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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)

## POSITIVE PROFIT ALERT

This announcement is made pursuant to Rule 13.09 of the Listing Rules. The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a net profit for the six months ended 28 February 2011 which is approximately in the order of 8 times the Group's net profit (excluding a one-off, nonrecurring gain in relation to the disposal of an industrial building) for the six months ended 28 February 2010. This positive profit alert announcement is only based on a preliminary assessment of the management accounts of the Group, which have not been audited or reviewed by the Company's auditors.

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

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Based on a preliminary assessment of the unaudited consolidated management accounts of Fountain Set (Holdings) Limited (the "**Company**" together with its subsidiaries, the "**Group**"), the board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a net profit for the six months ended 28 February 2011 (the "**Interim Period**") which is approximately in the order of 8 times the Group's net profit (excluding an one-off, nonrecurring gain in relation to the disposal of an industrial building) for the six months ended 28 February 2010. The increase in the Group's net profit in the Interim Period was primarily attributable to increase in sales volume due to higher order volume, an improvement in the utilisation rate of the Group's manufacturing facilities, reductions in manufacturing costs (excluding raw materials) as percentage of sales amount, as well as distribution and selling expenses per unit pound of fabrics products. The mentioned factors reflect the Group's continuous efforts to implement efficiency improvement measures.

The Company is still in the process of finalising the results of the Group for the Interim Period. This positive profit alert is only based on a preliminary assessment by the management of the Company of the management accounts of the Group, which have not been reviewed or audited by the Company's auditors, and the information currently available. Shareholders of the Company and potential investors are advised to read carefully the financial statements of the Group for the Interim Period which will be announced on or about 29 April 2011 and the related 2011 interim report which will be published subsequently, and to exercise caution when dealing in the securities of the Company.

By order of the Board  
**Fountain Set (Holdings) Limited**  
**Ha Chung Fong**  
*Chairman*

Hong Kong, 31 March 2011

As at the date of this announcement:, Mr. Ha Chung Fong, Mr. Ha Kam On, Victor, Mr. Ha Hon Kuen and Dr. Yen Gordon are the Executive Directors of the Company, Mr. Chan Yuk Yin is the Non-executive Director of the Company, and Mr. Ng Kwok Tung, Mr. Wong Kwong Chi, Mr. Chow Wing Kin, Anthony, SBS, JP, and Mrs. Fung Yeh Yi Hao, Yvette are the Independent Non-executive Directors of the Company.