for the transaction.

Pursuant to applicable Vietnamese tax laws, the Vendor shall be responsible for capital transfer income tax arising from the transfer of equity interests at the rate of 2% of the total Consideration. Based on the Consideration of US$27,945,000, the estimated capital transfer income tax amounts to US$558,900. The Purchaser shall be entitled to withhold such estimated tax amount of US$558,900 from the First Instalment and apply such amount towards payment of the capital transfer income tax in accordance with applicable laws. The amount so withheld and applied shall be deemed to have been paid by the Purchaser to the Vendor as part of the Consideration. The net amount payable to the Vendor upon payment of the First Instalment (after withholding of the estimated capital transfer income tax) is US$5,030,100.

If the Equity Transfer Agreement is terminated due to failure of the conditions precedent or failure to complete the registration procedures (other than due to the Purchaser's default), the Vendor shall refund the First Instalment to the Purchaser within five (5) working days from the date of termination. If such termination is attributable to the Vendor or the Target Company, the Vendor shall indemnify the Purchaser for losses suffered.

(2) Completion payment

The second instalment, being 60% of the Consideration in the amount of US$16,767,000 (equivalent to approximately HK$131,453,000) (the "**Completion Payment**"), shall be payable upon Completion, subject to fulfilment of the following conditions, or lawful written waiver thereof by the Purchaser, including:

(i) completion of the change of members and enterprise type of the Target Company and registration of the Purchaser as holder of 81% equity interests and the Minority Shareholder as holder of 19% equity interests;

(ii) completion of updates to the enterprise registration certificate, members register, articles of association and other corporate registration documents;

(iii) the Purchaser having obtained management control of the Target Company in accordance with the transaction documents;

(iv) completion of all other conditions precedent and execution of completion documents; and

(v) the Vietnam capital transfer income tax and other taxes legally borne by the Vendor in connection with the equity transfer having been duly declared and paid in accordance with the Equity Transfer Agreement, and the Vendor and the Target Company having provided to the Purchaser the tax declaration forms accepted by the competent tax authority, tax payment receipts and other required tax compliance documents; provided that, where required under applicable Vietnamese laws or by the competent tax authority or banks, the Purchaser shall be entitled to retain the relevant tax amount from the Completion Payment and arrange payment thereof on behalf of the Vendor, and such retained amount shall be deemed paid as part of the Consideration.

If any of the above conditions is not fulfilled, the Purchaser shall have the right to suspend payment of the Completion Payment, and such suspension shall not constitute a breach.

(3) Retention amount

The third instalment, being 20% of the Consideration in the amount of US$5,589,000 (equivalent to approximately HK$43,818,000) (the "**Retention Amount**"), shall be temporarily withheld by the Purchaser as security for (i) the Target Company's repayment of the US$5,000,000 indebtedness owed to Fountain Set, (ii) any historical liabilities formed prior to Completion, (iii) outstanding divestment matters, and (iv) the indemnification obligations of the Vendor under the Equity Transfer Agreement.

The Retention Amount shall be released (after deduction of any amounts payable in accordance with the Equity Transfer Agreement) upon fulfilment of the following conditions:

(i) six (6) months having elapsed from the date of Completion;

(ii) the Purchaser and the Minority Shareholder having provided shareholder loans to the Target Company in an aggregate amount of US$5,000,000 on a pro-rata basis;

(iii) the Target Company having fully repaid the indebtedness in the amount of US$5,000,000 owed to Fountain Set and Fountain Set having confirmed receipt of such payment;

(iv) Fountain Set having issued a debt settlement and release confirmation acceptable to the Purchaser confirming that all obligations (including principal, interest, penalties and damages, if any) in relation to such indebtedness have been fully discharged and that no further claims shall be made against the Target Company or the Purchaser; and

(v) no unresolved historical liabilities, undisclosed tax liabilities, labour claims, administrative penalties, outstanding disputes, or other material contingent liabilities having been identified during the six-month period following Completion.

If any of the above conditions is not satisfied, the Purchaser shall be entitled to withhold payment of all or part of the Retention Amount without constituting a breach of the Equity Transfer Agreement.

The Consideration will be financed through the internal resources of the Group.

BASIS FOR THE DETERMINATION OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations among the Vendor and the Purchaser, by reference to the market value assessment of 100% of all equity interests of the Target Company conducted by the Valuer, using the asset-based approach in respect of the core operating assets of the Target Company as of 30 April 2026 (including long-term operating assets such as land use rights, plants, and machinery and equipment, excluding Divested Assets and Liabilities), which has been filed with the competent state-owned assets supervision authority. According to the Valuation Report, as at 30 April 2026, the appraisal value of 100% of all equity interests of the Target Company amounted to RMB240,653,200 (equivalent to approximately HK$281,564,000), which served as the primary basis for the Consideration of US$27,945,000 or HK$219,089,000 for the proposed 81% equity transaction between the parties.

In determining the Consideration, the current assets of the Target Company as of the Reference Date (including cash, inventories, accounts receivable, etc.) and liabilities (including bank loans, shareholder loans, accounts payable, taxes payable, employee remuneration, guarantees, etc.) (namely the Divested Assets and Liabilities as defined in this Announcement) shall be fully cleared, divested, or made good by the Vendor on or before 31 July 2026 (or a grace period approved in writing by the Purchaser) in accordance with the terms of the Transaction Agreement. Otherwise, the Vendor shall make good the shortfall in cash or bear full economic liability for it. Such items are excluded from the scope of the aforesaid appraisal and the transaction consideration.

The Purchaser and the Vendor agree that the Consideration shall be a fixed sum. Any variances in the final profit or loss, recovery amounts, or liability amounts in respect of the Divested Assets and Liabilities prior to Completion shall have no impact on the amount of the Consideration, and no working capital or liability adjustments shall be made whatsoever.

Appraisal Methodology

The Valuer has considered the asset-based approach, income approach and market approach, and ultimately adopted the asset-based approach to arrive at the appraisal conclusion.

The asset-based approach is based on the balance sheet of the Target Company as at the Reference Date. Values of on-balance sheet assets and liabilities as well as identifiable off-balance sheet assets and liabilities are assessed separately to determine the market value of all equity interests of the Target Company.

Given that the Target Company maintains relatively complete financial and asset management information, and relevant data on asset replacement costs and market information are available, the Valuer considers the asset-based approach applicable to this appraisal.

The Valuer has not adopted:

(1) the income approach, as the Target Company has sustained losses during its historical operating periods and its future profitability cannot be reasonably forecast; and

(2) the market approach, as there are relatively few listed companies and transaction cases available in the public market that are sufficiently comparable to the Target Company in respect of business focus, asset scale and operating scale, and sufficient reliable market data cannot be obtained.

Main Appraisal Methods and Parameters

Pursuant to the Valuation Report:

(1) Buildings and structures are principally appraised by the cost approach. Their appraised values are determined by multiplying the replacement cost by the comprehensive depreciation rate. The replacement cost mainly comprises preliminary expenses, building and installation engineering costs and capital costs. The comprehensive depreciation rate is determined with reference to the economic useful life, the years already in service, the remaining useful life of the relevant assets, as well as their actual condition identified from site inspection;

(2) Machinery and equipment are principally appraised under the cost approach. Their replacement costs mainly consist of equipment purchase prices, transportation and handling charges, installation costs and capital costs. The comprehensive depreciation rate is determined based on the economic useful life, years already in service, remaining useful life and actual operating condition of the equipment;

(3) Right-of-use assets of the Target Company comprise land infrastructure usage fees and annual net land rents. Among them, the land infrastructure usage fees are appraised under the market approach, whilst the annual net land rents are appraised under the income approach;

(4) Long-term deferred costs are primarily assessed in conjunction with the relevant buildings and structures, site landscaping and equipment, whilst other costs, such as certification service fees, are determined on the basis of their verified carrying amounts; The appraised values of the deferred income tax assets has been determined to be nil as there are no reversible items when revenue is recognised on the relevant assets in the future; and

(5) Liabilities' appraised values are determined based on verified carrying amounts.

Principal Appraisal Assumptions

The principal assumptions adopted in the Valuation Report include:

(1) The subject property of appraisal is transacted in a normal and voluntary open market, with both parties to the transaction acting rationally and free from any duress;

(2) No material changes will occur in the political, economic and social environments of relevant countries and regions, as well as macroeconomic policies, industrial policies and regional development policies after the Reference Date;

(3) No material changes will occur in interest rates, exchange rates, tax bases, tax rates and policy-based charges after the Reference Date;

(4) No material adverse impact will arise from force majeure or unforeseeable events after the Reference Date;

(5) The assets within the appraisal scope will continue to be used at their current locations for their existing purposes;

(6) The appraisal does not take into account any impact on the appraisal conclusion that may be caused by mortgages, guarantees or special transaction arrangements already created as at the Reference Date;

(7) The Target Company's land use rights and factory buildings and structures are currently subject to a security in respect of a bank loan of US$5 million. As at the date of the Valuation Report, the bank loan has been repaid and the deregistration of the security over the land use rights and factory buildings and structures have been completed. As such, the Valuer is of the view that the above matter does not affect the reasonableness of the valuation conclusion; and

(8) The inherent quality of the subject property of appraisal complies with the applicable relevant standards and is sufficient to sustain normal operation.

Appraisal Results and Appreciation Arising from Appraisal

As set out in the section headed "Basis for the Determination of the Consideration" above in this announcement, the appraisal was conducted based on the simulated balance sheet prepared to reflect the agreed divestment arrangements. The appraisal scope principally comprises the Target Company's long-term core operating assets, including fixed assets and right-of-use assets, as well as long-term deferred costs, deferred tax assets and the relevant liabilities retained in the simulated balance sheet. The current assets and liabilities to be divested were not included in the appraisal scope.

As at the Reference Date, the carrying amount and appraised value of the total assets of the Target Company were approximately RMB110,298,500 and RMB241,362,400, respectively, representing an appreciation of approximately RMB131,063,900, or approximately 118.83%. The carrying amount and appraised value of the total liabilities were both approximately RMB709,100, with no appreciation or depreciation. Accordingly, the carrying amount and appraised value of the entire equity interest in the Target Company were approximately RMB109,589,400 and RMB240,653,200, respectively. The appreciation arising from the appraisal amounted to approximately RMB131,063,800, representing an appreciation rate of approximately 119.60%.

The principal reasons for the aforesaid appraisal premium are set out below:

1. Differences in appraisal methodology and calculation basis: The appraisal adopts the asset-based approach. Based on prevailing market conditions as at the Reference Date, the core operating assets of the Target Company, including land, plants, and major machinery and equipment, have been revalued to reflect their market replacement costs or market values. Such appraisal methodology differs significantly from net book assets, which are calculated based on historical cost minus depreciation.

2. Disparity between historical depreciation and market value of assets: Certain parcels of land and plants owned by the Target Company were acquired in the early years with substantial accumulated depreciation. Their market values and replacement costs have appreciated remarkably in recent years, in particular the prices of industrial land and large-scale equipment procurement, resulting in a significant gap between carrying amounts and appraisal values.

Further details of the valuation methodology, major assumptions, principal parameters and appraisal results, including the valuation of buildings and structures, machinery and equipment and right-of-use assets, will be set out in the circular to be despatched to the Shareholders.

Views of the Board

The Directors have reviewed the appraisal bases, methodologies, assumptions and key parameters adopted in the Valuation Report, and taken into account: (i) the asset-based approach is suitable for reflecting the market value of the core operating assets of the Target Company; (ii) the independence, qualifications and relevant experience of the Valuer; and (iii) the appraisal appreciation mainly arises from the revaluation of property, plant and equipment and right-of-use assets on a market basis as at the Reference Date . The Directors consider that the appraisal reasonably reflects the market value of all equity interests of the Target Company as at the Reference Date, the consideration is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

CONDITIONS

Pursuant to the Equity Transfer Agreement, Completion of the Acquisition shall only take effect upon the full satisfaction (or the obtaining of the Purchaser's written waivers by the Vendor, save for conditions precedent which cannot be waived pursuant to applicable laws, regulatory rules, Listing Rules or their nature, for example, the condition set out in paragraph (2) below concerning the approval by resolution at the Company's general meeting) of all the following conditions precedent:

(1) The Equity Transfer Agreement and all transaction documents have been duly executed by the authorized representatives of all parties and become effective;

(2) The Purchaser and the Company have obtained formal resolutions/approvals from their respective boards of directors, shareholders' meetings/general meetings and other competent internal authorities in respect of the Acquisition;

(3) The Vendor has completed all internal approvals and authorisations required for the Acquisition and, as the sole shareholder of the Target Company, has adopted valid shareholder resolutions approving (i) the transfer of 81% equity interest in the Target Company to the Purchaser, (ii) the holding of the remaining 19% equity interest by the Minority Shareholder, (iii) the conversion of the Target Company from a single-member limited liability company to a multi-member limited liability company, (iv) the amendments to the articles of association, (v) the execution of the shareholders' agreement, (vi) adjustments to the corporate governance structure, and (vii) all related change registration matters; and the Minority Shareholder has completed all necessary internal approvals and authorisations, entered into the shareholders' agreement and the amended articles of association and other necessary transaction documents with the Purchaser, and issued the requisite consents and supporting documents required for the completion of the Acquisition and the corresponding corporate governance and registration changes;

(4) The foreign investment compliance registrations in connection with the Acquisition, including the change of the foreign investor's capital contribution interest and the filing of the amended articles of association, have been approved/confirmed by the competent authorities, or all relevant formalities have been completed (where exempted, a certificate issued by the competent authority shall be obtained);

(5) The enterprise registration changes of the Target Company, including the conversion of the Target Company from a single-member limited liability company to a multi-member limited liability company, registration of member information, change of legal representative and/or authorised representative, amendments to the articles of association and other relevant enterprise registration formalities, have been completed; or the competent authority has issued written confirmation, or other verifiable supporting evidence has been obtained, confirming that such registration procedures may be completed after Completion and will not affect the Purchaser's acquisition of 81% equity interest and corresponding management and control rights in the Target Company;

(6) Adjustments to the investment registration certificate of the Target Company have obtained the consent or confirmation of the competent investment authority, or the relevant adjustment registration has been completed. If the competent authority confirms that no adjustment to the investment registration certificate is required for the Acquisition, or that such adjustment may be carried out after Completion, corresponding written confirmation or verifiable supporting documents shall be obtained;

(7) The Target Company has completed or concurrently processed the transparent disclosure, filing, or update of the Ultimate Beneficial Owner (UBO)/de facto controller in accordance with applicable laws of Vietnam;

(8) Assessment of economic concentration filing under Vietnam Competition Law in respect of the Acquisition has been completed. If the filing thresholds are met, a decision from the competent authority not to prohibit the implementation of the transaction has been obtained, or the review period has expired without a prohibition being issued;

(9) All parties have completed all necessary confirmations and reviews regarding matters including the Consideration payment arrangement, payment accounts, currency denomination, tax filing, foreign exchange compliance, and bank document requirements;

(10) All third-party consents and documentary formalities relating to the Target Company's land, industrial park, major contracts, key customers and suppliers, bank loans, guarantees, taxation, employment, environmental protection, fire safety, and other relevant matters have been completed (where such formalities are not required, a written explanation shall be obtained and the relevant liabilities shall be borne);

(11) The Vendor has completed full settlement of all Divested Assets and Liabilities, and such settlement has been confirmed by the Purchaser;

(12) All representations, warranties, and covenants made by the Vendor and the Target Company under the Equity Transfer Agreement remain true, accurate, and complete as of the date of Completion, and no circumstances exist that would materially adversely affect the Acquisition; and

(13) The Guarantor has duly executed the transaction and guarantee documents and has provided valid identification, evidence of full civil capacity and legal standing, written confirmation of the voluntary provision of the guarantee and understanding of its scope and Hong Kong arbitration consequences, and all necessary third-party consents or authorisations (if required).

If all the aforesaid conditions precedent are not fully satisfied or waived in writing by the Purchaser (where waivable) by 31 December 2026 (or such other date as the Purchaser may agree in writing), the Purchaser shall be entitled to unilaterally terminate the Equity Transfer Agreement and the relevant transaction documents, and demand the Vendor to refund all sums that have already been paid and indemnify the Purchaser against all losses; and the Purchaser shall not bear any liability for breach of contract in respect thereof.

COMPLETION

Pursuant to the Equity Transfer Agreement, the Completion shall be deemed to have taken place once all conditions precedent have been fulfilled or waived in writing by the Purchaser, and the Purchaser has issued a confirmation that all Completion documents have been duly executed and delivered.

From the date of Completion, the Target Company will become an indirect subsidiary in which the Company holds an 81% equity interest, and its financial results will be consolidated into the Group's financial statements.

INFORMATION ABOUT PARTIES TO EQUITY TRANSFER AGREEMENT

The Group and the Purchaser

The Company acts as an investment holding company. The Group is principally engaged in the textile and garment businesses, including the production and sale of knitted fabric and garments.

The Purchaser is an indirect wholly-owned subsidiary of the Company established in Singapore, and is principally engaged in international commercial investment.

The Vendor

The Vendor is a limited liability company incorporated in Seychelles, and is principally engaged in international commercial investment.

The issued share capital of the Vendor is currently owned as to 7.5% by Mr. Song, Da-Tao (also known as Mr. Song Adrian), 35.5% by Lian Ta Hsing Co., Ltd., 19% by Lee & Bridge Co., Ltd., 19% by Poly Charm Inc. (多迷有限公司*) and 19% by New Wide International Co., Ltd. Mr. Kao, Wen-Cheng is the single largest shareholder of Lian Ta Hsing Co., Ltd., holding approximately 41.6% of its issued share capital; the remaining equity interests are held by ten other individual shareholders, none of whom holds one-third or more of its issued share capital.

To the best of the Directors' knowledge, information, and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are independent third parties.

The Target Company

The Target Company is a limited liability company incorporated in Tây Ninh Province, Vietnam, and is continuously engaged in the production of knits, dyeing and finishing, and supporting textile products. The Target Company holds a land use right to a piece of land located in Phuoc Dong Industrial Zone, Phuoc Dong Commune, Huyện Gò Dầu, Tây Ninh Province, Vietnam, and owns and operates fabric production plants, machinery, and other facilities located on the land.

As at the date of this announcement, the registered capital of the Target Company is US$36,000,000, and the Vendor legally holds 100% capital interest and ownership interest.

The tables below set out the financial information of the Target Company for the two years ended 31 December 2024 and 2025 and four months ended 30 April 2026 respectively:

	For the financial year ended 31 December 2024	**For the financial year ended 31 December 2025**	**1 January 2026 to 30 April 2026**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	96,651	67,683	15,868
Loss before income tax	(18,028)	(14,625)	(7,495)
Loss for the year/period	(18,024)	(14,622)	(7,502)

The Target Company's net assets as at 30 April 2026 amounted to approximately HK$120,971,000.

SHAREHOLDERS' AGREEMENT

Pursuant to the Equity Transfer Agreement, upon Completion, the Purchaser and the Minority Shareholder will enter into a shareholders' agreement in relation to the Target Company (the "**Shareholders' Agreement**") to regulate their respective rights and obligations as shareholders following Completion.

Pursuant to the Shareholders' Agreement, among other things: (i) the Purchaser, as the holder of 81% equity interest in the Target Company, shall have control over the Target Company in accordance with applicable laws and the constitutional documents of the Target Company; (ii) certain significant matters shall require approval by the shareholders in accordance with the agreed voting thresholds; (iii) the Minority Shareholder's equity interest shall be subject to customary transfer restrictions, including lock-up arrangements and pre-emptive rights; and (iv) the Shareholders' Agreement will contain customary provisions relating to information rights, funding arrangements, transfer of equity interests and other minority protection terms.

The Shareholders' Agreement shall take effect upon Completion and shall remain in force in accordance with its terms.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a globally leading integrated textile enterprise with a long-standing focus on building its own production capacity and strategically positioning itself within the global industrial supply chain. The Acquisition will bring the following key benefits:

(1) **Improving asset quality and creating synergistic effects:** The Target Company is a production and trading company with comprehensive fabric manufacturing and dyeing and finishing capabilities. It owns an established fabric production factory in Tây Ninh Province, Vietnam, with complete ancillary facilities on site and a high degree of equipment newness. Through the equity acquisition, its core operating assets comprising factory premises, production equipment and workforce can be immediately obtained. Such assets have been independently assessed as having a sound production capacity base and potential for sustainable operations.

(2) **Enhancing regional production capacity and responding to market demand:** The Group can gain immediate access to established production facilities and operating teams, substantially shortening the time required to invest in new production capacity, rapidly enhancing the Group's fabric knitting, dyeing and finishing production capacity and effectively responding to growing global demand for textile products and shifts in order flows, whilst recouping market share lost due to the industry's supply chain shift towards South-East Asia.

(3) **Optimising the industrial chain layout and strengthening cost structure:** The Group can further refined its industrial chain layout in Southeast Asia, making full use of Vietnam's numerous free trade agreements, well-established textile industrial chain, abundant labour force and geographical and logistical advantages. This move will improve regional synergy and the operational efficiency of short supply chains for raw materials, as well as strengthen cost competitiveness and supply chain resilience, thereby helping the Group to capitalise on the rapid development opportunities in the textile and apparel sector in Southeast Asia.

(4) **Advancing overseas expansion and long-term strategy:** The Acquisition is in line with the Group's strategy for overseas business development and represents a key initiative in the Group's overseas production capacity deployment. By acquiring control of the Target Company, the Group will expand its business scale in Southeast Asia, drive its production capacity "going global" and diversify its development, thereby optimising its overall production capacity layout, establishing long-term, sustainable sources of profit growth, and strengthening the resilience of its global supply chain.

In view of the above reasons, the Board considers that the Acquisition will help to consolidate and enhance the Group's competitive advantage in the global textile sector, and that the terms of the Acquisition are fair and reasonable and are conducted on normal commercial terms. The Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition will be subject to the approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or its/his/her associate(s) has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and accordingly, no Shareholder is required to abstain from voting at the EGM to be convened by the Company for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, information relating to the Acquisition and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 October 2026, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Acquisition is conditional upon the fulfillment of the conditions precedent, it may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms have the following meanings unless the context otherwise requires:

"Acquisition"	the acquisition of an 81% capital contribution interest in the Target Company by the Purchaser from the Vendor on the terms and conditions set out in the Equity Transfer Agreement
"Asset Divestment Agreement"	the agreement entered into by the Purchaser, the Vendor, and the Target Company on the determination of the scope of assets and liabilities and the obligations arising from the divestment of assets dated 27 July 2026 in relation to, among other things, the Vendor's undertaking to fulfil the obligation to divest the assets and liabilities under the agreement before 31 July 2026
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors

"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)
"Completion"	the completion of the Acquisition
"Conditions"	the conditions precedent to Completion under the Equity Transfer Agreement as set out in the paragraph headed 'Acquisition – Conditions' in this announcement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the total consideration for the acquisition of 81% capital contribution interest in the Target Company pursuant to the Equity Transfer Agreement
"Director(s)"	the director(s) of the Company
"Divested Assets and Liabilities"	as of the Reference Date, (1) the assets recorded in the Target Company's accounts and actually in existence, which the Vendor is responsible for divesting, including but not limited to: cash and cash equivalents, accounts receivable, inventories (yarn, greige fabric, finished goods, etc.), prepayments, other receivables and all other current assets; and (2) all liabilities, obligations, responsibilities and financial burdens incurred by the Target Company or reasons that arose prior to the Reference Date, including but not limited to bank loans, shareholder loans, connected party loans, accounts payable, advance payments, taxes payable, employee remuneration and social security contributions, work-related injury and compensation liabilities, guarantees, mortgages/pledges, contingent liabilities, administrative penalties, litigation and arbitration, environmental, fire and safety compliance liabilities, unrecognised liabilities, off-balance-sheet liabilities, and any other liabilities for which the Target Company is or may become liable or subject to recourse
"Equity Transfer Agreement"	the equity transfer agreement dated 9 September 2026 entered into by the Purchaser, the Vendor, and the Target Company in relation to, among other things, the Acquisition
"Fountain Set"	Fountain Set Limited, a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries

"Guarantor"	Mr. KAO, Wen-cheng (高文政), the guarantor of the Acquisition, who provided a personal guarantee in favour of the Purchaser under the Equity Transfer Agreement in respect of the Vendor's and the Target Company's payment, refund, indemnity and other monetary obligations thereunder
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Partie(s)"	any persons or company(ies) and their respective ultimate beneficial owners (if applicable) who, to the best of the Director's knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Minority Shareholder"	a shareholder holding 19% of the equity interest in the Target Company following the Completion, who is an independent third party designated by the Vendor and approved in writing by the Purchaser
"PRC"	the People's Republic of China
"Purchaser"	Ocean Textile Investment Pte. Limited, a company incorporated in Singapore with limited liability, an indirectly wholly-owned subsidiary of the Company and the purchaser of the Acquisition
"Reference Date"	30 April 2026
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	shares in issue of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Công Ty TNHH Lian-Ta-Hsing (Việt Nam) (the Chinese and English names being 連大興（越南）有限公司 and Lian-Ta-Hsing Company Limited (Vietnam) respectively), a company incorporated in Vietnam with limited liability
"Transaction Agreements"	the Equity Transfer Agreement and the Asset Divestment Agreement
"Valuation Report"	the asset appraisal report prepared by the Valuer concerning all equity interests of the Target Company
"Valuer"	an independent third-party asset appraisal institution, namely China Enterprise Appraisals Co., Ltd.
"Vendor"	Lian-Ta-Hsing International Co., Ltd, a company incorporated in Seychelles with limited liability and is the vendor of the Acquisition
"Vietnam"	the Socialist Republic of Vietnam
"US$"	the United States dollars, the lawful currency of the U.S.
"%"	per cent

In this announcement, for illustration purposes only and unless otherwise stated, all amounts denominated in US$ have been translated into HK$ using the exchange rate of US$1.00: HK$7.84, and all amounts denominated in RMB have been translated into HK$ using the exchange rate of RMB1: HK$1.17.

By order of the Board
Fountain Set (Holdings) Limited
XI Qiang
Chairman

Hong Kong, 9 September 2026

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. XI Qiang (Chairman), Dr. LI Gang (Chief Executive Officer), Mr. YAU Hang Tat Andrew, Mr. YIN Jian, and Mr. ZHANG Zheng; 2 non-executive Directors, namely Dr. YEN Gordon (Non-executive Vice Chairman) and Ms. ZHOU Jing; and 4 independent non-executive Directors, namely Mr. NG Kwok Tung, Mr. YING Wei, Mr. WONG Kwong Chi and Dr. LIN Lin.