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FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

INSIDE INFORMATION DELAY IN PUBLICATION OF ANNUAL RESULTS POSTPONEMENT OF BOARD MEETING AND SUSPENSION OF TRADING

This announcement is made by FSM Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.49(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DELAY IN PUBLICATION OF ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) that, the Company has identified an accounting issue (the “**Issue**”) when finalising the annual results for the year ended 31 December 2020 (the “**2020 Annual Results**”).

The Issue concerns accounting treatment over the inventory of the Group as at 31 December 2019 as the consolidated financial statements for the 2020 Annual Results were prepared. In light of the Issue, the Company selected and engaged BT Corporate Governance Limited as an independent consultant (the “**Independent Consultant**”) to perform an independent review on the Issue and to issue a report to the audit committee of the Company (the “**Audit Committee**”). The key preliminary findings are that: (i) the Issue was related to certain accounting entries regarding the Group’s inventory; and (ii) the Independent Consultant is not aware of any evidence which suggests that the current Issue is related to fraud.

The Company is currently discussing with the auditor of the Company (the “**Auditor**”) and the Independent Consultant to assess and quantify the impact of the Issue. The Audit Committee may engage any other additional professional party as may be reasonably required.

As the Independent Consultant is still in the process of conducting independent review on the Issue and ascertaining the impact of the Issue, additional time is required to resolve the Issue to the satisfaction of the Company and there will be a delay in the publication of the 2020 Annual Results.

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish the 2020 Annual Results on or before 31 March 2021. The delay in publication of the 2020 Annual Results constitutes non-compliance of Rule 13.49(1) of the Listing Rules on the part of the Company. Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results, it must announce its results based on the financial results which have yet to be agreed with the auditors (so far as the information is available). The Board, after due and careful consideration, is of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the year ended 31 December 2020 at this stage as it may not accurately reflect the financial performance and position of the Group.

The Board will endeavour to publish the 2020 Annual Results, which shall be agreed with the Auditor as soon as practicable and is expected to be published as soon as practicable.

SUSPENSION OF TRADING

As there will be a delay in the publication of the 2020 Annual Results, at the request of the Company, trading in the shares of the Company will be suspended with effect from 9:00 a.m. on 1 April 2021. Trading in the shares of the Company will remain suspended pending the publication of the 2020 Annual Results.

POSTPONEMENT OF BOARD MEETING

Reference is made to the announcement of the Company dated 24 March 2021 in relation to the convening of a meeting (the “**Board Meeting**”) of the Board on Wednesday, 31 March 2021 for the purposes of considering and approving, inter alia, the 2020 Annual Results and the payment of a final dividend, if any.

The Board announces that due to the additional time required to finalise the 2020 Annual Results, the Board Meeting originally scheduled will be postponed to another date to be fixed by the Board upon finalisation of the 2020 Annual Results.

FURTHER ANNOUNCEMENT(S)

The Company will publish further announcement(s) to inform Shareholders and potential investors any material developments in connection with the above matters as and when appropriate.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
FSM Holdings Limited
Li Thet
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Thet and Mr. Toe Tiong Hock; and three independent non-executive Directors, namely Mr. Bau Siu Fung, Mr. Wong Po Keung and Mr. Lau Chun Ho Edward.