FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

PROFIT WARNING

This announcement is made by FSM Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 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).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group expects to record a profit attributable to the Shareholders for the six months ended 30 June 2019 of not more than S$10,000, which is lower than that for the corresponding period in 2018 of approximately S$3.2 million, after excluding non-recurring listing expenses of approximately S$3.4 million. Based on the information currently available, such expected decrease in the profit was mainly attributable to:

(i) a significant drop in revenue mainly due to the decrease in sale of sheet metal products relating to semiconductor manufacturing affected by US-China Trade War and the deteriorated market conditions; and

(ii) the shrinking of the Group's gross profit margin, which was mainly due to decrease in sales of products relating to semiconductor manufacturing with higher gross profit margin and the increase in manufacturing overheads which mainly include depreciation and other fixed costs.

The Company is still in the process of finalizing the interim results for the six months ended 30 June 2019. The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group and information currently available to the Board, which have not been audited or reviewed by the auditors of the Company or the audit committee of the Board. The actual results of the Group for the six months ended 30 June 2019 may be different to the information referred to in this announcement.

Further details of the Group's financial results for the six months ended 30 June 2019 is expected to be announced in August 2019.

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

By order of the Board
FSM Holdings Limited
Toe Tiong Hock
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 8 July 2019

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Toe Tiong Hock, Ms. Wong Yet Lian and Ms. Lim Siew Choo; and three independent non-executive directors, namely Mr. Ng Hung Fai Myron, Mr. Bau Siu Fung and Prof. Pong Kam Keung.