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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)

**RE-DESIGNATION OF DIRECTORS,
CHANGE OF CHIEF EXECUTIVE OFFICER
AND
CHANGE OF COMPOSITION OF THE AUDIT COMMITTEE**

The Board would like to announce that it has resolved the following, with effect from the Effective Date:

1. Mr. ZHAO will no longer act as the CEO and will remain as an executive Director, the Chairman and the chairman of the Nomination Committee;
2. Mr. SUN will be re-designated from a non-executive Director to an executive Director and appointed as the CEO in place of Mr. ZHAO, and will no longer act as a member of the Audit Committee;
3. Mr. LIU will be re-designated from an executive Director to a non-executive Director; and
4. Mr. WONG, an independent non-executive Director, will be appointed as a member of the Audit Committee.

As such, for each of the aforesaid appointments and re-designations, they will be effective from the Effective Date. Further announcement will be issued by the Company once the Effective Date has been confirmed.

RE-DESIGNATION OF DIRECTORS, CHANGE OF CHIEF EXECUTIVE OFFICER AND CHANGE OF COMPOSITION OF THE AUDIT COMMITTEE

The board (the “**Board**”) of directors (the “**Director(s)**”) of Fountain Set (Holdings) Limited (the “**Company**”) would like to announce that, with effect from the date on which Mr. SUN has obtained his long-term working visa in Hong Kong, which is expected to be about one or two months from the date hereof (the “**Effective Date**”):

1. Mr. ZHAO Yao (“**Mr. ZHAO**”), will no longer act as the chief executive officer of the Company (the “**CEO**”), and will remain as an executive Director and the chairman of the Board (the “**Chairman**”) and the nomination committee of the Company (the “**Nomination Committee**”);

2. Mr. SUN Fuji (“**Mr. SUN**”), will be re-designated from a non-executive Director to an executive Director and appointed as the CEO in place of Mr. ZHAO, and will no longer act as a member of the audit committee of the Company (the “**Audit Committee**”);
3. Mr. LIU Xianfu (“**Mr. LIU**”), will be re-designated from an executive Director to a non-executive Director; and
4. Mr. WONG Kwong Chi (“**Mr. WONG**”), an independent non-executive Director, will be appointed as a member of the Audit Committee.

As such, for each of the aforesaid appointments and re-designations, they will be effective from the Effective Date. Further announcement will be issued by the Company once the Effective Date has been confirmed.

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

Mr. SUN Fuji

Mr. SUN Fuji (孫福紀先生), aged 57, was appointed as a non-executive Director and a member of the Audit Committee on 28 August 2018. Mr. SUN is a senior engineer. He has over 36 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 and the person in-charge of Zhucheng Textiles Corporation. Mr. SUN has served as the Executive Deputy General Manager of Textile & Garment BU, a subsidiary of Chinatex Corporation Limited (“**Chinatex**”) (a controlling shareholder of the Company), the General Manager of Chinatex Jinwei Textiles Co., Ltd.* (“**Chinatex Jinwei**”) and Chinatex Sunrise Textiles Co., Ltd. (“**Chinatex Sunrise**”) since May 2017, and also appointed as the Chairman of Chinatex Jinwei and Chinatex Sunrise since May 2021. Once Mr. SUN is appointment as the CEO of the Company is effective, he will no longer act as the Executive Deputy General Manager of Textile & Garment BU (a subsidiary of Chinatex), the General Manager and legal representative of Chinatex Jinwei and Chinatex Sunrise. 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 will enter into a service agreement with the Company in relation to his appointment as an executive Director and the CEO with a term of three years commencing from the Effective Date, which is terminable by either the Company or Mr. SUN by giving no less than six months’ advance notice in writing to each other. Mr. SUN will not receive emoluments in his capacity as executive Director and will receive the CEO's remuneration of HK\$2,500,000 per annum, the basic salary portion amounts to HK\$1,625,000 per annum (HK\$135,417 per month), and the incentive portion will be HK\$875,000 per annum. Mr. Sun's emoluments will be determined with reference to his experience, job duties and terms of reference by the Board.

As at the date of this announcement, save as disclosed above, Mr. SUN:

- (i) does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the “**SFO**”);
- (ii) does not hold any other positions with the Company and/or other members of its subsidiaries;
- (iii) does not hold any other directorship in any listed public companies, whether in Hong Kong or overseas, in the last three years; and

- (iv) does not have any relationship with any other Directors, senior management, substantial shareholders (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)) or controlling shareholders (as defined under the Listing Rules) of the Company.

Save as disclosed above, there is no other matter relating to the re-designation of Mr. SUN as an executive Director and his appointment as the CEO that needs to be brought to the attention of the shareholders of the Company and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

Reasons for the re-designations and implication of the Corporate Governance Code (the “Code”)

Code provision A.2.1 under the Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the change of the CEO, the Company has complied with this requirement.

The Board hereby would like to express its warmest welcome to Mr. SUN for his new role within the Board and would like to thank Mr. ZHAO for his valuable contribution towards the Company during his tenure of office as the CEO.

Mr. LIU Xianfu

Mr. LIU Xianfu (劉賢福先生), aged 56, was appointed as an executive Director on 28 August 2018. Mr. LIU has over 26 years of experience in the textile industry. He joined Chinatex, a controlling shareholder of the Company, 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, 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 degree from The University of Texas at Arlington, USA in December 2010.

Mr. LIU will enter into a letter of appointment with a term of appointment as a non-executive Director for a term of one year from the Effective Date. Mr. LIU will not receive emoluments in his capacity as non-executive Director, and his emolument is determined by the Board based on the recommendation of the remuneration committee of the Company with reference to the Company’s remuneration policy applicable to his position in the Company.

As at the date of this announcement, save as disclosed above, Mr. LIU:

- (i) does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO (Chapter 571, the Laws of Hong Kong);
- (ii) does not hold any other positions with the Company and/or other members of its subsidiaries;

- (iii) does not hold any other directorship in any listed public companies, whether in Hong Kong or overseas, in the last three years; and
- (iv) does not have any relationship with any other Directors, senior management, substantial shareholders (as defined under the Listing Rules) or controlling shareholders (as defined under the Listing Rules) of the Company.

Save as disclosed above, there is no other matter relating to the re-designation of Mr. LIU as a non-executive Director that need to be brought to the attention of the shareholders of the Company and there is no other information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

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

Hong Kong, 14 September 2021

As at the date of this announcement, the Board comprises 5 executive directors, namely Mr. ZHAO Yao (Chairman and Chief Executive Officer), Mr. LIU Xianfu, Mr. TAO Yongming, Mr. YAU Hang Tat Andrew and Mr. ZHANG Zheng; 2 non-executive directors, namely Dr. YEN Gordon (Non-executive Vice Chairman) and Mr. SUN Fuji; 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*