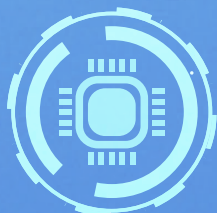


# FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1721

## INTERIM REPORT 2022





# 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 |
| 20 | Management Discussion and Analysis                                |
| 26 | 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  
17/F, Far East Finance Centre  
16 Harcourt Road  
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  
*(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 |                                |
|---|-------|----------------------------------|--------------------------------|
|   |       | 2022<br>S\$'000<br>(unaudited)   | 2021<br>S\$'000<br>(unaudited) |
| Revenue   | 6     | 11,500                           | 6,286                          |
| Cost of sales   |       | (6,385)                          | (5,285)                        |
| <b>Gross profit</b>   |       | <b>5,115</b>                     | 1,001                          |
| Other income  | 7     | 122                              | 77                             |
| Other gains – net   | 8     | 480                              | 311                            |
| Selling and distribution expenses   |       | (104)                            | (253)                          |
| Administrative expenses   |       | (2,091)                          | (2,309)                        |
| Research and development expenses for mobile games                        |       | (846)                            | (729)                          |
| <b>Operating profit/(loss)</b>  |       | <b>2,676</b>                     | (1,902)                        |
| Finance income  |       | 10                               | 15                             |
| Finance costs   |       | (28)                             | (41)                           |
| Finance costs, net  |       | (18)                             | (26)                           |
| <b>Profit/(loss) before income tax</b>                                    | 9     | <b>2,658</b>                     | (1,928)                        |
| Income tax expense  | 10    | (859)                            | (390)                          |
| <b>Profit/(loss) for the period attributable to owners of the Company</b> |       | <b>1,799</b>                     | (2,318)                        |
| <b>Earnings/(loss) per share</b>  |       |                                  |                                |
| Basic and diluted (Singapore cents)                                       | 11    | 0.18                             | (0.23)                         |



## Condensed Consolidated Statement of Comprehensive Income

|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2022<br>S\$'000<br>(unaudited)   | 2021<br>S\$'000<br>(unaudited) |
| <b>Profit/(loss) for the period</b>   | <b>1,799</b>                     | (2,318)                        |
| <b>Other comprehensive loss:</b>  |                                  |                                |
| <i>Item that may be reclassified subsequently to profit or loss:</i>                          |                                  |                                |
| Currency translation differences  | (66)                             | (53)                           |
| <b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b> | <b>1,733</b>                     | (2,371)                        |

# Condensed Consolidated Statement of Financial Position



|   | Notes | As at<br>30 June<br>2022<br>S\$'000<br>(unaudited) | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|---|-------|--|--|
| <b>ASSETS</b>                                       |       |  |  |
| <b>Non-current assets</b>                           |       |  |  |
| Property, plant and equipment                       |       | 11,843   | 12,685   |
| Right-of-use assets                                 |       | 685  | 899  |
| Intangible assets                                   |       | 33   | 37   |
| Rental deposit                                      |       | –  | 81   |
|   |       | <b>12,561</b>                                      | 13,702   |
| <b>Current assets</b>                               |       |  |  |
| Inventories   |       | 2,729  | 1,561  |
| Trade and other receivables                         | 13    | 5,013  | 3,893  |
| Pledged bank deposits                               |       | 53   | 54   |
| Short-term bank deposits                            |       | 13,818   | 7,054  |
| Cash and cash equivalents                           |       | 8,306  | 13,932   |
|   |       | <b>29,919</b>                                      | 26,494   |
| <b>Total assets</b>                                 |       | <b>42,480</b>                                      | 40,196   |
| <b>EQUITY</b>                                       |       |  |  |
| <b>Equity attributable to owners of the Company</b> |       |  |  |
| Share capital                                       | 16    | 1,695  | 1,695  |
| Reserves  |       | 21,008   | 21,074   |
| Retained earnings                                   |       | 11,710   | 9,911  |
| <b>Total equity</b>                                 |       | <b>34,413</b>                                      | 32,680   |
| <b>LIABILITIES</b>                                  |       |  |  |
| <b>Non-current liabilities</b>                      |       |  |  |
| Lease liabilities                                   |       | 487  | 657  |
| Deferred income tax liabilities                     |       | 1,186  | 1,191  |
| Provision for reinstatement cost                    | 14    | 88   | 86   |
|   |       | <b>1,761</b>                                       | 1,934  |
| <b>Current liabilities</b>                          |       |  |  |
| Trade and other payables                            | 14    | 4,817  | 4,327  |
| Current income tax liabilities                      |       | 1,077  | 557  |
| Borrowings  | 15    | –  | 221  |
| Lease liabilities                                   |       | 412  | 477  |
|   |       | <b>6,306</b>                                       | 5,582  |
| <b>Total liabilities</b>                            |       | <b>8,067</b>                                       | 7,516  |
| <b>Total equity and liabilities</b>                 |       | <b>42,480</b>                                      | 40,196   |



## Condensed Consolidated Statement of Changes in Equity

|  | Share capital<br>S\$'000 | Reserves<br>S\$'000 | Retained earnings<br>S\$'000 | Total equity<br>S\$'000 |
|--|--------------------------|---------------------|------------------------------|-------------------------|
| <b>Balance at 1 January 2022</b>                           | <b>1,695</b>             | <b>21,074</b>       | <b>9,911</b>                 | <b>32,680</b>           |
| <b>Comprehensive income</b>                                |                          |                     |                              |                         |
| Profit for the period                                      | –                        | –                   | 1,799                        | 1,799                   |
| <b>Other comprehensive loss for the period, net of tax</b> |                          |                     |                              |                         |
| Currency translation differences                           | –                        | (66)                | –                            | (66)                    |
| <b>Total comprehensive income for the period</b>           | <b>–</b>                 | <b>(66)</b>         | <b>1,799</b>                 | <b>1,733</b>            |
| Balance at 30 June 2022 (unaudited)                        | <b>1,695</b>             | <b>21,008</b>       | <b>11,710</b>                | <b>34,413</b>           |
| Balance at 1 January 2021                                  | 1,695                    | 20,945              | 13,051                       | 35,691                  |
| <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)                        | 1,695                    | 20,892              | 10,733                       | 33,320                  |



# Condensed Consolidated Statement of Cash Flows



|   | For the six months ended 30 June |                                |
|---|----------------------------------|--------------------------------|
|   | 2022<br>S\$'000<br>(unaudited)   | 2021<br>S\$'000<br>(unaudited) |
| <b>Cash flows from operating activities</b>                   |                                  |                                |
| Cash generated from/(used in) operations                      | 1,913                            | (1,178)                        |
| Income tax (paid)/refund                                      | (339)                            | 328                            |
| <b>Net cash generated from/(used in) operating activities</b> | <b>1,574</b>                     | <b>(850)</b>                   |
| <b>Cash flows from investing activities</b>                   |                                  |                                |
| Purchase of property, plant and equipment                     | (24)                             | (247)                          |
| Purchase of computer software                                 | (4)                              | (7)                            |
| Changes in short-term and pledged bank deposits               | (6,763)                          | 3,477                          |
| Interest received   | 10                               | 15                             |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(6,781)</b>                   | <b>3,238</b>                   |
| <b>Cash flows from financing activities</b>                   |                                  |                                |
| Payment of bank loan  | –                                | (67)                           |
| Payment of other banking facilities                           | (221)                            | (310)                          |
| Principal payment of lease liabilities                        | (235)                            | (117)                          |
| Interest paid   | (26)                             | (40)                           |
| Increase in amount due to a director                          | –                                | 34                             |
| <b>Net cash used in financing activities</b>                  | <b>(482)</b>                     | <b>(500)</b>                   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(5,689)</b>                   | <b>1,888</b>                   |
| Cash and cash equivalents at 1 January                        | 13,932                           | 10,602                         |
| Currency translation differences                              | 63                               | 44                             |
| <b>Cash and cash equivalents at 30 June</b>                   | <b>8,306</b>                     | <b>12,534</b>                  |





# 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 online mobile games.

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 2022 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 2021.

## 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 2021.

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:

|                     |  |
|---------------------|--|
| IAS 16 (Amendments) | <i>Property, Plant and Equipment: Proceeds before intended use</i> |
| IAS 37 (Amendments) | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>           |
| IFRS 3 (Amendments) | <i>Reference to the Conceptual Framework</i>                       |
| Annual Improvements | <i>Annual Improvements to IFRS Standards 2018 – 2020 Cycle</i>     |

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. 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 2021.

### (b) Financial risk management

#### 4.1 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 2021.

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

#### 4.2 Liquidity risk

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

#### 4.3 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 and bank borrowings approximate their fair values due to their short maturities.

At 30 June 2022 and 31 December 2021, 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

## 5. 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 profit/(loss) before income tax

|  | For the six months ended<br>30 June 2022            |  |                                 |
|--|---|--|---------------------------------|
|  | Manufacturing<br>business<br>S\$'000<br>(unaudited) | Online<br>business<br>S\$'000<br>(unaudited) | Total<br>S\$'000<br>(unaudited) |
| Reportable segment revenue (Note 6)<br>From external customers | 11,468  | 32   | 11,500                          |
| Reportable segment results                                     | 4,704   | (1,608)                                      | 3,096                           |
| Corporate income   |   |  | 105                             |
| Corporate expenses   |   |  | (543)                           |
| Profit before income tax                                       |   |  | 2,658                           |

|  | For the six months ended<br>30 June 2021            |  |                                 |
|--|---|--|---------------------------------|
|  | Manufacturing<br>business<br>S\$'000<br>(unaudited) | Online<br>business<br>S\$'000<br>(unaudited) | Total<br>S\$'000<br>(unaudited) |
| Reportable segment revenue (Note 6)<br>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)                         |

# Notes to the Condensed Consolidated Interim Financial Information



## 5. 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<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------|---|--|
| Manufacturing business | <b>38,083</b>   | 33,191   |
| Online business        | <b>1,272</b>  | 1,541  |
| Total segment assets   | <b>39,355</b>   | 34,732   |
| Corporate assets       | <b>3,125</b>  | 5,464  |
| Total assets           | <b>42,480</b>   | 40,196   |

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

|                          | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|--------------------------|---|--|
| Singapore                | <b>8,913</b>  | 9,581  |
| Hong Kong                | <b>130</b>  | 190  |
| China                    | <b>249</b>  | 475  |
| Malaysia                 | <b>3,269</b>  | 3,456  |
| Total non-current assets | <b>12,561</b>   | 13,702   |



# Notes to the Condensed Consolidated Interim Financial Information

## 5. 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<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|---------------------------|---|--|
| Manufacturing business    | <b>6,333</b>  | 4,207  |
| Online business           | <b>349</b>  | 582  |
| Total segment liabilities | <b>6,682</b>  | 4,789  |
| Corporate liabilities     | <b>1,385</b>  | 2,727  |
| Total liabilities         | <b>8,067</b>  | 7,516  |

### (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<br/>30 June</b> |                                |
|-----------------|---|--------------------------------|
|                 | <b>2022<br/>S\$'000<br/>(unaudited)</b>     | 2021<br>S\$'000<br>(unaudited) |
| Singapore       | <b>11,468</b>                               | 6,185                          |
| Other countries | <b>32</b>                                   | 101                            |
|                 | <b>11,500</b>                               | 6,286                          |

# Notes to the Condensed Consolidated Interim Financial Information



## 5. SEGMENT INFORMATION (CONTINUED)

### Information about major customers

For the six months ended 30 June 2022, there were two (six months ended 30 June 2021: two) 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<br>30 June |                                |
|------------|-------------------------------------|--------------------------------|
|            | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Customer A | 6,598                               | 2,988                          |
| Customer B | 3,712                               | 2,657                          |

## 6. 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 2022 and 2021 are as follows:

|                               | For the six months ended<br>30 June |                                |
|-------------------------------|-------------------------------------|--------------------------------|
|                               | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Sale of goods                 | 11,151                              | 6,075                          |
| Processing services           | 317                                 | 110                            |
| Sale of in-game virtual items | 32                                  | 101                            |
|                               | <b>11,500</b>                       | 6,286                          |



# Notes to the Condensed Consolidated Interim Financial Information

## 7. OTHER INCOME

|                  | For the six months ended<br>30 June |                                |
|------------------|-------------------------------------|--------------------------------|
|                  | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Government grant | 62                                  | 65                             |
| Scrap sales      | 24                                  | 11                             |
| Others           | 36                                  | 1                              |
|                  | <b>122</b>                          | <b>77</b>                      |

## 8. OTHER GAINS – NET

|                        | For the six months ended<br>30 June |                                |
|------------------------|-------------------------------------|--------------------------------|
|                        | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Foreign exchange gains | 480                                 | 311                            |

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

Profit/(loss) before income tax has been arrived at after charging/(crediting):

|   | For the six months ended<br>30 June |                                |
|---|-------------------------------------|--------------------------------|
|   | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Cost of inventories sold  | 3,066                               | 2,291                          |
| Employee benefit expenses (including directors' emoluments)                   | 3,703                               | 2,940                          |
| Depreciation charge for property, plant and equipment and right-of-use assets | 994                                 | 1,081                          |
| Amortisation of intangible assets   | 8                                   | 10                             |
| Operating lease expense in respect of short-term leases                       | 19                                  | 168                            |
| Subcontractor fees  | 249                                 | 276                            |
| Utilities   | 370                                 | 175                            |
| Legal and professional fee  | 159                                 | 678                            |
| Auditor's remuneration  |                                     |                                |
| – Audit services  | 185                                 | 150                            |
| Foreign exchange gains  | (480)                               | (311)                          |
| Government grant  | (62)                                | (65)                           |



# Notes to the Condensed Consolidated Interim Financial Information



## 10. 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<br>30 June |                                |
|---------------------|-------------------------------------|--------------------------------|
|                     | 2022<br>S\$'000<br>(unaudited)      | 2021<br>S\$'000<br>(unaudited) |
| Current income tax  | 859                                 | 340                            |
| Deferred income tax | –                                   | 50                             |
| Income tax expense  | 859                                 | 390                            |

### (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 2022 and 2021.

### (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 2022 (six months ended 30 June 2021: 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 2022 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 2022 (six months ended 30 June 2021: 24%).

### (d) Hong Kong profits tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%. The Group's subsidiaries incorporated in Hong Kong are not provided for Hong Kong profits tax as there is no assessable income arising in and derived from Hong Kong during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

### (e) Mainland China corporate income tax

According to the Enterprise Income Tax Law and the Implementation of the Enterprise Income Tax Law of the People's Republic of China, an entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments phase 2. From 1 January 2021 to 31 December 2022, a Small Low-profit Enterprise with annual taxable income of not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 12.5% of its taxable income at tax rate of 20%. A subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.



# Notes to the Condensed Consolidated Interim Financial Information

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021.

|   | For the six months ended<br>30 June |                     |
|---|-------------------------------------|---------------------|
|   | 2022<br>(unaudited)                 | 2021<br>(unaudited) |
| Profit/(loss) attributable to the owners of the Company (S\$'000) | 1,799                               | (2,318)             |
| Weighted average number of ordinary shares in issue (in thousand) | 1,000,000                           | 1,000,000           |
| Basic earnings/(loss) per share in Singapore cents                | 0.18                                | (0.23)              |

### (b) Diluted

For the six months ended 30 June 2022 and 2021, diluted earnings/(loss) per share equals basic earnings/(loss) per share as there was no dilutive potential shares.

## 12. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

# Notes to the Condensed Consolidated Interim Financial Information



## 13. TRADE AND OTHER RECEIVABLES

|                        | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|------------------------|---|--|
| <b>Current</b>         |   |  |
| Trade receivables      | 4,265   | 3,627  |
| Less: loss allowance   | –   | –  |
| Trade receivables, net | 4,265   | 3,627  |
| Prepayments            | 117   | 145  |
| Deposits               | 523   | 108  |
| Other receivables      | 108   | 13   |
|                        | <b>5,013</b>  | <b>3,893</b>   |

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 2022 and 31 December 2021 was as follows:

|               | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|---------------|---|--|
| 0 to 30 days  | 2,257   | 1,967  |
| 31 to 60 days | 1,910   | 1,607  |
| 61 to 90 days | 7   | 37   |
| Over 90 days  | 91  | 16   |
|               | <b>4,265</b>  | <b>3,627</b>   |

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 2022 and 31 December 2021.



## Notes to the Condensed Consolidated Interim Financial Information

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

|                                  | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|----------------------------------|---|--|
| <b>Non-current</b>               |   |  |
| Provision for reinstatement cost | <b>88</b>   | 86   |
| <b>Current</b>                   |   |  |
| Trade payables                   | <b>2,561</b>  | 1,570  |
| Other payables and accruals      |   |  |
| – Accrued expenses               | <b>2,028</b>  | 2,526  |
| – Others                         | <b>228</b>  | 231  |
|                                  | <b>4,817</b>  | 4,327  |
|                                  | <b>4,905</b>  | 4,413  |

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on invoice date was as follows:

|               | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|---------------|---|--|
| 0 to 30 days  | <b>883</b>  | 702  |
| 31 to 60 days | <b>748</b>  | 361  |
| 61 to 90 days | <b>517</b>  | 221  |
| Over 90 days  | <b>413</b>  | 286  |
|               | <b>2,561</b>  | 1,570  |

# Notes to the Condensed Consolidated Interim Financial Information



## 15. BORROWINGS

|                          | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|--------------------------|---|--|
| Other banking facilities | –   | 221  |
| Of which                 |   |  |
| Current liabilities      | –   | 221  |
| Non-current liabilities  | –   | –  |
|                          | –   | 221  |

As at 31 December 2021, the carrying amounts of the Group's borrowings approximated their fair values and were denominated in S\$.

As at 31 December 2021, other banking facilities represented the financing arrangements between the Group and banks for the acquisition of machinery and were secured by the machinery.

## 16. SHARE CAPITAL

|  | <b>Number of<br/>shares</b> | <b>Share capital<br/>S\$'000</b> |
|--|-----------------------------|----------------------------------|
| <b>Authorised:</b>   |                             |                                  |
| Ordinary shares of HK\$0.01 each<br>At 31 December 2021 and 30 June 2022 | <b>2,000,000,000</b>        | <b>3,390</b>                     |
| <b>Issued and fully paid:</b>  |                             |                                  |
| Ordinary shares of HK\$0.01 each<br>At 31 December 2021 and 30 June 2022 | <b>1,000,000,000</b>        | <b>1,695</b>                     |

## 17. 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:

|  | <b>As at<br/>30 June<br/>2022<br/>S\$'000<br/>(unaudited)</b> | As at<br>31 December<br>2021<br>S\$'000<br>(audited) |
|--|---|--|
| Capital expenditure in respect of the acquisition of property, plant and equipment | <b>498</b>  | 120  |



# 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 2022.

## 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 detail 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.

According to data released by the Ministry of Trade and Industry of Singapore, the Singapore economy recorded a continued growth in the first half of 2022 and grew by 3.8% and 4.4% on a year-on-year basis in the first quarter and second quarter of 2022 respectively. Meanwhile, the manufacturing sector in Singapore continued to outperform in the first half of 2022 and expanded by 5.5% and 5.7% on a year-on-year basis in the first quarter and second quarter of 2022 respectively due to output expansions across various clusters in the manufacturing sector including precision engineering clusters.

Our manufacturing business which engages in sheet metal fabrication with a focus on precision engineering, has benefited from the sustained output expansions across various clusters in the manufacturing sector and continued to achieve significant growth in revenue in the first half of 2022.

For the six months ended 30 June 2022, the Group’s manufacturing segment recorded total revenue of approximately S\$11.47 million, representing an increase of approximately S\$5.28 million or 85.42%, from approximately S\$6.19 million for the six months ended 30 June 2021. The increase in revenue was mainly due to the increase in sales orders resulting from the continued growth of the manufacturing sector in Singapore in the first half of 2022.

## ONLINE BUSINESS

### Mobile game business

For the six months ended 30 June 2022, the revenue from mobile game business under the online business segment was approximately S\$0.03 million (six months ended 30 June 2021: approximately S\$0.10 million).

The Group launched our first mobile game to the market since December 2020. In the first half of 2022, the Group has continued to operate our mobile game and strengthened our research and development in order to develop and optimise our existing and new mobile games.



# Management Discussion and Analysis

## BUSINESS PROSPECTS

The International Monetary Fund has projected the global economy to grow at 3.2% in 2022 according to their July 2022 review. In the second half of 2022, there are still many uncertainties affecting the global economy, including the conflicts in Ukraine which is expected to lead to higher inflation worldwide. In order to reduce inflation, the Federal Reserves in the United States of America and the European Central Bank have started raising interest rates, which may lead to further decline in the growth of the global economy.

Under such a challenging environment faced by our manufacturing business, the Group will continuously deploy outreach strategies in maintaining relationships with our existing and potential customers and enhance production competency and efficiency through the upgrading of machines and usage of robotics to reduce production cost.

It is the Group's strategy to diversify our revenue streams under current challenging environment of our manufacturing business. Launching our first mobile game to the market was the Group's initial plan following our diversification into the online business. In the second half of 2022, the Group will continue to enrich our online business by developing and optimising mobile game products. Going forward, the Group will keep reviewing its development strategy and operation of the online business with a view to adapt to market changes.

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.

## FINANCIAL REVIEW

### Revenue

The following table sets forth the breakdown of the Group's revenue from (i) manufacturing business and (ii) online business for the six months ended 30 June 2022 and 2021:

|                        | For the six months ended 30 June |        |                        |        |
|------------------------|----------------------------------|--------|------------------------|--------|
|                        | 2022                             |        | 2021                   |        |
|                        | S\$'000<br>(unaudited)           | %      | S\$'000<br>(unaudited) | %      |
| Manufacturing business | 11,468                           | 99.72  | 6,185                  | 98.39  |
| Online business        | 32                               | 0.28   | 101                    | 1.61   |
| Total                  | 11,500                           | 100.00 | 6,286                  | 100.00 |

For the six months ended 30 June 2022, the Group's revenue increased by approximately S\$5.21 million or 82.95% compared to the same period in 2021. The increase was mainly attributable to the increase in revenue from the manufacturing business, benefiting from increase in sales orders led by output expansions across various clusters in the manufacturing sector in Singapore in the first half of 2022.





# Management Discussion and Analysis

## Gross profit and gross profit margin

For the six months ended 30 June 2022, the Group's gross profit increased by approximately S\$4.12 million from approximately S\$1.00 million for the six months ended 30 June 2021 to approximately S\$5.12 million for the six months ended 30 June 2022. The Group's gross profit margin increased from approximately 15.92% for the six months ended 30 June 2021 to approximately 44.48% for the six months ended 30 June 2022. Such marked increase was mainly due to (a) the increase in revenue in the first half of 2022; and (b) the costs of certain production overheads which were in general fixed in nature and not increasing in line with the increase in revenue.

## Other Income

The Group's other income increased by approximately S\$0.04 million from approximately S\$0.08 million for the six months ended 30 June 2021 to approximately S\$0.12 million for the six months ended 30 June 2022. Such increase was mainly due to the increase of scrap sales for the six months ended 30 June 2022 as compared to the same period last year.

## Other gains – net

The Group's other gains – net increased by approximately S\$0.17 million from approximately S\$0.31 million for the six months ended 30 June 2021 to approximately S\$0.48 million for the six months ended 30 June 2022. 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 2022. The increase in foreign exchange gain was mainly due to an appreciation in exchange rates of USD and HKD against SGD as compared to the same period last year.

## Administrative expenses

The Group's administrative expenses decreased by approximately S\$0.22 million or 9.44% from approximately S\$2.31 million for the six months ended 30 June 2021 to approximately S\$2.09 million for the six months ended 30 June 2022. The decrease was mainly due to decrease in legal and professional fees incurred in the first half of 2022 as there were professional fees incurred for the resumption of trading of the Company's shares in the first half of 2021.

## Research and development expenses for mobile games

The Group's research and development expenses which mainly consisted of staff costs and other costs incurred in developing and optimising the Group's mobile games increased by approximately S\$0.12 million from approximately S\$0.73 million for the six months ended 30 June 2021 to approximately S\$0.85 million for the six months ended 30 June 2022. The increase was mainly due to increase in staff costs incurred in developing and optimising the Group's mobile games for the six months ended 30 June 2022 as compared to the same period last year.

## Profit/(loss) for the period attributable to owners of the Company

As a result of the above factors, the Group recorded a profit of approximately S\$1.80 million attributable to owners of the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: loss of approximately S\$2.32 million).

## 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 2022, the Group's total equity attributable to owners of the Company amounted to approximately S\$34.41 million (31 December 2021: approximately S\$32.68 million).



# Management Discussion and Analysis

As at 30 June 2022, the Group's net current assets were approximately S\$23.61 million (31 December 2021: approximately S\$20.91 million) and the Group had cash and cash equivalents and short-term and pledged deposits of approximately S\$22.18 million (31 December 2021: approximately S\$21.04 million). The Group had lease liabilities of approximately S\$0.90 million (31 December 2021: approximately S\$1.13 million).

The Group's borrowings were fully repaid during the six months ended 30 June 2022 (31 December 2021: approximately S\$0.22 million).

As at 30 June 2022, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the period/year) was approximately 4.74 times (31 December 2021: approximately 4.75 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 2.61% (31 December 2021: approximately 4.15%).

## 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 2022.

## Pledge of Assets

The Group's other banking facilities which were secured by the Group's machineries of S\$1.42 million as at 31 December 2021 had been fully repaid during the six months ended 30 June 2022. Save as disclosed herein, as at 30 June 2022, the Group did not have significant assets pledged or charged.

## 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 2022.

## Capital Commitments

As at 30 June 2022, the Group had capital commitments of approximately S\$0.50 million, which was related to acquisition of property, plant and equipment (31 December 2021: S\$0.12 million).

## Contingent Liabilities

As at 30 June 2022, 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 on the Stock Exchange (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 2022.

# 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 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 and from the Listing Date up to 30 June 2022 were as follows:

| Use of Net Proceeds:   | Original     | Amount  | Unused   | Utilization   | Unused                               | Utilization                                  | Unused                          | Expected timeline for<br>utilizing the remaining<br>proceeds (Note) |                         |
|--|--------------|---|--|---|--------------------------------------|--|---------------------------------|---|-------------------------|
|  | allocation   | utilized<br>up to<br>the date<br>of revised<br>allocation | amount up to<br>the date<br>of revised<br>allocation | from the date<br>of revised<br>allocation to<br>1 January<br>2022 | amount<br>as at<br>1 January<br>2022 | from<br>1 January<br>2022 to<br>30 June 2022 | amount as at<br>30 June<br>2022 |   |                         |
|  | HK\$ million | HK\$ million  | HK\$ million   | Revised<br>allocation<br>HK\$ million                             | HK\$ million                         | HK\$ million                                 | HK\$ million                    |   |                         |
| Expansion in production capacity   | 46.8         | 16.8  | 30.0   | 8.9   | 2.8                                  | 6.1  | 1.2                             | 4.9   | Before 31 December 2022 |
| Greater production automation  | 29.1         | 12.0  | 17.1   | 5.8   | 2.2                                  | 3.6  | 1.8                             | 1.8   | Before 31 December 2022 |
| Enhancing our information technology system  | 9.4          | 1.1   | 8.3  | 1.9   | 0.2                                  | 1.7  | 0.1                             | 1.6   | Before 31 December 2022 |
| Improving quality assurance capabilities   | 2.7          | 0.1   | 2.6  | 2.6   | 1.4                                  | 1.2  | 0.3                             | 0.9   | Before 31 December 2022 |
| Increasing marketing efforts   | 1.2          | -   | 1.2  | -   | -                                    | -  | -                               | -   |                         |
| General working capital and other corporate purposes                                       | 6.0          | 6.0   | -  | 10.0  | 10.0                                 | -  | -                               | -   |                         |
| Working capital for the business of precision engineering and precision machining services | -            | -   | -  | 30.0  | 30.0                                 | -  | -                               | -   |                         |
|  | 95.2         | 36.0  | 59.2   | 59.2  | 46.6                                 | 12.6   | 3.4                             | 9.2   |                         |

As at 30 June 2022 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.



# Management Discussion and Analysis

Note:

The expected timeline for utilizing the remaining Net 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 or 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 Net Proceeds shall be on or before 31 December 2022 instead of 30 June 2022 and 31 December 2021.

## Foreign Exchange Risk

The Group's business operations were conducted in Singapore, Malaysia, Hong Kong and mainland 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 2022, 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 adverse 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 2022 (six months ended 30 June 2021: Nil).

## Employees and Remuneration Policies

As at 30 June 2022, the Group employed 171 full-time employees (31 December 2021: 184 employees). Total staff costs (including directors' emoluments), amounting to approximately S\$3.70 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately S\$2.94 million), mainly included fees, wages, salaries, other staff benefits and contributions to retirement schemes. The employees' salaries are determined based on each employee's qualification, experience, performance and suitability. The Directors receive compensation in the form of fees, salaries 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 2022, 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 602,340,000 Shares which Luxuriant East is interested in under the SFO.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 602,340,000 Shares which Luxuriant East is interested in under the SFO.

Save as disclosed above, as at 30 June 2022, 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 recognise 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 has applied the principles and adopted all the code provisions in the corporate governance code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code on corporate governance practices.

During the six months ended 30 June 2022, the Company had complied with the code provisions in the CG Code.



## Other Information

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

During the six months ended 30 June 2022, 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 2022 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 code 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 2022.

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

Hong Kong, 23 August 2022