FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

INSIDE INFORMATION IN RELATION TO THE ESTIMATED INTERIM RESULTS

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 owners of the Company in the range between S$0.1 million and S$0.2 million for the six months ended 30 June 2020 compared to a profit of approximately S$6,000 attributable to the owners of the Company for the six months ended 30 June 2019. Based on the information currently available, the expected profit was mainly attributable to the net effects of:

(A) the significant decrease in gross profit of the Group, mainly due to (a) the adverse impact and uncertainties brought by COVID-19 pandemic and the enforcement of safe distancing measures and movement control orders in Singapore and Malaysia resulting in (i) the decline in revenue due to requests by our customers to postpone the deliveries of products ordered and (ii) downward pressure on the gross profit margin of our products in the first half of 2020, (b) the relatively high fixed cost base with recurring manufacturing costs such as depreciation and staff costs despite lower levels of sales and production;

(B) the significant increase in other gains which was mainly due to the foreign exchange gains arising from appreciation of United States dollars and Hong Kong dollars against Singapore dollars which is the Company's functional and the Group's presentation currency; and

(C) the significant increase in other income which was mainly due to government grant in relation to employment related subsidies provided by the governments of Singapore and Malaysia to help businesses and individuals adapt and build resilience amid the COVID-19 pandemic.

The Company is still in the process of finalising the interim results for the six months ended 30 June 2020. 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 neither been confirmed or reviewed by the auditors of the Company nor the audit committee of the Board. The actual results of the Group for the six months ended 30 June 2020 may be different from the information referred to in this announcement.

Further details of the Group's financial results for the six months ended 30 June 2020 is expected to be announced before the end of August 2020 in compliance with the Listing Rules.

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
Li Thet
Chairman

14 August 2020

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.