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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)

PROFIT WARNING SUPPLEMENTAL ANNOUNCEMENT

This announcement is made by Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined under the Listing Rules under Part XVIA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Reference is made to the announcement of the Company dated 10 July 2020 in relation to the profit warning of the Company (the “**Announcement**”). Capitalised terms used herein have the same meanings as those defined in the Announcement unless the context otherwise requires.

The board of directors (the “**Board**”) of the Company wishes to further inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on its preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”), after taking into the imbalance of profit and loss for the Period as compared to the net profit for the six months ended 30 June 2019 as disclosed in the Announcement. The Group is expected to record the loss before income tax expense for the Period, which has yet to be reviewed by the auditor, is approximately HK\$ 9.21 million.

The imbalance of profit and loss for the Period was mainly due to the outbreak of the COVID-19 in worldwide (the “**Pandemic**”). The business of the production was affected by the locked-down cities implemented in the PRC in the early stage of the Pandemic, resulting in failure to resume work as scheduled after the Chinese new year, which led to sluggish in domestic sales. In addition, facing the delivery chasing requests from the customers of the European market and the United States (“**US**”) market, the Group made a decisive measurement to increase the production manpower by picking up healthy employees who were affected by the traffic and failed to return to work in the production mills. Until March, when the Pandemic was reversed, the domestic market and the Japanese market slowly recovered, the European market and the US market have been affected by the epidemic, and the Company faced the poor market sentiment in the US, Europe and the United Kingdom which has led to a decrease in the production operation and the production ability of the Group. While COVID-19 restrictions have been gradually lifted in various countries, a full normalisation of the operation may not be feasible for the time being.

The information contained in this announcement is subject to finalisation of the consolidated financial statements of the Group for the Period, and completion of audit by the auditors of the Company. Therefore, the actual interim results of the Group for the Period may differ from the information contained in this announcement. Shareholders and potential investors are advised to read the unaudited

interim results announcement of the Company for the Period, when it is published in accordance with the requirements of the Listing Rules.

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

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

Hong Kong, 15 July 2020

As at the date of this announcement, the Board comprises 4 executive directors, namely Mr. ZHAO Yao (Chairman and Chief Executive Officer), Mr. LIU Xianfu, Mr. TAO Yongming and Mr. YAU Hang Tat Andrew; 2 non-executive directors, namely Dr. YEN Gordon (Non-executive Vice Chairman) and Mr. SUN Fujj; and 3 independent non-executive directors, namely Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM.