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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)

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## ESTIMATED IMPROVEMENT FOR THE 2024 INTERIM RESULTS

This announcement is made by Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), pursuant to Rule 13.09(2) 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 six months ended 30 June 2024 and information currently available to the Board, the Group is expected to record a net profit before income tax expense of approximately HK\$25.8 million and a net loss attributable to owners of the Company of approximately HK\$9.9 million for the six months ended 30 June 2024, as compared to the loss before income tax expense of approximately HK\$43.1 million and the net loss attributable to owners of the Company of approximately HK\$81.6 million for the six months ended 30 June 2023.

The estimated improvement in the Group’s interim results for the six months ended 30 June 2024 was mainly attributable to the reduction in overall losses of the Group’s operations following the suspension of fabric dyeing and fabric production at the mill operated by Jiangyin Fuhui Textile Company Limited\* (江陰福匯紡織有限公司) (an indirect wholly-owned subsidiary of the Company) since February 2024. Additionally, the Group’s revenue saw a slight increase of 1.2%, attributable to improved global demand for apparel fabrics. Simultaneously, the Group continued to focus on cost reduction, achieving a combined decrease of 5.1% in administrative expenses and finance costs compared to the same period last year. Operational quality also gradually improved, with both gross profit and profit before income tax expense trending upward from January to June 2024. Total cost of sales decreased by HK\$50 million, a 2.4% decline compared to the same period last year. Despite the modest revenue growth, effective cost reduction in cost of sales significantly boosted gross profit by HK\$70 million, raising the gross profit margin by 3.2 percentage points. These improvements in gross profit and the effectiveness of cost reduction measures have led to a substantial enhancement in the Group’s interim results compared to the same period last year.

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 six months ended 30 June 2024, which have not been reviewed nor audited by the Company's auditors or the audit committee of the Company. The Group's interim results for the six months ended 30 June 2024 will be announced on 23 August 2024.

**Shareholders and potential investors are advised to read the unaudited interim results announcement of the Company when it is published. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 20 August 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*