

# FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1721

INTERIM REPORT

# 2021



# Contents

2	Corporate Information
3	Condensed Consolidated Statement of Profit or Loss
4	Condensed Consolidated Statement of Comprehensive Income
5	Condensed Consolidated Statement of Financial Position
6	Condensed Consolidated Statement of Changes in Equity
7	Condensed Consolidated Statement of Cash Flows
8	Notes to the Condensed Consolidated Interim Financial Information
22	Management Discussion and Analysis
28	Other Information

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Li Thet (*Chairman*)  
Mr. Toe Tiong Hock (*Chief Executive Officer*)

### Independent Non-Executive Directors

Mr. Bau Siu Fung  
Mr. Wong Po Keung  
Mr. Lau Chun Ho Edward

## AUDIT COMMITTEE

Mr. Bau Siu Fung (*Chairman*)  
Mr. Wong Po Keung  
Mr. Lau Chun Ho Edward

## REMUNERATION COMMITTEE

Mr. Wong Po Keung (*Chairman*)  
Mr. Li Thet  
Mr. Bau Siu Fung  
Mr. Lau Chun Ho Edward

## NOMINATION COMMITTEE

Mr. Li Thet (*Chairman*)  
Mr. Wong Po Keung  
Mr. Lau Chun Ho Edward

## COMPANY SECRETARY

Mr. Zhu Ben Yu

## AUTHORISED REPRESENTATIVES

Mr. Li Thet  
Mr. Zhu Ben Yu

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F., Harbour Commercial Building  
122-124 Connaught Road Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## LEGAL ADVISER

*As to Hong Kong law*  
Michael Li & Co.  
Room 901 and 19/F., Prosperity Tower  
No. 39 Queen's Road Central  
Central  
Hong Kong

## PRINCIPAL BANKERS

DBS Bank Ltd.  
12 Marina Boulevard,  
Marina Bay Financial Centre Tower 3,  
Singapore 018982

Bank of Communications Co., Ltd.  
Hong Kong Branch  
20 Pedder Street  
Central  
Hong Kong

## COMPANY'S WEBSITE

[www.fsmtech.com](http://www.fsmtech.com)  
(Note: information contained in this website does not form part of this interim report)

## STOCK CODE

1721

# Condensed Consolidated Statement of Profit or Loss

	Notes	For the six months ended 30 June	
		2021 S\$'000 (unaudited)	2020 S\$'000 (restated and unaudited)
Revenue	7	6,286	4,336
Cost of sales		(5,285)	(3,796)
<b>Gross profit</b>		<b>1,001</b>	540
Other income	8	77	340
Other gains – net	9	311	1,028
Selling and distribution expenses		(253)	(72)
Administrative expenses		(2,309)	(1,606)
Research and development expenses for a mobile game		(729)	–
<b>Operating (loss)/profit</b>		<b>(1,902)</b>	230
Finance income		15	116
Finance costs		(41)	(49)
Finance (costs)/income, net		(26)	67
<b>(Loss)/profit before income tax</b>	10	<b>(1,928)</b>	297
Income tax expense	11	(390)	(59)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(2,318)</b>	238
<b>(Loss)/earnings per share</b>			
Basic and diluted (Singapore cents)	12	(0.23)	0.02

# Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (restated and unaudited)
<b>(Loss)/profit for the period</b>	<b>(2,318)</b>	238
<b>Other comprehensive loss:</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(53)	(14)
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<b>(2,371)</b>	224

# Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2021 S\$'000 (unaudited)	As at 31 December 2020 S\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,393	14,160
Right-of-use assets		1,133	763
Intangible assets		43	46
		<b>14,569</b>	14,969
<b>Current assets</b>			
Inventories		1,028	842
Trade and other receivables	14	3,035	2,357
Short-term and pledged deposits		9,459	12,936
Cash and cash equivalents		12,534	10,602
		<b>26,056</b>	26,737
<b>Total assets</b>		<b>40,625</b>	41,706
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	1,695	1,695
Reserves		20,892	20,945
Retained earnings		10,733	13,051
<b>Total equity</b>		<b>33,320</b>	35,691
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	16	–	221
Lease liabilities		921	802
Deferred income tax liabilities		1,307	1,257
Provision for reinstatement cost	15	84	83
		<b>2,312</b>	2,363
<b>Current liabilities</b>			
Trade and other payables	15	3,599	2,678
Current income tax liabilities		360	82
Borrowings	16	537	693
Lease liabilities		463	199
Amounts due to a director		34	–
		<b>4,993</b>	3,652
<b>Total liabilities</b>		<b>7,305</b>	6,015
<b>Total equity and liabilities</b>		<b>40,625</b>	41,706

# Condensed Consolidated Statement of Changes in Equity

	Share capital S\$'000	Reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
<b>Balance at 1 January 2021</b>	<b>1,695</b>	<b>20,945</b>	<b>13,051</b>	<b>35,691</b>
<b>Comprehensive loss</b>				
Loss for the period	–	–	(2,318)	(2,318)
<b>Other comprehensive loss for the period, net of tax</b>				
Currency translation differences	–	(53)	–	(53)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>(53)</b>	<b>(2,318)</b>	<b>(2,371)</b>
Balance at 30 June 2021 (unaudited)	<b>1,695</b>	<b>20,892</b>	<b>10,733</b>	<b>33,320</b>
Balance at 1 January 2020 as previously reported	1,695	21,192	16,565	39,452
Prior year adjustments (Note 4)	–	(180)	(915)	(1,095)
Balance as at 1 January 2020 as restated	1,695	21,012	15,650	38,357
<b>Comprehensive income</b>				
Profit for period as previously reported	–	–	126	126
Prior year adjustments (Note 4)	–	–	112	112
Comprehensive income as restated	–	–	238	238
<b>Other comprehensive loss for the period, net of tax</b>				
Currency translation differences	–	(14)	–	(14)
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>(14)</b>	<b>238</b>	<b>224</b>
Balance at 30 June 2020 as restated (unaudited)	1,695	20,998	15,888	38,581

# Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (restated and unaudited)
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(1,178)	1,120
Income tax refund	328	32
<b>Net cash (used in)/generated from operating activities</b>	<b>(850)</b>	1,152
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(247)	(172)
Purchase of computer software	(7)	–
Proceeds from disposals of property, plant and equipment	–	9
Changes in short-term and pledged bank deposits	3,477	(3,152)
Interest received	15	116
<b>Net cash generated from/(used in) investing activities</b>	<b>3,238</b>	(3,199)
<b>Cash flows from financing activities</b>		
Payment of bank loan	(67)	(77)
Payment of other banking facilities	(310)	(301)
Principal payment of lease liabilities	(117)	(58)
Interest paid	(40)	(26)
Increase in amount due to a director	34	3
<b>Net cash used in financing activities</b>	<b>(500)</b>	(459)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,888</b>	(2,506)
Cash and cash equivalents at 1 January	10,602	11,649
Currency translation differences	44	(14)
<b>Cash and cash equivalents at 30 June</b>	<b>12,534</b>	9,129



# Notes to the Condensed Consolidated Interim Financial Information

## 1. GENERAL INFORMATION

FSM Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 5 February 2018 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) principally engage in precision engineering and sheet metal fabrication, development, distribution and operation of an online mobile game.

The condensed consolidated interim financial information is presented in Singapore Dollar (“S\$”) unless otherwise stated.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2021 is prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (“IASB”). The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

The IASB has issued a number of new standards, amendments to IFRSs and interpretation that are first effective for the current accounting period of the Group. Of these, the following amendments may be relevant to the Group:

Amendments to IFRS 9, IAS 39, IFRS 7,  
IFRS 4 and IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

Amendment to IFRS 16

*Covid-19-Related Rent Concessions beyond  
30 June 2021*

The application of the new standards, amendments to IFRSs and interpretation in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

# Notes to the Condensed Consolidated Interim Financial Information

## 4. PRIOR YEAR ADJUSTMENTS

During the course of preparing the consolidated financial statements for the year ended 31 December 2020, management discovered various consolidation journal entries that required adjustments in relation to the comparative financial statements of prior years.

In preparing the condensed consolidated financial statements for the interim period, the management has adjusted the prior period adjustments for the preceding interim period following the same accounting principles in adjusting the prior period adjustment as set out in Note 3 to the consolidated financial statements of the Group for the year ended 31 December 2020. The effect of the prior period adjustments in the respective line items of the consolidated statement of profit or loss and other comprehensive income for the current interim period is set out below:

	<b>As previously reported</b> S\$'000	<b>Adjustments</b>		<b>As restated</b> S\$'000
		S\$'000 (1)	S\$'000 (2)	
<b>Consolidated statement of comprehensive income for the six months ended 30 June 2020 (extracted)</b>				
Cost of Sales	3,876	(45)	(35)	3,796
Profit before income tax	217	45	35	297
Income tax expense	91	(32)	–	59
Profit after income tax attributable to owners of the Company	126	77	35	238
Basic and fully diluted earnings per share	0.01 cents	0.01 cents	0.00 cents	0.02 cents
Total comprehensive income for the period attributable to owners of the Company	112	77	35	224

1. *To adjust the consolidation entries relating to intercompany inventory sold and the related tax impact for the six months ended 30 June 2020; and*
2. *To adjust the depreciation expenses for right-of-use assets and property, plant and equipment for the six months ended 30 June 2020.*

# Notes to the Condensed Consolidated Interim Financial Information

## 5. ESTIMATES AND FINANCIAL RISK MANAGEMENT

### (a) Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

### (b) Financial risk management

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies since year end.

#### 5.2 Liquidity risk

There was no material change in the contractual undiscounted cash flows for financial liabilities.

#### 5.3 Fair value estimation

The carrying values of the Group's current financial assets, including trade receivables, deposits, other receivables, short-term and pledged deposits and cash and cash equivalents, and the Group's current financial liabilities, including trade and other payables, amounts due to a director and bank borrowings approximate their fair values due to their short maturities.

At 30 June 2021 and 31 December 2020, the Group did not have any financial instruments carried at fair value.

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

# Notes to the Condensed Consolidated Interim Financial Information

## 6. SEGMENT INFORMATION

### (a) Description of segments and principal activities

The Chief Operating Decision Makers (“CODM”), Mr. Li Thet (“Mr. Li”) and Mr. Toe Tiong Hock (“Mr. Toe”), monitor the results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The CODM have identified two reportable segments of its business:

#### (i) Manufacturing business

Sheet metal fabrication with a focus on precision engineering and precision machining service.

#### (ii) Online business

Development, distribution and operation of online mobile games.

### (b) Segment (loss)/profit before income tax

	For the six months ended 30 June 2021		
	Manufacturing business S\$'000 (unaudited)	Online business S\$'000 (unaudited)	Total S\$'000 (unaudited)
Reportable segment revenue (Note 7) From external customers	6,185	101	6,286
Reportable segment results	459	(1,593)	(1,134)
Corporate income			160
Corporate expenses			(954)
Loss before income tax			(1,928)
	For the six months ended 30 June 2020		
	Manufacturing business S\$'000 (restated and unaudited)	Online business S\$'000 (unaudited)	Total S\$'000 (restated and unaudited)
Reportable segment revenue (Note 7) From external customers	4,336	–	4,336
Reportable segment results	357	–	357
Corporate income			709
Corporate expenses			(769)
Profit before income tax			297

# Notes to the Condensed Consolidated Interim Financial Information

## 6. SEGMENT INFORMATION (CONTINUED)

### (c) Segment assets

Segment assets are measured in the same way as in the condensed consolidated interim financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
Manufacturing business	<b>31,084</b>	30,640
Online business	<b>1,612</b>	826
Total segment assets	<b>32,696</b>	31,466
Corporate assets	<b>7,929</b>	10,240
Total assets	<b>40,625</b>	41,706

The total of non-current assets, by location, is shown in the following:

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
Singapore	<b>10,185</b>	10,810
Hong Kong	<b>254</b>	290
China	<b>558</b>	73
Malaysia	<b>3,572</b>	3,796
Total non-current assets	<b>14,569</b>	14,969

# Notes to the Condensed Consolidated Interim Financial Information

## 6. SEGMENT INFORMATION (CONTINUED)

### (d) Segment liabilities

Segment liabilities are measured in the same way as in the condensed consolidated interim financial statements. These liabilities are allocated based on the operations of the segment.

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
Manufacturing business	<b>3,906</b>	3,812
Online business	<b>636</b>	244
Total segment liabilities	<b>4,542</b>	4,056
Corporate liabilities	<b>2,763</b>	1,959
Total liabilities	<b>7,305</b>	6,015

### (e) Disaggregation of revenue from contracts with customers

The Group's revenue is mainly derived from sales to customers in Singapore. The amount of its revenue from external customers by location is shown in the table below.

	<b>For the six months ended 30 June</b>	
	<b>2021 S\$'000 (unaudited)</b>	2020 S\$'000 (unaudited)
Singapore	<b>6,185</b>	4,336
Other countries	<b>101</b>	–
	<b>6,286</b>	4,336

# Notes to the Condensed Consolidated Interim Financial Information

## 6. SEGMENT INFORMATION (CONTINUED)

### Information about major customers

For the six months ended 30 June 2021, there were two (six months ended 30 June 2020: three) customers which individually contributed over 10% of the Group's total revenue. During the period, the revenues contributed from those customers are as follows:

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Customer A	2,988	2,211
Customer B	2,657	1,174
Customer C	166*	852

\* The revenue did not contribute over 10% of total revenue of the Group for the six months ended 30 June 2021.

## 7. REVENUE

Revenue from sale of manufactured sheet metal products, rendering of processing services and sale of in-game virtual items recognised during the six months ended 30 June 2021 and 2020 are as follows:

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Sale of goods	6,075	4,330
Processing services	110	6
Sale of in-game virtual items	101	–
	6,286	4,336

# Notes to the Condensed Consolidated Interim Financial Information

## 8. OTHER INCOME

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Government grant	65	280
Scrap sales	11	5
Others	1	55
	<b>77</b>	<b>340</b>

## 9. OTHER GAINS – NET

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Foreign exchange gains	311	1,028

## 10. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax has been arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (restated and unaudited)
Cost of inventories sold, including subcontractors' fees	2,567	1,482
Employee benefit expenses (including directors' emoluments)	2,940	1,884
Depreciation charge for property, plant and equipment and right-of-use assets	1,081	994
Amortisation of intangible assets	10	4
Operating lease expense in respect of short-term leases	168	48
Utilities	175	128
Legal and professional fee	678	389
Auditor's remuneration – Audit services	150	129
Foreign exchange gains	(311)	(1,028)
Government grant	(65)	(280)



# Notes to the Condensed Consolidated Interim Financial Information

## 11. INCOME TAX EXPENSE

The amount of income tax expense charged to the condensed consolidated statements of profit or loss represent:

	For the six months ended 30 June	
	2021 S\$'000 (unaudited)	2020 S\$'000 (restated and unaudited)
Current income tax	340	52
Deferred income tax	50	7
Income tax expense	390	59

### (a) Cayman Islands and British Virgin Islands corporate income tax

The Group was not subject to any taxation in the Cayman Islands and the British Virgin Islands for the six months ended 30 June 2021 and 2020.

### (b) Singapore corporate income tax

Singapore corporate income tax is calculated at the rate of 17% on the chargeable income of the subsidiaries incorporated in Singapore in accordance with Singapore Income Tax Act during the six months ended 30 June 2021 (six months ended 30 June 2020: 17%).

In Singapore, partial tax exemption relates to 75% tax exemption of the first S\$10,000 of normal chargeable income and a further 50% tax exemption on the next S\$190,000 of normal chargeable income for the year of 2020 and 2021.

### (c) Malaysia corporate income tax

Malaysia corporate income tax is calculated at the rate of 24% on the chargeable income of the subsidiaries incorporated in Malaysia in accordance with Malaysia Income Tax Act during the six months ended 30 June 2021 (six months ended 30 June 2020: 24%).

### (d) Hong Kong profits tax

Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: 16.5%). The Group's subsidiaries incorporated in Hong Kong have not provided any Hong Kong profits tax as there were no assessable profits arising in and derived from Hong Kong for the six months ended 30 June 2021 and 30 June 2020.

### (e) Mainland China corporate income tax

The Group's subsidiaries incorporated in Mainland China are subject to Mainland China corporate income tax ("CIT") at the rate of 25% for the six months ended 30 June 2021 (six months ended 30 June 2020: 25%). The Group's subsidiaries incorporated in Mainland China have not provided any Mainland China CIT as there were no assessable profits arising in and derived from Mainland China for the six months ended 30 June 2021 and 30 June 2020.

# Notes to the Condensed Consolidated Interim Financial Information

## 12. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	For the six months ended 30 June	
	2021 (unaudited)	2020 (restated and unaudited)
(Loss)/profit attributable to the owners of the Company (S\$'000)	(2,318)	238
Weighted average number of ordinary shares in issue (in thousand)	1,000,000	1,000,000
Basic (loss)/earnings per share in Singapore cents	(0.23)	0.02

### (b) Diluted

For the six months ended 30 June 2021 and 2020, diluted (loss)/earnings per share equals basic (loss)/earnings per share as there was no dilutive potential shares.

## 13. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

# Notes to the Condensed Consolidated Interim Financial Information

## 14. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
<b>Current</b>		
Trade receivables	2,634	2,004
Less: loss allowance	–	–
Trade receivables, net	2,634	2,004
Prepayments	117	143
Deposits	235	160
Other receivables	49	50
	<b>3,035</b>	2,357

The Group normally grants credit terms to its customers ranging from 30 to 90 days. The ageing analysis of these trade receivables based on invoice date as at 30 June 2021 and 31 December 2020 was as follows:

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
0 to 30 days	1,337	1,089
31 to 60 days	1,051	833
61 to 90 days	97	48
Over 90 days	149	34
	<b>2,634</b>	2,004

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is no significant impact of loss allowance for trade receivables as at 30 June 2021 and 31 December 2020.

# Notes to the Condensed Consolidated Interim Financial Information

## 15. TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
<b>Non-current</b>		
Provision for reinstatement cost	<b>84</b>	83
<b>Current</b>		
Trade payables	<b>1,670</b>	1,044
Other payables and accruals		
– Accrued expenses	<b>1,786</b>	1,530
– Others	<b>143</b>	104
	<b>3,599</b>	2,678
	<b>3,683</b>	2,761

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables based on invoice date was as follows:

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
0 to 30 days	<b>512</b>	426
31 to 60 days	<b>457</b>	269
61 to 90 days	<b>268</b>	140
Over 90 days	<b>433</b>	209
	<b>1,670</b>	1,044

# Notes to the Condensed Consolidated Interim Financial Information

## 16. BORROWINGS

	<b>As at 30 June 2021 S\$'000 (unaudited)</b>	As at 31 December 2020 S\$'000 (audited)
Bank loan	–	67
Other banking facilities	<b>537</b>	847
<b>Total borrowings</b>	<b>537</b>	914
Of which		
Current liabilities	<b>537</b>	693
Non-current liabilities	–	221
	<b>537</b>	914

The carrying amounts of the Group's borrowings approximate their fair values and are denominated in S\$.

Other banking facilities represent the financing arrangements between the Group and banks for the acquisition of machinery.

The bank loan was secured by corporate guarantee provided by the Company, and legal charges of two properties held by the Group in Singapore, with total carrying amount of S\$6.56 million as at 30 June 2021 (31 December 2020: S\$6.66 million), while other banking facilities were secured by the Group's machineries.

In addition to the above, the Group is required to comply with certain restrictive financial covenants imposed by the banks.

# Notes to the Condensed Consolidated Interim Financial Information

## 17. SHARE CAPITAL

	Number of shares	Share capital S\$'000
<b>Authorised:</b> Ordinary shares of HK\$0.01 each At 31 December 2020, 1 January 2021 and 30 June 2021	2,000,000,000	3,390
<b>Issued and fully paid:</b> Ordinary shares of HK\$0.01 each At 31 December 2020, 1 January 2021 and 30 June 2021	1,000,000,000	1,695

## 18. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments contracted for but not provided in the condensed consolidated financial statements:

	As at 30 June 2021 S\$'000 (unaudited)	As at 31 December 2020 S\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment	240	–

# Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of FSM Holdings Limited (the “Company”) present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021.

## BUSINESS REVIEW

The Group has two major business segments, namely manufacturing business and online business.

### MANUFACTURING BUSINESS

#### Sheet metal fabrication business

Under the manufacturing business segment, the Group engages in sheet metal fabrication with a focus on precision engineering and precision machining service with production facilities based in Singapore and Malaysia. Sheet metal fabrication is the use of sheet metal to produce structures and products for various applications, whereas precision engineering requires attention to details and knowledge for careful application of measurements, control and fabrication methods which supports the production of complex components in various industries. The customers of the Group’s manufacturing business are contract manufacturers and brand owners which include subsidiaries of several established multi-national companies. The Group’s customers in this segment would integrate and assemble sheet metal products provided by the Group into machineries used for various applications.

In the first half of 2021, many major economies were still affected by different levels of lockdown and quarantine measures to contain the COVID-19 pandemic. Both Singapore and Malaysia have rolled out mass vaccination and taken a lot of effort to put the COVID-19 pandemic under control.

Following the reopening of the economy and release of certain lockdown measures in Singapore and Malaysia, the Group’s manufacturing plants in Singapore and Malaysia were operating at near normal production capacities during the period.

For the six months ended 30 June 2021, the Group’s manufacturing segment recorded total revenue of approximately S\$6.19 million, representing an increase of approximately S\$1.85 million or 42.64%, from approximately S\$4.34 million for the six months ended 30 June 2020. The increase in revenue was mainly due to recovery of sales orders led by the rebound of the economies in Singapore and other major countries in the first half of 2021.

### ONLINE BUSINESS

#### Mobile game business

For the six months ended 30 June 2021, the revenue from mobile game business under the online business segment was approximately S\$0.10 million (six months ended 30 June 2020: nil).

In December 2020, the Group launched our first mobile game in the United Kingdom and Canada, followed by the United States in the first half of 2021. In the first half of 2021, the Group added new features and gameplay rules to our mobile game in order to enhance players’ experiences. In the second half of 2021, the Group will continue to optimize our mobile game by adding more new features and gameplay rules to further enhance players’ experiences before promoting our game in a larger scale to other major gaming markets.

Going forward, the Group will keep reviewing its development strategy and operation of the mobile game business with a view to adapt to market changes.

# Management Discussion and Analysis

## BUSINESS PROSPECTS

The International Monetary Fund had projected the global economy to grow at 5.9% in 2021 during their October 2021 review.<sup>1</sup> In the second half of 2021, there are still many uncertainties affecting the global economy, including the pace of the COVID-19 vaccination around the world, control over another wave of infection of the COVID-19 variants in different countries, and the timetable for removing domestic social distancing restrictions and cross border controls for traveling.

Under such a challenging environment in our manufacturing business, the Group will continuously deploy outreach strategies in maintaining relationships with existing and potential customers and enhancing production competency and efficiency through the upgrading of machines and usage of robotics to reduce production cost. In the first half of 2021, our manufacturing business was benefited from economic recoveries in Singapore and other major countries and recorded significant growth in revenue as compared with the same period last year. However, under ongoing uncertainties, we are cautiously optimistic about the performance of our manufacturing business in the second half of 2021.

It is the Group's strategy to diversify our revenue streams under current challenging environment of our core manufacturing business. Launching our first mobile game to the market in December 2020 was the Group's first move of diversification into the online business segment. In the second half of 2021, the Group will continue to optimize our mobile game by adding more new features and gameplay rules to further enhance players' experiences before promoting our game in large scale to other major gaming markets.

The Board will continue to focus on our manufacturing business which is our core business by enhancing its production competency and efficiency. In order to diversify revenue streams and strengthen the Group's performance under the current challenging environment of our manufacturing business, the Board will continue to explore other business opportunities. The Board believes that more diversified revenue streams are expected to deliver long term sustainable value to our shareholders.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>

## FINANCIAL REVIEW

### Revenue

The following table sets forth the breakdown of the Group's revenue from (i) manufacturing business and (ii) online business during the six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	S\$'000 (unaudited)	%	S\$'000 (unaudited)	%
Manufacturing business	6,185	98.39	4,336	100.00
Online business	101	1.61	–	–
Total	6,286	100.00	4,336	100.00

During the six months ended 30 June 2021, the Group's revenue increased by approximately S\$1.95 million or 44.97% compared to the same period in 2020. The increase was mainly attributable to the increase in revenue from the manufacturing business, benefiting from increase in sales orders led by the economic recoveries in Singapore and other major countries.



# Management Discussion and Analysis

## Gross profit and gross profit margin

During the six months ended 30 June 2021, the Group's gross profit increased by approximately S\$0.46 million from approximately S\$0.54 million (restated) for the six months ended 30 June 2020 to approximately S\$1.00 million for the six months ended 30 June 2021. The Group's gross profit margin increased from approximately 12.45% (restated) for the six months ended 30 June 2020 to approximately 15.92% for the six months ended 30 June 2021. Such increase was mainly due to (a) the gradual recovery from the COVID-19 pandemic in the economies of Singapore and other major countries resulting in the increase in sales order from our customers in the manufacturing business; (b) the relatively stable fixed cost base with recurring manufacturing cost such as depreciation and staff costs despite the increased levels of sales and production.

## Other Income

The Group's other income decreased by approximately S\$0.26 million from approximately S\$0.34 million for the six months ended 30 June 2020 to approximately S\$0.08 million for the six months ended 30 June 2021. Such decrease was mainly due to the decrease of government grant in relation to the employment related subsidies for the COVID-19 pandemic provided by the Governments of Singapore and Malaysia for the six months ended 30 June 2021 as compared to the same period last year.

## Other gains – net

The Group's other gains – net decreased by approximately S\$0.72 million from approximately S\$1.03 million for the six months ended 30 June 2020 to approximately S\$0.31 million for the six months ended 30 June 2021. Such gain was attributable to foreign exchange gains arising from appreciation of United States Dollars ("USD") and Hong Kong Dollars ("HKD") against Singapore Dollars ("SGD") which is the Company's functional currency and the Group's presentation currency for the six months ended 30 June 2021. The decrease in foreign exchange gain was mainly due to a lesser extent of appreciation in exchange rates of USD and HKD against SGD as compared to the first half of 2020.

## Administrative expenses

The Group's administrative expenses increased by approximately S\$0.70 million or 43.77% from approximately S\$1.61 million for the six months ended 30 June 2020 to approximately S\$2.31 million for the six months ended 30 June 2021. The increase was mainly due to professional fees incurred for the resumption of trading of the Company's shares and operating costs, including staff costs, expenses for office premises and other costs incurred in operating the Group's online business for the six months ended 30 June 2021.

## Research and development expenses for a mobile game

In the first half of 2021, the Group's research and development expenses of approximately S\$0.73 million mainly consisted of staff costs and other costs incurred in developing and optimizing the Group's mobile game (six months ended 30 June 2020: Nil).

## (Loss)/profit for the period attributable to owners of the Company

As a result of the above factors, the Group recorded a loss of approximately S\$2.32 million attributable to owners of the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: profit of approximately S\$0.24 million (restated)).

## Liquidity and financial resources

The Group's primary uses of cash are to satisfy the working capital and capital expenditure needs. The Group's working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, trade facilities and bank loans.

The Group adopts a prudent cash and financial management policy. The Group's cash, mainly denominated in USD, SGD, Malaysian Ringgit ("MYR"), HKD and Renminbi ("RMB"), are generally deposited with reputable financial institutions. The Group's borrowings are denominated in SGD and lease liabilities are denominated in SGD, HKD and RMB.

As at 30 June 2021, the Group's total equity attributable to owners of the Company amounted to approximately S\$33.32 million (31 December 2020: approximately S\$35.69 million).

# Management Discussion and Analysis

As at 30 June 2021, the Group's net current assets was approximately S\$21.06 million (31 December 2020: approximately S\$23.09 million) and the Group had cash and cash equivalents and short-term and pledged deposits of approximately S\$21.99 million (31 December 2020: approximately S\$23.54 million). The Group had borrowings and lease liabilities of approximately S\$0.54 million (31 December 2020: approximately S\$0.91 million) and S\$1.38 million (31 December 2020: approximately S\$1.00 million) respectively.

The effective interest rates of the Group's term loan for the six months ended 30 June 2021 was approximately 3.41% per annum (six months ended 30 June 2020: approximately 4.52% per annum).

As at 30 June 2021, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the period/year) was approximately 5.22 times (31 December 2020: approximately 7.32 times). The Group's gearing ratio (calculated by dividing total borrowings and lease liabilities by total equity as at the end of the period/year) was approximately 5.77% (31 December 2020: approximately 5.37%).

## Capital Structure

There has been no change in the capital structure of the Group since the listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The share capital of the Company only comprises ordinary shares.

## Significant Investments, Material Acquisition and Disposal of Subsidiaries and Associated Companies

There were no significant investments held, material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2021.

## Pledge of Assets

As at 30 June 2021, the Group's bank loan and bank facilities were secured by legal charges of two properties of the Group with total carrying amount of approximately S\$6.56 million (31 December 2020: approximately S\$6.66 million), corporate guarantee provided by the Company and pledged bank deposits of the Group amounting to approximately S\$0.05 million (31 December 2020: approximately S\$0.71 million).

As at 30 June 2021, the Group recorded other banking facilities of approximately S\$0.54 million (31 December 2020: approximately S\$0.85 million) which were secured by the Group's machineries.

## Future plans for material investments or capital assets

Save as disclosed in the prospectus of the Company dated 29 June 2018 (the "Prospectus"), the Group did not have other future plans for material investments or additions of capital assets as at 30 June 2021.

## Capital Commitments

As at 30 June 2021, the Group had capital commitments of approximately S\$0.24 million, which was related to acquisition of property, plant and equipment (31 December 2020: Nil).

## Contingent Liabilities

As at 30 June 2021, the Group did not have any significant contingent liability, guarantee or any litigation against the Group that would have a material impact on the Group's financial position or results of operations.

## Share Option Scheme

The Company adopted a share option scheme on 15 March 2018 (the "Scheme") and shall be valid until 15 March 2028. Pursuant to the Scheme, certain eligible participants, among others, the Directors and employees of the Group, may be granted options to subscribe for shares of the Company (the "Shares"). The purpose of the Scheme is to provide incentives or rewards to employees for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources. A summary of the principal terms of the Scheme is set out in the paragraph headed "D. Share Option Scheme" in Appendix V to the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules"). No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 June 2021.

# Management Discussion and Analysis

The maximum number of Shares which can be awarded under the Scheme is 100,000,000 shares, being 10% of the total number of Shares in issue on 16 July 2018 (the "Listing Date") unless the Company obtains the approval of the shareholders of the Company (the "Shareholders") in general meeting for refreshment. Upon acceptance of an offer for grant of option(s) under the Scheme, the participant shall pay HK\$1.00 to our Company by way of consideration for the grant of option(s) which will be offered for acceptance for a period of 7 days from the date of grant.

Unless approved by the Shareholders in a general meeting, the amount of Shares which can be awarded to a substantial Shareholder or an independent non-executive Director or their respective associates in the Scheme in the 12-month period up to and including the date of such grant for any particular aforementioned person in aggregate, is at maximum 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, of a maximum of HK\$5.0 million and to any other participant, a maximum of 1% of the Shares in issue.

The subscription price for the Shares subject to any particular option under the Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the relevant option; and (iii) the nominal value of a Share.

## Use of Proceeds from the Listing

The Group completed its Listing and received net proceeds of approximately HK\$95.2 million ("Net Proceeds"). The Net Proceeds has been and will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus and the announcement of the Company dated 29 September 2020. On 29 September 2020, the Board, having considered the recent business environment and development of the Group (in particular the impact of the COVID-19 pandemic), resolved to change the use of the remaining unutilized Net Proceeds. For details of the revised allocation, please refer to the announcement of the Company dated 29 September 2020.

Applications of the Net Proceeds during the period from the Listing Date up to 30 June 2021 were as follows:

Use of Net Proceeds:	Original allocation	Amount utilized up to the date of revised allocation	Unused amount up to the date of revised allocation	Revised allocation	Unused amount as at 1 January 2021	Utilization from 1 January 2021 to 30 June 2021	Unused amount as at 30 June 2021	Expected timeline for utilizing the remaining proceeds (Note)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Expansion in production capacity	46.8	16.8	30.0	8.9	8.2	1.2	7.0	Before 31 December 2022
Greater production automation	29.1	12.0	17.1	5.8	5.4	0.8	4.6	Before 31 December 2022
Enhancing our information technology system	9.4	1.1	8.3	1.9	1.9	0.2	1.7	Before 31 December 2022
Improving quality assurance capabilities	2.7	0.1	2.6	2.6	2.4	0.9	1.5	Before 31 December 2022
Increasing market efforts	1.2	-	1.2	-	-	-	-	
General working capital and other corporate purposes	6.0	6.0	-	10.0	4.8	4.8	-	
Working capital for the business of precision engineering and precision machining services	-	-	-	30.0	19.6	19.6	-	
	95.2	36.0	59.2	59.2	42.3	27.5	14.8	

As at 30 June 2021 and the date of this interim report, the unutilized Net Proceeds were placed in interest-bearing deposits with licensed banks in Hong Kong and Singapore.

Note:

The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group and will be subject to change based on future development of market conditions. As a result of the recent business environment and development of the Group (in particular the impact of the COVID-19 pandemic), the Board has resolved that the expected timeline for utilizing the remaining proceeds shall be on or before 31 December 2022 instead of 30 June 2022 and 31 December 2021.

# Management Discussion and Analysis

## Foreign Exchange Risk

The Group's business operations were conducted in Singapore, Malaysia, Hong Kong and China. The sales of the Group are denominated in USD, SGD and HKD. Majority of the purchases and other costs of the Group are denominated in SGD, USD, MYR, HKD and RMB. The functional currency of the Group is SGD. The Group is exposed to foreign exchange risk, primarily USD, RMB and HKD. As at 30 June 2021, the Group retains part of the proceeds from the Listing in HKD and USD that are exposed to foreign exchange risk. During the period, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the period.

## Interim Dividend

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## Employees and Remuneration Policies

As at 30 June 2021, the Group employed 180 full-time employees (31 December 2020: 165 employees). Total staff costs (including directors' emoluments), amounting to approximately S\$2.94 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately S\$1.88 million), mainly included wages, salaries, allowances and defined contribution plans. The employees' salaries are determined based on each employee's qualification, experience and suitability. The Directors receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the Group's performance. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board. The Group also provides on-work training to the employees to improve technical competence and occupational health and safety.

## Events After the Reporting Period

The Group does not have any material subsequent event after the reporting period and up to the date of this interim report.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") of the Listing Rules were as follows:

#### Long positions in the Shares

Name of director	Nature of interest	Number of Shares held/ interested in	Approximate percentage of issued share capital
Mr. Li Thet ("Mr. Li") (Note)	Interest in controlled corporation	602,340,000	60.23%

Note: Luxuriant East Limited ("Luxuriant East") is directly wholly-owned by Mr. Li therefore Mr. Li is deemed to be interested in the Shares which Luxuriant East is interested in under the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

#### Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares held/ interested in	Approximate percentage of issued share capital
Luxuriant East (Note)	Beneficial owner	602,340,000	60.23%

Note: Luxuriant East is directly wholly-owned by Mr. Li therefore Mr. Li is deemed to be interested in the Shares which Luxuriant East is interested in under the SFO.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

### CHANGES IN INFORMATION OF THE DIRECTORS

Upon enquiry by the Company, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

### CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance to safeguard the interests of its Shareholders and enhance its corporate value and accountability. The Directors recognize the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability. The Company adopted all the code provisions in the corporate governance code (the "CG Code") in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

During the six months ended 30 June 2021, saved as disclosed below, the Company had complied with the code provisions in the CG Code.

## Other Information

Pursuant to Rules 13.49(1) and 13.46 of the Listing Rules, the Company was required to publish the 2020 Annual Results of the Group on or before 31 March 2021, and to despatch the annual report for the financial year ended 31 December 2020 (the “2020 Annual Report”) to the Shareholders on or before 30 April 2021.

As disclosed in the announcements of the Company dated 31 March 2021, 28 May 2021, 30 June 2021, 31 August 2021 and 30 September 2021, there was delay in publication of the 2020 Annual Results and despatch of the 2020 Annual Report.

The Board acknowledges that the delay in publication of the 2020 Annual Results and despatch of the 2020 Annual Report constituted non-compliance of Rules 13.49(1) and Rule 13.46 of the Listing Rule, respectively.

Further, the Company has failed to convene an annual general meeting (“AGM”) and lay the 2020 Annual Results before the Shareholders at the AGM within the period of 6 months after the financial year ended on 31 December 2020 in accordance with the requirement under Rule 13.46(2)(b) of the Listing Rules.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

### **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2021 and discussed with the management on the accounting principles and practices, financial reporting process and internal control adopted by the Group, with no disagreement by the Audit Committee.

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Group adopted the Model Code as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors and by relevant employees of the Group. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months period ended 30 June 2021.

By Order of the Board  
**FSM Holdings Limited**  
**Li Thet**  
*Chairman*

Hong Kong, 8 December 2021