

FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1721

Interim Report 2025



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Thet (*Chairman*)

Ms. Wong Yet Lian (*Chief Executive Officer*)

Independent Non-Executive Directors

Mr. Wong Po Keung

Mr. Lau Chun Ho Edward

Ms. Leung Tze Ying Gwen

AUDIT COMMITTEE

Ms. Leung Tze Ying Gwen (*Chairman*)

Mr. Wong Po Keung

Mr. Lau Chun Ho Edward

REMUNERATION COMMITTEE

Mr. Wong Po Keung (*Chairman*)

Mr. Li Thet

Mr. Lau Chun Ho Edward

Ms. Leung Tze Ying Gwen

NOMINATION COMMITTEE

Mr. Li Thet (*Chairman*)

Mr. Wong Po Keung

Mr. Lau Chun Ho Edward

Ms. Leung Tze Ying Gwen

COMPANY SECRETARY

Mr. Yip Kit Chau

AUTHORISED REPRESENTATIVES

Mr. Li Thet

Mr. Yip Kit Chau

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

22/F, Prince's Building

Central

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 813, 8/F

68 Kimberley Road, Tsim Sha Tsui

Kowloon

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 laws

MinterEllison LLP

43/F Hopewell Centre

183 Queen's Road East

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

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Revenue	6	7,981	7,043
Cost of sales		(4,377)	(4,228)
Gross profit		3,604	2,815
Other income		50	13
Other (losses)/gains — net	7	(2,868)	1,181
Selling and distribution expenses		(388)	(229)
Administrative expenses		(2,271)	(2,575)
Research and development expenses for mobile games		(1,547)	(1,432)
Operating loss		(3,420)	(227)
Finance income		271	536
Finance costs		(440)	(426)
Finance (expense)/income, net	8	(169)	110
Loss before income tax	9	(3,589)	(117)
Income tax expense	10	(384)	(296)
Loss for the period attributable to owners of the Company		(3,973)	(413)
Loss per share for loss attributable to owners of the Company			
Basic and diluted (Singapore cents)	11	(0.3973)	(0.0413)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Loss for the period	(3,973)	(413)
Other comprehensive income/(loss):		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	1,682	(487)
Other comprehensive income/(loss) for the period, net of tax	1,682	(487)
Total comprehensive loss for the period attributable to owners of the Company	(2,291)	(900)

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	13	9,641	9,969
Right-of-use assets		428	611
Intangible assets		1	6
Rental deposit		13	14
		10,083	10,600
Current assets			
Inventories		2,376	1,896
Trade and other receivables	14	2,931	3,119
Short-term bank deposits		53	54
Cash and cash equivalents		32,773	36,225
		38,133	41,294
Total assets		48,216	51,894
Equity			
Equity attributable to owners of the Company			
Share capital	18	1,695	1,695
Reserves		26,533	24,842
(Accumulated deficit)/Retained earnings		(358)	3,624
Total equity		27,870	30,161
Liabilities			
Non-current liabilities			
Borrowings	17	13,982	14,722
Lease liabilities		281	372
Deferred income tax liabilities		803	810
Provision for reinstatement cost	15	102	100
		15,168	16,004
Current liabilities			
Trade and other payables	15	3,910	3,924
Contract liabilities	16	119	385
Current income tax liabilities		793	940
Borrowings	17	156	153
Lease liabilities		200	327
		5,178	5,729
Total liabilities		20,346	21,733
Total equity and liabilities		48,216	51,894

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Share capital S\$'000	Reserves S\$'000	(Accumulated deficit)/ Retained earnings S\$'000	Total equity S\$'000
Balance at 1 January 2025	1,695	24,842	3,624	30,161
Comprehensive loss				
Loss for the period	–	–	(3,973)	(3,973)
Other comprehensive loss for the period, net of tax				
Currency translation differences	–	1,682	–	1,682
Total comprehensive loss for the period	–	1,682	(3,973)	(2,291)
Transactions with owners				
Appropriation of statutory reserves	–	9	(9)	–
Total transactions with owners	–	9	(9)	–
Balance at 30 June 2025 (unaudited)	1,695	26,533	(358)	27,870
Balance at 1 January 2024	1,695	25,367	7,050	34,112
Comprehensive loss				
Loss for the period	–	–	(413)	(413)
Other comprehensive loss for the period, net of tax				
Currency translation differences	–	(487)	–	(487)
Total comprehensive loss for the period	–	(487)	(413)	(900)
Transactions with owners				
Appropriation of statutory reserves	–	9	(9)	–
Total transactions with owners	–	9	(9)	–
Balance at 30 June 2024 (unaudited)	1,695	24,889	6,628	33,212

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	(2,779)	33
Income tax paid	(536)	(337)
Net cash used in operating activities	(3,315)	(304)
Cash flows from investing activities		
Purchase of property, plant and equipment	(60)	(165)
Proceeds from disposal of property, plant and equipment	2	–
Placement of short-term and pledged bank deposits	1	(2)
Interest received	271	536
Net cash generated from investing activities	214	369
Cash flows from financing activities		
Repayment of other banking facilities	(76)	(73)
Principal payment of lease liabilities	(200)	(209)
Interest paid	(20)	(28)
Net cash used in from financing activities	(296)	(310)
Net decrease in cash and cash equivalents	(3,397)	(245)
Cash and cash equivalents at 1 January	36,225	38,936
Currency translation differences	(55)	19
Cash and cash equivalents at 30 June	32,773	38,710

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

1. GENERAL INFORMATION

FSM Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in precision engineering, sheet metal fabrication and the development and distribution of online mobile games. The Company was incorporated in the Cayman Islands with limited liabilities on 5 February 2018 as an exempted company. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2025 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 2024.

3. MATERIAL ACCOUNTING POLICIES

Except for the adoption of amended standards as set out below, 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 2024.

(a) Amendments to standards adopted by the Group

The following amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2025. The adoption of these amendments to existing standards does not have any significant impact to the results and financial position of the Group:

		Effective for annual periods beginning on or after
IAS 21 and IFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Amendments to existing standards not yet adopted

The following amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2025 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 9 and IFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

These new standards, amendments to existing standards and annual improvements are not expected to have a material impact on the Group's current or future reporting periods and on foreseeable future transactions.

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 2024.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

4. ESTIMATES AND FINANCIAL RISK MANAGEMENT (Continued)

(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 and interest rate 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 2024.

There have been no changes in the risk management policies since 31 December 2024.

4.2 Fair value estimation

The Company has no significant financial instruments other than rental deposit, trade and other receivables, trade and other payables, cash and cash equivalent, short-term deposits, borrowings and lease liabilities. The carrying amounts less impairment (where applicable) of these balances are a reasonable approximation of their fair values due to their short maturities.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

The Chief Operating Decision Makers ("CODMs"), including Mr. Li Thet ("Mr. Li") and Ms. Wong Yet Lian ("Ms. Wong"), monitor the results of the Company's operating segments for the purpose of making decisions about resource allocation and performance assessment. The CODMs 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.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

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

	For the six months ended 30 June 2025		
	Manufacturing business S\$'000 (unaudited)	Online business S\$'000 (unaudited)	Total S\$'000 (unaudited)
Reportable segment revenue (Note 6)			
Point in time	6,663	–	6,663
Overtime	134	1,184	1,318
	6,797	1,184	7,981
Reportable segment results	1,369	(2,232)	(863)
Corporate income			130
Corporate expenses			(2,856)
Loss before income tax			(3,589)

	For the six months ended 30 June 2024		
	Manufacturing business S\$'000 (unaudited)	Online business S\$'000 (unaudited)	Total S\$'000 (unaudited)
Reportable segment revenue (Note 6)			
Point in time	6,123	–	6,123
Overtime	26	894	920
	6,149	894	7,043
Reportable segment results	2,251	(2,374)	(123)
Corporate income			881
Corporate expenses			(875)
Loss before income tax			(117)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (CONTINUED)

(c) Segment assets

All assets are allocated based on the operations of the segment and the physical location of the assets.

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Manufacturing business	26,910	35,081
Online business	1,125	2,369
Total segment assets	28,035	37,450
Corporate assets	20,181	14,444
Total assets	48,216	51,894

The total of non-current assets other than financial instruments, breakdown by location of the assets, is shown in the following:

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Singapore	7,045	7,336
Hong Kong	212	305
The People's Republic of China (the "PRC")	29	101
Malaysia	2,797	2,858
Total non-current assets	10,083	10,600

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (CONTINUED)

(d) Segment liabilities

All liabilities, except for current and deferred income tax liabilities, certain other payables, and certain borrowings that are not managed directly by segments, are allocated to operating segments.

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Manufacturing business	3,793	3,423
Online business	696	1,636
Total segment liabilities	4,489	5,059
Corporate liabilities	15,857	16,674
Total liabilities	20,346	21,733

(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 breakdown by location of the customers is shown in the table below.

	For the six months ended 30 June 2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Singapore	6,797	6,149
Other countries	1,184	894
	7,981	7,043

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (CONTINUED)

Information about major customers

For the six months ended 30 June 2025, there were two customers (six months ended 30 June 2024: two customers), which individually contributed over 10% of the Group's total revenue. During the periods, the revenue contributed from these customers is as follows:

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Customer A	3,489	3,381
Customer B	2,975	2,447

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 2025 and 2024, respectively, is as follows:

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Sale of goods	6,663	6,123
Processing services	134	26
Sale of in-game virtual items	1,184	894
	7,981	7,043

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

7. OTHER (LOSSES)/GAINS — NET

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Foreign exchange (losses)/gains, net	(2,870)	1,181
Gain on disposal of property, plant and equipment	2	—
	(2,868)	1,181

8. FINANCE (EXPENSE)/INCOME, NET

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Finance income		
Bank deposits	271	536
Finance costs		
Unwinding of discount on shareholder's loan (Note)	(417)	(396)
Other banking facilities	(5)	(8)
Lease liabilities	(15)	(20)
Reinstatement costs	(3)	(2)
	(440)	(426)
Finance (expense)/income, net	(169)	110

Note: It represents non-cash finance costs resulting from unwinding of the discount on the shareholder's loan.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

9. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Cost of inventories sold	1,684	1,565
Subcontractor fees	131	95
(Reversal of provision)/provision for impairment of inventories	(20)	217
Employee benefit expenses (including directors' emoluments)	3,933	4,196
Depreciation charge for property, plant and equipment	369	604
Depreciation charge for right-of-use assets	166	186
Amortisation of intangible assets	5	4
Operating lease expense in respect of short-term leases	115	31
Research and development expenses for mobile games (excluding staff costs and amortisation charge and depreciation charge)	26	23
Advertisement for mobile games	317	174
Legal and professional fees	154	201
Auditor's remuneration		
— Audit services	186	173

10. INCOME TAX EXPENSE

The amount of income tax expense recognised in the condensed consolidated statements of profit or loss represents:

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Current income tax	391	343
Deferred income tax	(7)	(47)
Income tax expense	384	296

(a) 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 2025 (six months ended 30 June 2024: 17%).

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

10. INCOME TAX EXPENSE (CONTINUED)

(b) 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 2025 (six months ended 30 June 2024: 24%).

(c) The PRC corporate income tax

According to the Enterprise Income Tax Law and the Implementation of the Enterprise Income Tax Law of the PRC, an entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments. From 1 January 2023 to 31 December 2027, the first RMB\$3 million annual taxable income is subject to an effective corporate income tax rate of 5% (six months ended 30 June 2024: 5%). A subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

(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% (six months ended 30 June 2024: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (six months ended 30 June 2024: 16.5%). The profits of the group entities not qualifying for the two-tiered profits tax rates regime will be continue to be taxed at a rate of 16.5% (six months ended 30 June 2024: 16.5%). The Group's subsidiaries incorporated in Hong Kong are not provided for Hong Kong profits tax as there is no assessable profit arising in and derived from Hong Kong for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

(e) 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 2025 and 2024.

11. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the 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 2025 and 2024.

	For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Loss attributable to the owners of the Company (\$S'000)	(3,973)	(413)
Weighted average number of ordinary shares in issue (in thousand)	1,000,000	1,000,000
Basic loss per share in Singapore cents	(0.3973)	(0.0413)

(b) Diluted

For the six months ended 30 June 2025 and 2024, diluted loss per share equals basic loss per share as there was no potential dilutive shares.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

12. INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June 2025 S\$'000 (unaudited)
As at 1 January 2025	9,969
Additions	60
Depreciation	(369)
Disposal	–
Currency translation differences	(19)
As at 30 June 2025	9,641
	For the six months ended 30 June 2024 S\$'000 (unaudited)
As at 1 January 2024	10,685
Additions	165
Depreciation	(604)
Currency translation differences	10
As at 30 June 2024	10,256

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Trade receivables	2,512	2,482
Less: loss allowance	–	–
Trade receivables, net	2,512	2,482
Prepayments	183	273
Deposits	74	73
Other receivables	162	291
	2,931	3,119

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 is as follows:

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
0 to 30 days	1,480	1,324
31 to 60 days	1,017	1,106
61 to 90 days	5	50
Over 90 days	10	2
	2,512	2,482

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

15. TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Non-current		
Provision for reinstatement cost	102	100
Current		
Trade payables	1,399	913
Other payables and accruals		
— Accrued expenses	2,246	2,660
— Others	265	351
	3,910	3,924
Total	4,012	4,024

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
0 to 30 days	356	434
31 to 60 days	438	283
61 to 90 days	362	155
Over 90 days	243	41
	1,399	913

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

16. CONTRACT LIABILITIES

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Sales of in-game virtual items	119	385
	119	385

Contract liabilities primarily consist of the unamortised revenue from sales of in-game virtual items for mobile games, where there is still an implied obligation to be provided by the Group to game players.

The Group expects to deliver the services to satisfy the remaining performance obligation of these contract liabilities within one year or less.

17. BORROWINGS

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Shareholder's loan	13,928	14,589
Other banking facilities	210	286
Total borrowings	14,138	14,875
Of which		
Non-current liabilities	13,982	14,722
Current liabilities	156	153
	14,138	14,875

The carrying amounts of the Group's borrowings approximated their fair values and were denominated in Hong Kong Dollar ("HK\$" or "HKD") and S\$.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

17. BORROWINGS (CONTINUED)

Shareholder's loan represented shareholder's loan with a total amount of HK\$100 million (equivalent to approximately S\$16.77 million) provided by Luxuriant East Limited ("Luxuriant East"), a company wholly-owned by Mr. Li. The shareholder's loan is interest-free, unsecured and has a term of five years. No transaction cost was incurred. The difference between this loan's principal amount and this loan's present value discounted using the prevailing market rate of interest was initially recognised as deemed contribution from controlling shareholder and was included in other reserves.

Other banking facilities mainly represented the financing arrangements between the Group and banks for the acquisition of machinery. The other banking facilities were secured by two machineries as at 30 June 2025 and 31 December 2024.

18. SHARE CAPITAL

	Number of shares	Share capital S\$'000
Authorised: Ordinary shares of HK\$0.01 each At 30 June 2025 and 31 December 2024	2,000,000,000	3,390
Issued and fully paid: Ordinary shares of HK\$0.01 each At 30 June 2025 and 31 December 2024	1,000,000,000	1,695

19. 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 interim financial statements:

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment	90	90

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

20. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to jointly control the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the six months ended 30 June 2025 and 2024:

Name of related parties	Relationship with the Group
Mr. Li	Director and shareholder
Luxuriant East	A company wholly-owned by Mr. Li
Ms. Wong	Director
Mr. Toe Wei Xian	Child of Ms. Wong
Ms. Toe Yun Xu	Child of Ms. Wong
Ms. Toh Yun Han	Child of Ms. Wong

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following related party transactions during the six months ended 30 June 2025 and 2024.

(b) Transactions with related parties

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Interest on shareholder's loan from Luxuriant East	417	396
Emolument payable or paid to		
— Children of the director for the services to the Group	183	115
— Spouse of the director for the services to the Group	—	128

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2025

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

The executive directors of the Group are regarded as key management. The remunerations of key management during the period are set out below:

	For the six months ended 30 June	
	2025 S\$'000 (unaudited)	2024 S\$'000 (unaudited)
Fee and salaries, other allowances and benefits, bonuses	340	301
Defined contribution pension	10	9
	350	310

(d) Balances with related parties

	As at 30 June 2025 S\$'000 (unaudited)	As at 31 December 2024 S\$'000 (audited)
Shareholder's loan from Luxuriant East	13,928	14,589

Management Discussion and Analysis

The board of Directors (the “Board”) of the Company presents the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 (the “Reporting Period”).

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 the Economic Survey of Singapore 2025 (quarterly reports), released by Singapore’s Ministry of Trade and Industry, the precision engineering cluster recorded year-on-year output growth of 0.4% in the first quarter and 10.3% in the second quarter of 2025. This growth was driven by increased capital investments from semiconductor manufacturers producing AI-related semiconductors, which boosted demand for precision modules and components.

For the six months ended 30 June 2025, the Group’s manufacturing segment recorded total revenue of approximately S\$6.8 million, representing an increase of approximately S\$0.7 million, or 10.5%, from approximately S\$6.1 million for the six months ended 30 June 2024. This revenue growth was primarily driven by higher sales orders from customers, fueled by increased market demand in Singapore’s sheet metal fabrication industry.

ONLINE BUSINESS

Mobile game business

In the online business segment, the Group has established a dedicated development team, concentrating on crafting mobile games for a global audience. During the Reporting Period, our latest game was in the trial testing phase, with numerous trials conducted across various regions, such as the United States, Canada, several European countries and Asian markets. The Group continued to invest in advertisements to promote the game during these trials. The Group remains committed to enhancing its research and development efforts, with the goal of refining and advancing our mobile gaming offerings.

For the six months ended 30 June 2025, the Group’s online business generated revenue of approximately S\$1.2 million, an increase of approximately S\$0.3 million, or 32.4%, compared to approximately S\$0.9 million for the six months ended 30 June 2024.

Management Discussion and Analysis

BUSINESS PROSPECTS

The International Monetary Fund projects global output to grow at 3.0 percent in 2025, according to its July 2025 World Economic Outlook Update. The forecast highlights downside risks to the global outlook, including an escalation of trade-restrictive measures, such as higher effective tariff rates, which could heighten global trade tensions, depress global investment, impair economic efficiency, fragment global trade, and disrupt supply chains. Geopolitical tensions, particularly in the Middle East and Ukraine, could further introduce negative supply shocks, raising commodity prices and disrupting shipping routes. Larger fiscal deficits in economies like the United States could increase term premiums, tighten global financial conditions, and heighten financial market volatility. These risks could subdue global growth in the near and medium term, with impacts differing across economies.

Amid this uncertain global economic environment, the Group remains committed to maintaining strong customer relationships in its manufacturing business. This involves deploying outreach strategies and upgrading machinery and robotics to enhance production efficiency and competitiveness. The Group will continuously review its expenditures and proactively implement measures to reduce costs in production and operations, aiming to improve overall operational efficiency.

The Group is dedicated to enhancing its online business by developing and optimising our mobile game products to align with evolving player preferences and global market trends. Acknowledging the need for agility in response to dynamic market conditions, we are conducting a thorough review and refinement of our development strategy and online operations to identify growth opportunities. The Group may explore opportunities to acquire high-quality mobile games from external developers and studios to strengthen our portfolio.

The Board will also explore other business opportunities to diversify revenue streams and strengthen the Group's performance in the current challenging environment. The Board believes that more diversified revenue streams will deliver long-term sustainable value to 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 2025 and 2024:

	For the six months ended 30 June			
	2025		2024	
	S\$'000	%	S\$'000	%
	(unaudited)		(unaudited)	
Manufacturing business	6,797	85.16	6,149	87.31
Online business	1,184	14.84	894	12.69
Total	7,981	100.00	7,043	100.00

For the six months ended 30 June 2025, the Group's revenue increased by approximately S\$0.9 million or 13.3% compared to the same period in 2024. The increase was mainly due to increase in revenue from the manufacturing business, as a result of the increase in market demand in the Singapore's sheet metal fabrication industry.

Management Discussion and Analysis

Gross profit and gross profit margin

The Group's gross profit increased by approximately S\$0.8 million from approximately S\$2.8 million for the six months ended 30 June 2024 to approximately S\$3.6 million for the six months ended 30 June 2025. The Group's gross profit margin increased from approximately 40.0% for the six months ended 30 June 2024 to approximately 45.2% for the six months ended 30 June 2025. This increase in the Group's gross profit was primarily driven by higher revenue and improved gross profit margin from the manufacturing business.

Other (losses)/gains — net

The Group incurred net foreign exchange losses of approximately S\$2.9 million for the six months ended 30 June 2025, compared to net foreign exchange gains of approximately S\$1.2 million for the six months ended 30 June 2024. The losses for the Reporting Period were primarily due to the appreciation of the Singapore dollar against the US dollar and Hong Kong dollar.

Administrative expenses

The Group's administrative expenses decreased by approximately S\$0.3 million or 11.8% from approximately S\$2.6 million for the six months ended 30 June 2024 to approximately S\$2.3 million for the six months ended 30 June 2025. The decrease was primarily driven by effective cost-saving measures.

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\$0.1 million from approximately S\$1.4 million for the six months ended 30 June 2024 to approximately S\$1.5 million for the six months ended 30 June 2025. The increase was mainly due to increase in staff costs incurred in developing and optimising the Group's mobile games.

Income tax expense

The Group's income tax expense primarily related to our operations in Singapore, Malaysia and the PRC. The income tax expense increased by approximately S\$0.1 million or 29.7% from approximately S\$0.3 million for the six months ended 30 June 2024 to approximately S\$0.4 million for the six months ended 30 June 2025. The increase was mainly due to the increase in taxable profit generated from our manufacturing business in Singapore.

Loss for the period attributable to owners of the Company

As a result of the above factors, the Group recorded a loss of approximately S\$3.97 million attributable to owners of the Company for the six months ended 30 June 2025 (six months ended 30 June 2024: a loss of approximately S\$0.41 million).

Interim dividend

The Board resolved not to declare payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Management Discussion and Analysis

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, bank loans and shareholder's loan.

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

As at 30 June 2025, the Group's total equity attributable to owners of the Company amounted to approximately S\$27.9 million (31 December 2024: approximately S\$30.2 million).

As at 30 June 2025, the Group's net current assets were approximately S\$33.0 million (31 December 2024: approximately S\$35.6 million) and the Group had cash and cash equivalents and short-term bank deposits of approximately S\$32.8 million (31 December 2024: approximately S\$36.3 million). The Group had borrowings and lease liabilities of approximately S\$14.1 million (31 December 2024: approximately S\$14.9 million) and approximately S\$0.5 million (31 December 2024: approximately S\$0.7 million), respectively.

As at 30 June 2025, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the period/year) was approximately 7.4 times (31 December 2024: approximately 7.2 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 52.5% (31 December 2024: approximately 51.6%).

Shareholder's Loan

In February 2023, Luxuriant East, a company wholly-owned by Mr. Li, provided a total of HK\$100 million (equivalent to approximately S\$16.77 million) shareholder's loan (the "Shareholder's Loan") to the Company. The Group mainly used the Shareholder's Loan (i) as general working capital for the Group; and (ii) for development of our online business. The Shareholder's Loan is interest-free, unsecured and has a term of five years, which is fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The management considered that the terms of the Shareholder's Loan was favourable to and in the interests of the Company and all shareholders as a whole.

Capital Structure

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

Pledge of Assets

The Group's other banking facilities were secured by the Group's machineries with carrying value of S\$0.4 million as at 30 June 2025 (31 December 2024: S\$0.5 million).

Significant Investments, Material Acquisition and Disposal of Subsidiaries, Associated Companies and Joint Ventures

There were no significant investments held, material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group during the six months ended 30 June 2025.

Management Discussion and Analysis

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 2025.

Contingent Liabilities

As at 30 June 2025, 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 (31 December 2024: Nil).

Capital Commitments

As at 30 June 2025, the Group had capital commitments of approximately S\$0.09 million, which was related to acquisition of property, plant and equipment (31 December 2024: S\$0.09 million).

Events Occurring 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.

Foreign Exchange Risk

The Group operates in Singapore, Malaysia, Hong Kong, and the PRC, generating revenues primarily in SGD, and USD. Most purchases and operational costs are denominated in SGD, USD, HKD, RMB, and MYR. The functional currency of the Company and its subsidiaries in Singapore is SGD, which exposes them to foreign exchange risk due to fluctuations in the SGD against USD and HKD exchange rates. This risk arises from their transactions and the balances of assets and liabilities denominated in USD and HKD. The Group’s foreign exchange risk is primarily associated with USD and HKD. 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 Reporting Period. The management monitors the Group’s foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

Employees and Remuneration Policies

As at 30 June 2025, the Group employed 208 full-time and part-time employees (31 December 2024: 229 employees). Total employee benefit expenses including Directors’ emoluments were approximately S\$3.9 million for the Reporting Period (six months ended 30 June 2024: approximately S\$4.2 million). 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.

Share Option Scheme

The Company adopted a share option scheme on 22 June 2018 (the “Scheme”) which will expire on 22 June 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. No share option has been granted, exercised, cancelled or lapsed since the adoption of the Scheme and there was no share option outstanding as at 30 June 2025. The number of options available for grant under the scheme mandate limit of the Scheme as at 1 January 2025 and 30 June 2025 was 100,000,000 Shares. No service provider sublimit had been set under the Scheme.

Other Information

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 adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance practices. During the six months ended 30 June 2025, the Company has complied with all applicable code provisions set out in the CG Code.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are as follows:

1. Ms. Leung Tze Ying Gwen was appointed as a member of the nomination committee of the Company with effect from 25 March 2025.
2. Mr. Wong Po Keung was appointed as an independent non-executive director and the chairman of the audit committee of Wai Chun Bio-Technology Limited (a company whose shares are listed on the Stock Exchange, stock code: 660) with effect from 12 May 2025. Moreover, Mr. Wong Po Keung was also appointed as an independent non-executive director, the chairman of the audit committee, a member of each of the nomination committee and remuneration committee of Wai Chun Group Holdings Limited (a company whose shares are listed on the Stock Exchange, stock code: 1013) with effect from 12 May 2025.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

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 2025, the interests or short positions of the Directors or chief executives of the Company in any 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 (the "Model Code") as set out in Appendix C3 to 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 (Note)	Interest in controlled corporation	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.

Other Information

Save as disclosed above, as at 30 June 2025, 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.

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

As at 30 June 2025, 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 2025, 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 and the Stock Exchange 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.

Other Information

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

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. The Company does not have treasury shares.

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 2025 and discussed with the management on the accounting principles and practices adopted by the Group, with no disagreement by the Audit Committee.

SECURITIES TRANSACTIONS BY DIRECTORS

The Group adopted the Model Code as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code during the six months ended 30 June 2025.

By order of the Board
FSM Holdings Limited
Li Thet
Chairman

Hong Kong, 27 August 2025