
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Fountain Set (Holdings) Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSALS FOR (1) RE-ELECTION OF RETIRING DIRECTORS; (2) GENERAL MANDATES TO ISSUE AND BUY BACK SHARES; AND NOTICE OF ANNUAL GENERAL MEETING

Capitalised terms used in the lower portion of this cover and the inside cover shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 3 to 7 of this circular.

The notice of AGM to be held at Block A, 6th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 4 June 2026 at 9:30 a.m. is set out on pages 14 to 17 of this circular. If you are unable to attend the meeting but wish to exercise your right as a Shareholder, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours (excluding any public holiday in Hong Kong) before the time appointed for holding the meeting or the adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or the adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked. **Food, beverages and/or souvenir will not be offered at the AGM.**

8 May 2026

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This circular is prepared in both English and Chinese. In the event of any inconsistency, the English text of this circular shall prevail.

DEFINITIONS

In this circular, the following expressions have the following respective meanings unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held at Block A, 6th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 4 June 2026 at 9:30 a.m.;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Articles of Association”	the articles of association of the Company, and a reference to an “Article” is a reference to a provision in the Articles of Association;
“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“Buy-back Mandate”	the general and unconditional mandate to be granted to the Directors authorising the buy-back by the Company on the Stock Exchange of Shares not exceeding 10% of the aggregate number of the issued Shares (excluding any Treasury Shares) as at the date of passing the resolution approving such mandate;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system;
“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);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules;
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“ED(s)”	the executive Director(s);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“INED(s)”	the independent non-executive Director(s);
“Issue Mandate”	the general and unconditional mandate to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with Shares (including any sale or transfer of any Treasury Shares) not exceeding 20% of the aggregate number of the issued Shares (excluding any Treasury Shares) as at the date of passing the resolution approving such mandate;
“Latest Practicable Date”	30 April 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NED(s)”	the non-executive Director(s);
“Nomination Committee”	the nomination committee of the Board;
“PRC”	the People’s Republic of China and, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Remuneration Committee”	the remuneration committee of the Board;
“Retiring Directors”	the Directors, namely Mr. XI Qiang, Dr. LI Gang, Mr. ZHANG Zheng, Mr. NG Kwok Tung and Dr. LIN Lin who are subject to retirement at the AGM according to the Articles of Association;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary shares in the share capital of the Company;
“Shareholder(s)”	registered holder(s) of fully-paid Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Takeovers Code”	the Code on Takeovers and Mergers as amended from time to time and administered by the SFC;
“Treasury Share(s)”	has the meaning ascribed thereto under the Listing Rules;
“Year”	the year ended 31 December 2025; and
“%”	percentage or per cent.

LETTER FROM THE BOARD



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

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

Executive Directors:

Mr. XI Qiang (*Chairman*)
Dr. LI Gang (*Chief Executive Officer*)
Mr. YAU Hang Tat Andrew
Mr. YIN Jian
Mr. ZHANG Zheng

Registered office:

Block A, 6th Floor
Eastern Sea Industrial Building
29-39 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

Non-executive Directors:

Dr. YEN Gordon (*Non-executive Vice Chairman*)
Ms. ZHOU Jing

Independent Non-executive Directors:

Mr. NG Kwok Tung
Mr. YING Wei
Mr. WONG Kwong Chi
Dr. LIN Lin

8 May 2026

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
(1) RE-ELECTION OF RETIRING DIRECTORS;
(2) GENERAL MANDATES TO ISSUE AND BUY BACK SHARES;
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with requisite information regarding certain resolutions to be proposed at the AGM and the notice of AGM. The proposed resolutions include (i) re-election of the Retiring Directors; and (ii) grant of general mandates to issue and buy back Shares.

2. RE-ELECTION OF RETIRING DIRECTORS

Presently, the Board comprises 11 Directors, of which 5 are EDs, namely Mr. XI Qiang (“**Mr. XI**”), Dr. LI Gang (“**Dr. LI**”), Mr. YAU Hang Tat Andrew, Mr. YIN Jian and Mr. ZHANG Zheng (“**Mr. ZHANG**”); 2 are NEDs, namely Dr. YEN Gordon and Ms. ZHOU Jing; and 4 are INEDs, namely Mr. NG Kwok Tung (“**Mr. NG**”), Mr. YING Wei (“**Mr. YING**”), Mr. WONG Kwong Chi and Dr. LIN Lin (“**Dr. LIN**”).

LETTER FROM THE BOARD

In accordance with Article 102(A) of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third or any other number subject to such manner of rotation as may be required by the statutes, the Listing Rules or other codes, rules and regulations prescribed from time to time by the applicable regulatory authority, shall retire from office. The same Article also provides that the Directors to retire in every year shall be those who have been the longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Accordingly, Dr. LI, Mr. ZHANG and Mr. NG will retire by rotation at the AGM. All of them, being eligible, have offered themselves for re-election at the AGM.

According to Article 93 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board) and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. Accordingly, Mr. XI and Dr. LIN who were appointed as an ED and an INED with effect from 17 November 2025 and 7 June 2025 respectively, will hold office until the AGM and being eligible, has offered themselves for re-election at the AGM.

Further, pursuant to the code provision as set out in paragraph B.2.3 of Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code contained in Appendix C1 to the Listing Rules, any further appointment of an INED serving more than 9 years should be subject to a separate resolution to be approved by the Shareholders. Since Mr. NG has been serving as an INED for more than 9 years, a separate resolution will be proposed for his re-election at the AGM.

Mr. NG has confirmed to the Company his independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules. Having considered the requirements and obligations of Mr. NG as an INED, including the independence criteria to be taken into account in assessing his independence under Rule 3.13 of the Listing Rules, the Nomination Committee, which is responsible for, amongst other matters, assessing the independence of the INEDs, is satisfied that Mr. NG continues to be independent. Hence, the Board considers that the long service of Mr. NG would not affect his exercise of independent judgements.

The Nomination Committee reviewed the structure, size and diversity of the Board to reflect an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business and contribute to the Board's effectiveness and efficiency.

Procedures and Process for Nomination of Directors

The Nomination Committee will recommend to the Board for the appointment of Directors (including an INED) in accordance with the following procedures and process:

- i. the Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- ii. the Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
 - (a) diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
 - (b) commitment for responsibilities of the Board in respect of available time and relevant interest;
 - (c) qualifications, including accomplishment and experience in the relevant industries in which the Group's business is involved;

LETTER FROM THE BOARD

- (d) independence;
 - (e) reputation for integrity;
 - (f) potential contributions that the individual can bring to the Board; and
 - (g) plan(s) in place for the orderly succession of the Board;
- iii. the Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
 - iv. the Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;
 - v. upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
 - vi. the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;
 - vii. the Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a Director is considered, the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;
 - viii. the Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
 - ix. all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

The re-elections of the Retiring Directors have been reviewed by the Nomination Committee which made recommendation to the Board that the re-elections shall be proposed for Shareholders' approval at the AGM.

In addition, the Nomination Committee had evaluated the performance of each of the Retiring Directors based on the nomination policy of the Company and found their performance satisfactory. The Nomination Committee is also of the view that based on the perspectives, skills and experience of the Retiring Directors, they can bring further contributions to the Board and its diversity. The Nomination Committee has assessed the independence of all INEDs, in particular, Mr. NG and Mr. YING who have served the Board for more than 9 years. The Board is satisfied that all INEDs satisfy the criteria set out in Rule 3.13 of the Listing Rules. The Board, with the recommendation of the Nomination Committee, has proposed that the Retiring Directors stand for re-election as Directors at the AGM. As a good corporate governance practice, each of the Retiring Directors abstained from voting at the relevant Board meeting or on the written resolutions in respect of the proposition of recommendation for his or her re-election by the Shareholders. The Board believes that the continuous appointment of the Retiring Directors contributes to the stability and diversity of the Board.

Pursuant to Rule 13.74 of the Listing Rules, the listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the Retiring Directors are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

It will be proposed at the AGM to grant to the Directors (i) the Issue Mandate to allot, issue and deal with Shares (including any sale or transfer of Treasury Shares) up to a limit equal to 20% of the aggregate number of the issued Shares (excluding any Treasury Shares) as at the date of passing the relevant resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate number of the Shares bought back by the Company under the Buy-back Mandate; and (ii) the Buy-back Mandate to buy back Shares not exceeding 10% of the aggregate number of the Shares in issue (excluding any Treasury Shares) as at the date of passing the relevant resolution.

As at the Latest Practicable Date, a total of 1,225,026,960 Shares were in issue. Subject to the passing of the proposed resolutions granting the Issue Mandate and the Buy-back Mandate to the Directors and on the basis that no Shares will be issued and/or bought back and cancelled by the Company prior to the AGM, the Company would be allowed under (i) the Issue Mandate to issue a maximum of 245,005,392 Shares, representing 20% of the aggregate number of the issued Shares as at the date of the AGM; and (ii) the Buy-back Mandate to buy back a maximum of 122,502,696 Shares, representing 10% of the aggregate number of the issued Shares as at the date of the AGM.

The Issue Mandate and the Buy-back Mandate would expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

An explanatory statement, as required by the Listing Rules to be given to the Shareholders in connection with the Buy-back Mandate, is set out in Appendix II to this circular.

4. THE AGM

A notice convening the AGM to be held on Thursday, 4 June 2026 is set out on pages 14 to 17 of this circular.

A form of proxy in connection with the AGM is also enclosed with this circular. If you are unable to attend the meeting but wish to exercise your right as a Shareholder, you are requested to complete the form of proxy and return it to the Company's share registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours (excluding any public holiday in Hong Kong) before the time appointed for holding the AGM or the adjournment thereof. The record date for determining the eligibility of the Shareholders for attending and voting at the AGM is Thursday, 4 June 2026.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, save for resolutions which relate purely to a procedural or an administrative matter to be voted on by a show of hands, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the AGM will be voted on by way of poll. The chairman of the AGM will explain the detailed procedures for conducting a poll at the commencement of the AGM.

After the conclusion of the AGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Board is of the opinion that the re-election of the Retiring Directors and the granting of General Mandates to the Directors to issue and buy back Shares are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant resolutions to be proposed at the AGM.

8. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Fountain Set (Holdings) Limited
XI Qiang
Chairman

The biographical and other details of the Retiring Directors proposed to be re-elected at the AGM are set out as follows:

EDs**Mr. XI Qiang**

Aged 50, has been appointed as an ED, the chairman of the Board, chairman of the Nomination Committee and an authorised representative of the Company as stipulated under Rule 3.05 of the Listing Rules ("**Authorised Representative**"), with effect from 17 November 2025. Mr. XI has nearly 31 years of experience in finance, risk management and corporate operations. He is familiar with risk management in the spot and futures markets for bulk commodities, inventory risk management, credit risk management and other related businesses. He graduated from the Central University of Finance and Economics in the People's Republic of China in 1997 with a Bachelor's degree in economics, majoring in public finance. Mr. XI holds the qualifications of Chinese Certified Public Accountant, Chinese Certified Enterprise Risk Manager and Chinese Futures Practitioner.

Mr. XI entered into a service contract (the "**Mr. XI Service Contract**") with the Company for a term of 3 years commencing on 17 November 2025 (as amended from time to time). The Mr. XI Service Contract may be terminated by either the Company or Mr. XI by giving no less than 6 months' notice in writing to each other. Mr. XI is subject to retirement and re-election at the appropriate time in accordance with the Articles of Association. Mr. XI has requested to waive the remuneration for serving as executive Director, chairman of the Board, chairman of the Nomination Committee and Authorised Representative in the Mr. XI Service Contract.

Dr. LI Gang

Aged 47, was appointed as an ED and Vice President on 1 June 2023 and the CEO with effect from 17 November 2025. Dr. LI has 12 years of experience in the textile industry, 19 years of experience in strategic research and planning, strategy implementation and investment project management. Expertise in strategic development planning and more. Dr. LI once served two Hong Kong listed companies, China Agri Oils and Sinochem Fertilizer. He graduated from Hubei University of Technology with a Bachelor's degree in industrial finance and accounting in 2001, a Master's degree in economics from Zhongnan University of Economics and Law in 2004, and a Doctor's degree in economics from Renmin University of China in 2007.

Dr. LI entered into a service contract with the Company for a term of 3 years commencing from 1 June 2023 (as amended from time to time, the "**Dr. LI Service Contract**"). The Dr. LI Service Contract may be terminated by either the Company or Dr. LI by giving the other party not less than 6 months' notice in writing to each other. Dr. LI is subject to retirement and re-election at the appropriate time in accordance with the Articles of Association. Pursuant to the Dr. LI Service Contract, he shall not receive any remuneration in respect of his role as an ED. As the CEO, Dr. LI is entitled to annual remuneration of approximately RMB1,424,700, comprising fixed salary of RMB527,400, performance-based remuneration of RMB742,500, as well as housing allowance of RMB154,800 per annum. Dr. LI's remuneration is determined by reference to his qualifications, experience, duties and responsibilities within the Company, the prevailing remuneration policy of the Company, and the provisions of the Articles of Association. His remuneration will be regularly reviewed and assessed by both the Board and the Remuneration Committee.

Mr. ZHANG Zheng

Aged 40, was appointed as an ED on 1 April 2021. Mr. ZHANG graduated with a Bachelor Degree in Economics from Renmin University of China in 2009, and a Master's Degree in Economics from Renmin University of China in 2011. He obtained with the professional qualification of board secretary of Shenzhen Stock Exchange in 2017. He has adequate knowledge in equity financing, mergers and acquisitions and fund management. Mr. ZHANG was the Researcher, Assistant of Fund Manager and Fund Manager of Da Cheng Fund Management Co., Ltd. between 2011 and 2017.

Mr. ZHANG has entered into a service agreement (the “**Mr. ZHANG’s Service Agreement**”) with the Company for a term of 3 years commencing on 1 April 2024, which is terminable by either the Company or Mr. ZHANG by giving no less than 6 months’ advance notice in writing to each other. Mr. ZHANG’s position as an ED is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association. Pursuant to the Mr. ZHANG’s Service Agreement, the director’s fee and other monetary remuneration are waived by Mr. ZHANG.

INEDS**Mr. NG Kwok Tung**

Aged 75, joined the Board in 1993 as an INED, and was then appointed as the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. NG is a practising accountant. He holds a Bachelor of Commerce Degree and a Licentiate in Accountancy from McGill University, Canada and a Diploma in Chinese Law from the University of East Asia, Macao. Mr. NG is a member of each of Hong Kong Institute of Certified Public Accountants, Institute of Chartered Professional Accountants of British Columbia, Order of Chartered Professional Accountants of Quebec, The Canadian Institute of Chartered Professional Accountants, The Taxation Institute of Hong Kong, The Society of Chinese Accountants and Auditors and the Society of Registered Financial Planners in Hong Kong.

Mr. NG entered into a letter of appointment with the Company for a term of one year, which is terminable by either the Company or Mr. NG by giving no less than one month’s advance notice in writing to each other. Mr. NG’s position as an INED is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association. Pursuant to his letter of appointment, Mr. NG is entitled to a director’s fee of HK\$250,000 per annum, which has been determined by the Board upon the Remuneration Committee’s recommendation by reference to his qualifications, experience, duties and responsibilities within the Group, market conditions, the Company’s remuneration policy and the Articles of Association.

Mr. NG has served as an INED for more than 9 years. He is not involved in the daily management of the Company and does not have any relationship or is not under any circumstance which would interfere with his ability to carry out his duties as an INED impartially and independently. In addition, Mr. NG continues to demonstrate the attributes of an INED and there is no evidence that his tenure has had any impact on his independence. Further, as an INED with extensive experience and knowledge and in-depth understanding of the Company’s operations and business, Mr. NG has expressed objective views and given independent guidance to the Company over the past years. Mr. NG had high attendance rates at Board, Board committees and general meetings in the past three years. Mr. NG is a practicing certified public accountant in Hong Kong, therefore he is able to provide valuable and useful advices to the Company in accounting area. In light of the above, the Board is of the opinion that Mr. NG remains independent notwithstanding the length of his service and the Board believes that his valuable knowledge and experience in the Group’s business and his general business acumen continue to generate significant contribution to the Company and the Shareholders as a whole. As such, the Board recommends Mr. NG for re-election as an INED at the AGM.

Dr. LIN Lin

Aged 53, was appointed as an INED and a member of the Nomination Committee with effect from 7 June 2025. She graduated from Shanghai University of Engineering Science in 1993 with a Bachelor's degree in Textile Chemistry and Dyeing & Finishing Engineering. In 1999, she obtained a Master's degree in Textile Chemistry and Dyeing & Finishing Engineering from Beijing Institute of Fashion Technology. Subsequently, in 2003, she completed her Ph.D. in Textile Chemistry and Dyeing & Finishing Engineering from Donghua University. Currently, Dr. LIN holds the position of Professorate Senior Engineer. Over the years, Dr. LIN has held prominent positions including Director of the Industry Department, Deputy Secretary General, Secretary General, Vice President and Secretary General, and at the China Dyeing and Printing Association ("**CDPA**"), where she now serves as the President of CDPA, a non-profit social organization which is voluntarily composed of experienced professionals, enterprises and institutions from the textile printing and dyeing industry. Dr. LIN has extensive experience in association work and industry services, is familiar with the current status and development trends of the printing and dyeing industry and related fields both domestically and internationally, and has a systematic understanding of relevant technologies, standards, management policies and requirements.

Dr. LIN entered into a letter of appointment with the Company for a term of one year, which is terminable by either the Company or Dr. LIN by giving no less than one month's notice in writing to each other. Dr. LIN is subject to retirement and re-election at the next following annual general meeting of the Company in accordance with the Articles of Association. Pursuant to her letter of appointment, Dr. LIN has agreed to waive director's fee and other monetary remuneration for her service.

GENERAL INFORMATION

Save as disclosed above, as at the Latest Practicable Date, Mr. XI, Dr. LI, Mr. ZHANG, Mr. NG and Dr. LIN:

- (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) did not have any relationship with any other Director, senior management, substantial Shareholder or controlling Shareholder; and
- (iii) did 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.

Save as disclosed above, Mr. XI, Dr. LI, Mr. ZHANG, Mr. NG and Dr. LIN have confirmed that there is no other information to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders in respect of their re-election.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with the requisite information for your consideration of the Buy-back Mandate and also constitutes the memorandum required under section 239 of the Companies Ordinance.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their shares on the Stock Exchange or on any other stock exchange on which the shares of the companies may be listed and recognised by the SFC and the Stock Exchange for this purpose subject to certain restrictions, the most important of which are summarised below:

- (a) the shares proposed to be bought back by the company are fully-paid up;
- (b) the company has previously sent to its shareholders an explanatory statement complying with the Listing Rules; and
- (c) the shareholders of the company have given a specific approval or a general mandate to the directors of the company to make such buy-back, by way of an ordinary resolution which complies with the Listing Rules and has been passed at a general meeting of the company duly convened and held.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 1,225,026,960 Shares in issue, all of which were fully paid up.

Subject to the passing of the Ordinary Resolution as referred to in item 6(A) of the notice convening the AGM and on the basis that no further Shares are issued or no Shares are bought back and cancelled between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 122,502,696 Shares which are fully paid up during the period from the date of the AGM up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying such authority, whichever occurs first.

The Company may cancel any repurchased Shares and/or hold them as Treasury Shares subject to market conditions and the capital management needs of the Company at the relevant time of the repurchases.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

3. REASONS FOR BUY-BACKS

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to buy back the Shares on the market.

Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earnings per share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders.

4. FUNDING OF BUY-BACKS

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the Companies Ordinance. It is proposed that buy-back of Shares under the Buy-back Mandate in these circumstances would be financed from available cash flow or working capital facilities of the Group.

The Companies Ordinance provides that the Company may make a payment in respect of a redemption or buy-back of its own Shares out of (i) the Company's distributable profits; (ii) the proceeds of a fresh issue of Shares made for the purpose of the redemption or buy-back; or (iii) the capital of the Company. The Companies Ordinance further provides that a listed company must not make a payment out of capital in respect of a buy-back of its own shares on a recognised stock market or on an approved stock exchange.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Group for the Year contained in the Company's 2025 Annual Report) in the event that the proposed buy-back of Shares was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Highest HK\$	Lowest HK\$
2025		
May	0.83	0.61
June	0.68	0.61
July	0.65	0.58
August	0.69	0.57
September	0.68	0.65
October	0.67	0.62
November	0.66	0.55
December	0.61	0.57
2026		
January	0.70	0.60
February	0.69	0.63
March	0.70	0.63
April	0.72	0.67

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make share buy-backs pursuant to the proposed Ordinary Resolution as referred to in item 6(A) of the notice convening the AGM in accordance with the Listing Rules and the applicable laws of Hong Kong.

The Company confirms that neither this explanatory statement nor the proposed share repurchase has any unusual features.

7. EFFECTS ON THE TAKEOVERS CODE

If as a result of the share buy-backs, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, COFCO Corporation (中糧集團有限公司), a controlling Shareholder, together with its close associates were interested in an aggregate of 485,092,000 Shares, representing approximately 39.60% of the total number of Shares in issue. Based on such shareholding, and in the event that the Directors exercised in full the Buy-back Mandate, the beneficial interests of COFCO Corporation together with its close associates in the issued Shares would be increased to approximately 43.56% of the total number of Shares in issue. The Directors believe that such an increase will give rise to an obligation of COFCO Corporation together with its close associates to make a mandatory offer in respect of all the remaining issued Shares not owned by them under Rule 26 of the Takeovers Code as they will be regarded as having acquired in any period of 12 months additional Shares carrying more than 2% of the voting rights. The Directors have no present intention to exercise the power to buy back Shares pursuant to the Buy-back Mandate to such an extent that COFCO Corporation together with its close associates will have an obligation to make a mandatory offer under the Takeovers Code and the number of Shares held by the public would be reduced to less than 25% of the total number of Shares in issue.

Save as aforesaid, the Directors are not aware of any Shareholders or a group of Shareholders acting in concert which will give rise to an obligation to make a mandatory offer under the Takeovers Code as a consequence of any buy-backs made under the Buy-back Mandate.

8. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates presently intend to sell Shares to the Company under the Buy-back Mandate in the event that the Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Buy-back Mandate is approved by the Shareholders.

9. SHARES BOUGHT BACK BY THE COMPANY

The Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise) during the 6 months preceding the Latest Practicable Date.

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**AGM**” or the “**Meeting**”) of Fountain Set (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Block A, 6th Floor, Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong on Thursday, 4 June 2026 at 9:30 a.m., or the adjournment thereof, for the following purposes:

1. To consider and adopt the audited consolidated financial statements of the Company and its subsidiaries, the directors’ report and the independent auditor’s report for the year ended 31 December 2025 (the “**Year**”).
2. To approve the payment of a final dividend of HK5.70 cents per share in the capital of the Company (the “**Share**”) for the Year.
3. (A) To re-elect Mr. XI Qiang as an executive director of the Company (the “**Director(s)**”).
(B) To re-elect Dr. LI Gang as an executive Director.
(C) To re-elect Mr. ZHANG Zheng as an executive Director.
(D) To re-elect Mr. NG Kwok Tung as an independent non-executive Director.
(E) To re-elect Dr. LIN Lin as an independent non-executive Director.
4. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
5. To re-appoint SHINEWING (HK) CPA Limited as the independent auditor of the Company in respect of the Company’s financial statements for the year ending 31 December 2026 and to authorise the Board to fix its remuneration.

To consider and, if thought fit, to pass with or without amendments, the following resolutions as Ordinary Resolutions of the Company:

ORDINARY RESOLUTIONS

6(A). **THAT:**

- (i) subject to paragraph (ii) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to buy back Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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(ii) the aggregate number of Shares to be bought back by the Company pursuant to the approval in paragraph (i) of this Resolution shall not exceed 10 per cent of the aggregate number of Shares in issue (excluding any treasury shares of the Company) at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(iii) for the purposes of this Resolution,

“Relevant Period” means the following three periods from passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company; or

(b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Hong Kong to be held; or

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6(B). **“THAT:**

(i) subject to paragraph (iii) of this Resolution and pursuant to sections 140 and 141 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional Shares (including any sale or transfer of treasury shares out of treasury that are held as treasury shares of the Company) and to make and grant offers, agreements and options (including bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into or exchangeable for Shares) which would or might require the Shares to be allotted be and is hereby generally and unconditionally approved;

(ii) the approval in paragraph (i) of this Resolution shall authorise the Directors during the Relevant Period to make and grant offers, agreements and options (including bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into or exchangeable for Shares) which would or might require the Shares to be allotted after the end of the Relevant Period;

(iii) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of Shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of Shares or rights to acquire Shares; or (c) any issue of Shares pursuant to the exercise of rights of subscription, conversion or exchange under the terms of any existing bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into or exchangeable for Shares; or (d) an issue of Shares pursuant to any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of the dividend on Shares in accordance with the articles of association of the Company, shall not exceed 20 per cent of the aggregate number of Shares in issue (excluding any treasury shares of the Company) at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(iv) for the purposes of this Resolution,

“Relevant Period” shall have the same meaning as ascribed to it in Ordinary Resolution 6(A) set out in the notice convening the Meeting (the **“Notice”**).

“Rights Issue” means an offer of Shares or issue of option or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares, or any class of Shares, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their holdings of such Shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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6(C). “**THAT** conditional upon the passing of Ordinary Resolutions 6(A) and 6(B) set out in the Notice, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional Shares pursuant to Ordinary Resolution 6(B) of the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate number of Shares bought back by the Company under the authority granted pursuant to the Ordinary Resolution 6(A) of the Notice, provided that such extended amount shall not exceed 10 per cent of the aggregate number of Shares in issue (excluding any treasury shares of the Company) at the date of the passing of this Resolution.”

By Order of the Board
Fountain Set (Holdings) Limited
Xi Qiang
Chairman

Hong Kong, 8 May 2026

Registered Office:
Block A, 6th Floor
Eastern Sea Industrial Building
29-39 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

Notes:

1. Any member of the Company (the “**Member**” or “**Shareholder**”) entitled to attend and vote at the Meeting is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend and vote instead of him/her/it. A proxy need not be a Member.
2. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, as soon as possible but in any event not less than 48 hours (excluding any public holiday in Hong Kong) before the time appointed for the holding of the Meeting or the adjournment thereof.
3. The register of members of the Company (the “**Register of Members**”) will be closed from Monday, 1 June 2026 to Thursday, 4 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Meeting, the non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 May 2026. The record date for determining the eligibility of the Shareholders for attending and voting at the AGM is Thursday, 4 June 2026.
4. Subject to the passing of ordinary resolution numbered 2 of this Notice, the Register of Members will be closed from Monday, 15 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to ascertain Shareholders’ entitlement to the proposed final dividend, the non-registered Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the Company’s share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 June 2026.
5. At the Meeting, the chairman of the Meeting will exercise his power under article 73 of the articles of association of the Company to put all the resolutions set out in this notice to be voted by way of poll as required under the Listing Rules. On a poll, every Member present in person (or in the case of the corporation by its corporate representative) or by proxy shall have one vote for each Share of which he/she/it is the holder.
6. Completion and return of the form of proxy will not preclude a Member from attending and voting in person at the Meeting or the adjournment thereof should the Member so wish and in such event, the authority of the proxy shall be deemed to be revoked.
7. (a) Subject to paragraph (b) below, if a tropical cyclone warning signal No.8 or above is expected to be hoisted or an announcement of “extreme conditions” by the government of Hong Kong or a black rainstorm warning signal is expected to be in force at any time between 7:00 a.m. and 5:00 p.m. on the date of the Meeting, the Meeting will be postponed and Members will be informed of the date, time and venue of the postponed Meeting by a supplemental notice posted on the respective websites of the Company and the Stock Exchange.
(b) If a tropical cyclone warning signal No.8 or above or an announcement of “extreme conditions” by the government of Hong Kong or a black rainstorm warning signal is lowered or cancelled 3 hours or more before the time appointed for holding the Meeting and where conditions permit, the Meeting will be held as scheduled.
(c) The Meeting will be held as scheduled when a tropical cyclone warning signal No.3 or below or an amber or red rainstorm warning signal is in force.

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(d) After considering their own situations, Members should decide on their own whether or not they would attend the Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.

8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the Latest Practicable Date, 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.