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FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of FSM Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2024 (“**FY2024**”), together with the comparative figures for the corresponding period in 2023 (“**FY2023**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>S\$'000</i>	2023 <i>S\$'000</i>
Revenue	4	14,876	16,071
Cost of sales	7	(8,904)	(10,131)
Gross profit		5,972	5,940
Other income	5	27	19
Other gains/(losses), net	6	1,438	(944)
Selling and distribution expenses	7	(2,081)	(758)
Administrative expenses	7	(5,133)	(5,510)
Research and development expenses for mobile games	7	(3,223)	(2,816)
Operating loss		(3,000)	(4,069)
Finance income		958	659
Finance costs		(865)	(717)
Finance income/(costs), net	8	93	(58)
Loss before income tax		(2,907)	(4,127)
Income tax expense	9	(500)	(749)
Loss for the year attributable to owners of the Company		(3,407)	(4,876)
Loss per share for loss attributable to owners of the Company			
basic and diluted (Singapore cents)	10	(0.34)	(0.49)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 S\$'000	2023 S\$'000
Loss for the year	(3,407)	(4,876)
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	(544)	235
Other comprehensive (loss)/income for the year, net of tax	(544)	235
Total comprehensive loss for the year attributable to owners of the Company	(3,951)	(4,641)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Note	S\$'000	S\$'000
Assets			
Non-current assets			
Property, plant and equipment		9,969	10,685
Right-of-use assets		611	629
Intangible assets		6	15
Rental deposit		14	72
		<u>10,600</u>	<u>11,401</u>
Current assets			
Inventories		1,896	1,756
Trade and other receivables	11	3,119	3,043
Short-term bank deposits		54	49
Cash and cash equivalents		36,225	38,936
		<u>41,294</u>	<u>43,784</u>
Total assets		<u><u>51,894</u></u>	<u><u>55,185</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	12	1,695	1,695
Reserves		24,842	25,367
Retained earnings		3,624	7,050
Total equity		<u><u>30,161</u></u>	<u><u>34,112</u></u>

		2024	2023
	<i>Note</i>	<i>S\$'000</i>	<i>S\$'000</i>
Liabilities			
Non-current liabilities			
Borrowings		14,722	13,548
Lease liabilities		372	395
Deferred income tax liabilities		810	931
Provision for reinstatement cost	<i>13</i>	100	95
		16,004	14,969
Current liabilities			
Trade and other payables	<i>13</i>	3,924	4,461
Contract liabilities		385	303
Current income tax liabilities		940	819
Borrowings		153	147
Lease liabilities		327	374
		5,729	6,104
Total liabilities		21,733	21,073
Total equity and liabilities		51,894	55,185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated financial statements are presented in Singapore dollars (“**SGD**” or “**S\$**”), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and the requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Amendments to existing standards adopted by the Group

The following amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2024. The adoption of these amendments to existing standards does not have any significant impact to the results and financial position of the Group:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements

(b) *New standards, amendments to existing standards and annual improvements not yet adopted*

The following new standards, amendments to existing standards and annual improvements have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
IAS 21 and IFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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.

3 SEGMENT INFORMATION

(a) **Description of segments and principal activities**

The Chief Operating Decision Makers ("CODMs"), including Mr. Li Thet and Ms. Wong Yet Lian, 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.

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

	Year ended 31 December 2024		
	Manufacturing business S\$'000	Online business S\$'000	Total S\$'000
Reportable segment revenue (<i>Note 4</i>)			
Point in time	12,248	–	12,248
Overtime	49	2,579	2,628
	12,297	2,579	14,876
Reportable segment results	3,713	(6,107)	(2,394)
Corporate income			1,169
Corporate expenses			(1,682)
Loss before income tax			(2,907)
Other segment information:			
Additions to property, plant and equipment	252	24	
Additions to right-of-use asset	13	388	
Finance income	608	1	
Finance costs	(38)	(23)	
Depreciation and amortisation	(1,228)	(367)	

	Year ended 31 December 2023		
	Manufacturing business S\$'000	Online business S\$'000	Total S\$'000
Reportable segment revenue (<i>Note 4</i>)			
Point in time	15,556	–	15,556
Overtime	287	228	515
	<u>15,843</u>	<u>228</u>	<u>16,071</u>
Reportable segment results	<u>3,702</u>	<u>(5,688)</u>	<u>(1,986)</u>
Corporate income			258
Corporate expenses			<u>(2,399)</u>
Loss before income tax			<u><u>(4,127)</u></u>
Other segment information:			
Additions to property, plant and equipment	198	26	
Additions to right-of-use asset	29	502	
Finance income	400	1	
Finance costs	(49)	(15)	
Depreciation and amortisation	<u>(1,549)</u>	<u>(291)</u>	

(c) Segment assets

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

	2024 S\$'000	2023 S\$'000
Manufacturing business	35,081	32,147
Online business	<u>2,369</u>	<u>2,126</u>
Total segment assets	37,450	34,273
Corporate assets	<u>14,444</u>	<u>20,912</u>
Total assets	<u><u>51,894</u></u>	<u><u>55,185</u></u>

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

	2024 S\$'000	2023 <i>S\$'000</i>
Singapore	7,336	8,180
Hong Kong	305	6
The People's Republic of China (the "PRC")	101	408
Malaysia	2,858	2,807
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Total non-current assets	10,600	11,401
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(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.

	2024 S\$'000	2023 <i>S\$'000</i>
Manufacturing business	3,423	3,942
Online business	1,636	1,608
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Total segment liabilities	5,059	5,550
Corporate liabilities	16,674	15,523
	<hr/>	<hr/>
Total liabilities	21,733	21,073
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(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.

	2024 S\$'000	2023 <i>S\$'000</i>
Singapore	12,297	15,843
Other countries	2,579	228
	<hr/>	<hr/>
	14,876	16,071
	<hr/> <hr/>	<hr/> <hr/>

Information about major customers

For the year ended 31 December 2024, revenue generated from the top two customers (2023: three) accounted for approximately 77% (2023: approximately 96%) of the total revenue for the Group. Other individual customers accounted for less than 10% of revenue for the years ended 31 December 2024 and 2023.

	2024 S\$'000	2023 S\$'000
Customer A	5,311	5,670
Customer B	6,109	7,851
Customer C	738*	1,952

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the year ended 31 December 2024.

4 REVENUE

Revenue from sale of manufactured sheet metal, rendering of processing services and sale of in-game virtual items recognised during the years are as follows:

	2024 S\$'000	2023 S\$'000
Sale of goods	12,248	15,556
Processing services	49	287
Sale of in-game virtual items	2,579	228
	14,876	16,071

All processing services contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 OTHER INCOME

	2024 S\$'000	2023 S\$'000
Scrap sales	15	12
Others	12	7
	27	19

6 OTHER GAINS/(LOSSES), NET

	2024 S\$'000	2023 S\$'000
Foreign exchange gains/(losses), net	1,438	(945)
Gain on disposal of property, plant and equipment	—	1
	<u>1,438</u>	<u>(944)</u>

7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses for mobile games are analysed as follows:

	2024 S\$'000	2023 S\$'000
Cost of inventories sold	2,782	2,980
Subcontractor fees	230	550
(Reversal of provision)/provision for impairment of inventories	(63)	500
Employee benefit expenses (including directors' emoluments)	9,653	9,176
Depreciation charge for property, plant and equipment	1,167	1,505
Depreciation charge for right-of-use assets	419	372
Amortisation of intangible assets	9	12
Operating lease expense in respect of short-term leases	83	71
Repair and maintenance of property, plant and equipment	388	420
Research and development expenses for mobile games (excluding staff costs, amortisation charges and depreciation charges)	108	355
Advertisement for mobile games	1,933	637
Commission charged by distribution platforms for mobile games	414	32
Bandwidth and server custody fees for mobile games	166	70
Auditor's remuneration		
— Audit services	343	419
— Non-audit services	9	9
Legal and professional fees	441	642
Others	1,259	1,465
	<u>19,341</u>	<u>19,215</u>
Represented by:		
Cost of sales	8,904	10,131
Selling and distribution expenses	2,081	758
Administrative expenses	5,133	5,510
Research and development expenses for mobile games	3,223	2,816
	<u>19,341</u>	<u>19,215</u>

8 FINANCE INCOME/(COSTS), NET

	2024 S\$'000	2023 S\$'000
Finance income		
Bank deposits	958	659
Finance costs		
Unwinding of discount on shareholder's loan (<i>Note</i>)	(804)	(653)
Other banking facilities	(14)	(20)
Lease liabilities	(42)	(40)
Reinstatement costs	(5)	(4)
	(865)	(717)
Finance income/(costs), net	93	(58)

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

9 INCOME TAX EXPENSE

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

	2024 S\$'000	2023 S\$'000
Current income tax		
Singapore corporate income tax	575	710
Malaysia corporate income tax	71	186
The PRC corporate income tax	9	7
(Over)/under provision in prior years	(31)	18
	624	921
Deferred income tax	(124)	(172)
Income tax expense	500	749

(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 year ended 31 December 2024 (2023: 17%).

(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 year ended 31 December 2024 (2023: 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% (2023: 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% (2023: 8.25%), and profits above that amount will be subject to the tax rate of 16.5% (2023: 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% (2023: 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 year ended 31 December 2024 (2023: 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 years ended 31 December 2024 and 2023.

10 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Loss attributable to owners of the Company (\$\$'000)	(3,407)	(4,876)
Weighted average number of ordinary shares in issue (<i>thousand</i>)	1,000,000	1,000,000
Basic loss per share (<i>Singapore cents</i>)	(0.34)	(0.49)

(b) Diluted

For the years ended 31 December 2024 and 2023, diluted loss per share equals to basic loss per share as there was no potential dilutive shares.

11 TRADE AND OTHER RECEIVABLES

	2024 S\$'000	2023 S\$'000
Trade receivables	2,482	2,558
Less: loss allowance	—	—
	<hr/>	<hr/>
Trade receivables, net	2,482	2,558
Prepayments	273	300
Deposits	73	73
Other receivables	291	112
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	3,119	3,043
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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:

	2024 S\$'000	2023 S\$'000
0 to 30 days	1,324	1,430
31 to 60 days	1,106	1,045
61 to 90 days	50	75
Over 90 days	2	8
	<hr/>	<hr/>
	2,482	2,558
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The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The Group's trade and other receivables are denominated in the following currencies:

	2024 S\$'000	2023 S\$'000
SGD	1,204	1,411
United States dollars	1,328	1,143
Malaysian ringgits	107	109
Hong Kong dollars	356	358
Renminbi	124	22
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	3,119	3,043
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The carrying amounts of trade and other receivables approximate their fair values due to their short maturities.

The maximum exposure to credit risk at each reporting date is the carrying value of the receivables mentioned above.

12 SHARE CAPITAL

	Number of shares	Share capital S\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 31 December 2024 and 31 December 2023	2,000,000,000	3,390
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 31 December 2024 and 31 December 2023	1,000,000,000	1,695

13 TRADE AND OTHER PAYABLES AND PROVISION FOR REINSTATEMENT COST

	2024 S\$'000	2023 S\$'000
Non-current		
Provision for reinstatement cost	100	95
Current		
Trade payables	913	581
Other payables and accruals		
— Accrued expenses	2,660	3,648
— Others	351	232
	3,924	4,461
Total	4,024	4,556

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

	2024 S\$'000	2023 S\$'000
0 to 30 days	434	185
31 to 60 days	283	233
61 to 90 days	155	98
Over 90 days	41	65
	913	581

The carrying amounts of trade and other payables approximate their fair values due to their short maturities.

The Group's trade and other payables are denominated in the following currencies:

	2024	2023
	S\$'000	S\$'000
SGD	2,032	2,942
Malaysian ringgits	582	465
Renminbi	466	378
Hong Kong dollars	495	344
United States dollars	349	332
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	3,924	4,461
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14 DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During FY2024, the revenue of the Group decreased by approximately 7.4% to approximately S\$14.9 million. The decrease was mainly due to the decrease in sales orders of the manufacturing business as a result of the decrease in market demand in the Singapore sheet metal fabrication industry for the year. The Group's gross profit increased by approximately 0.5%, reaching approximately S\$5.97 million for FY2024. This increase was primarily driven by higher revenue and gross profit from the online business, which offset a decline in revenue and gross profit from the manufacturing business. The Group recorded loss for the year attributable to owners of the Company ("**Net Loss**") of approximately S\$3.4 million for FY2024 (FY2023: Net Loss of approximately S\$4.9 million). The mitigation was attributed to foreign exchange gains for the year and an increase in net finance income.

BUSINESS REVIEW

The Group has two major business segments, namely manufacturing business and online 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 details and knowledge for careful application of measurements, control and fabrication methods which support 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 2024*, released by Singapore's Ministry of Trade and Industry, the output in the precision engineering cluster recorded year-on-year growth only in the third quarter, while it contracted year-on-year in the other three quarters. Throughout the year, the semiconductor market has remained sluggish, leading to a decline in sales orders from our customers. Similarly, demand for machine tools has been relatively weak, prompting customers to reduce their orders. In response, the management has been actively working to secure new orders and optimise production efficiency to better meet customer needs.

In the online business segment, the Group has established a dedicated development team, concentrating on crafting mobile games for a global audience. During the year, our latest game is in the trial testing phase, with numerous trials conducted across various regions, such as the United States, Canada, multiple European countries and Asian markets. The Group invested in advertisements to promote the game during these trials, resulting in approximately S\$2.58 million in revenue for the year. The Group remains committed to enhancing its research and development efforts, with the goal of refining and advancing our mobile gaming offerings.

REVENUE

During FY2024, total revenue of the Group decreased by approximately 7.4% to approximately S\$14.9 million (FY2023: approximately S\$16.1 million).

	Year ended 31 December 2024		Year ended 31 December 2023	
	S\$'000	%	S\$'000	%
Manufacturing business	12,297	82.66	15,843	98.58
Online business	2,579	17.34	228	1.42
Total	<u>14,876</u>	<u>100.00</u>	<u>16,071</u>	<u>100.00</u>

MANUFACTURING BUSINESS

Sheet metal fabrication business

During FY2024, the revenue of the Group's manufacturing business decreased by approximately 22.4% to approximately S\$12.3 million as compared to approximately S\$15.8 million for FY2023. Such decrease in revenue was mainly due to decrease in sales orders from our customers as a result of the decrease in market demand in the Singapore sheet metal fabrication industry.

ONLINE BUSINESS

Mobile game business

During FY2024, the revenue from mobile game business under the online business segment increased by approximately 1,031.1% to approximately S\$2.58 million as compared to approximately S\$0.23 million for FY2023.

The increase in revenue from our mobile game business in FY2024 was primarily attributed to the introduction of multiple trial versions of our new game. These trials increase the player base of our mobile game, resulting in an increase in revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group for FY2024 amounted to approximately S\$5.97 million, representing an increase of approximately S\$0.03 million or 0.5% as compared with the gross profit of approximately S\$5.94 million for FY2023. The Group's gross profit margin for FY2024 was approximately 40.1%, as compared with approximately 37.0% for FY2023. The higher gross profit margin was mainly driven by the high-margin revenue from the mobile game business.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by approximately S\$0.4 million or 6.8% from approximately S\$5.5 million for FY2023 to approximately S\$5.1 million for FY2024. The decrease was primarily driven by effective cost-saving measures.

RESEARCH AND DEVELOPMENT EXPENSES FOR MOBILE GAMES

In FY2024, research and development expenses for our mobile games increased by approximately S\$0.4 million or 14.5% from approximately S\$2.8 million for FY2023 to approximately S\$3.2 million for FY2024. The research and development expenses mainly represented staff costs and outsourcing expenses incurred in developing and optimising mobile games for our online business. The increase in the research and development expenses 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. For FY2024, income tax expense decreased by approximately S\$0.2 million or 33.2% from approximately S\$0.7 million for FY2023 to approximately S\$0.5 million for FY2024. The decrease was mainly due to the decrease in profit generated from our manufacturing business.

LOSS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

As a result of the above factors, the Group recorded Net Loss of approximately S\$3.4 million for FY2024 (FY2023: Net Loss of approximately S\$4.9 million).

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for FY2024 (FY2023: Nil).

OUTLOOK

The International Monetary Fund projected the global economy to grow at 3.3% for the year of 2025 according to their January 2025 review. It highlights divergent risks in near term, including ongoing adjustments to energy price in Europe and real estate market in China. An intensification of protectionist policies, for instance, in the form of a new wave of tariffs, could exacerbate trade tensions, lower investment, reduce market efficiency, distort trade flows, and again disrupt supply chains. Growth could suffer in both the near and medium term, but at varying degrees across economies.

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

For our online business, the Group continues to develop and optimise our mobile game products. Recognising the importance of adapting to market changes, the Group will regularly review its development strategy and online business operations.

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 are expected to deliver long-term sustainable value to shareholders.

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” or “US\$”), SGD, Malaysia Ringgit (“MYR”), Renminbi (“RMB”) and Hong Kong Dollars (“HKD” or “HK\$”), 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 and RMB.

As at 31 December 2024, the Group's total equity attributable to owners of the Company amounted to approximately S\$30.2 million (2023: approximately S\$34.1 million).

As at 31 December 2024, the Group's net current assets was approximately S\$35.6 million (2023: approximately S\$37.7 million) and the Group had cash and cash equivalents, other short-term bank deposits and pledged bank deposits of approximately S\$36.3 million (2023: approximately S\$39.0 million). The Group had borrowings and lease liabilities of approximately S\$14.9 million (2023: approximately S\$13.7 million) and approximately S\$0.7 million (2023: approximately S\$0.8 million), respectively.

In FY2024, the average effective interest rate of the Group's bank borrowings (excluding interest-free shareholder's loan) was approximately 3.9% per annum (FY2023: approximately 3.9% per annum).

As at 31 December 2024, the Group's current ratio (calculated by dividing current assets by current liabilities as at the end of the year) was approximately 7.2 times (2023: 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 year) was approximately 51.6% (2023: approximately 42.4%).

SHAREHOLDER'S LOAN

In February 2023, Luxuriant East Limited, a company wholly-owned by Mr. Li Thet, 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 the 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 (the “**Listing**”) of the Company’s shares on the main board (the “**Main Board**”) of the Stock Exchange on 16 July 2018 (the “**Listing Date**”). The share capital of the Company only comprises ordinary shares.

SIGNIFICANT INVESTMENT HELD BY THE GROUP

During FY2024, there was no significant investment held by the Group (2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associated companies and joint ventures by the Group during FY2024.

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 capital assets as at 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities, guarantees or any litigation against the Group that would have a material impact on the Group’s financial position or results of operations (2023: Nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments of approximately S\$0.09 million, which was related to acquisition of property, plant and equipment (2023: approximately S\$0.13 million).

EVENT 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 announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 229 full-time and part-time employees (2023: 207 employees). The Group has paid remuneration to its staff with reference to the industry practice, the financial performance of the Group and the employee's work performance. In order to attract and retain valuable employees, the performance of the Group's employees are being reviewed annually.

The Group aspires to develop and grow with our employees and is willing to invest in both work-related training and personal development of our employees. In general, the Group provides diversified on-the-job trainings based on the needs of respective positions, talents and interests of employees. The Group provides both internal and external trainings for employees, including specialised trainings for different departments on management skills as well as soft skills. Moreover, the Group established guidelines to assess the performance of and implement development programs for its employees.

Apart from the Group's various pension schemes (including Central Provident Fund in Singapore, Employee Provident Fund in Malaysia, Mandatory Provident Fund Scheme in Hong Kong and the central pension scheme operated by the municipal and provincial government authorities in the PRC and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation. The emoluments of the Directors have been reviewed by the remuneration committee of the Company, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

FOREIGN EXCHANGE RISK

The Group's business operations were conducted in Singapore, Malaysia, Hong Kong and the PRC. 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 Company is SGD. The Group is exposed to foreign exchange risk, primarily in relation to USD and HKD. During FY2024, there was no material impact to the Group arising from the fluctuation of 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 FY2024. The Group will closely monitor the trends of relevant currencies and take appropriate measures to deal with the foreign exchange exposure if necessary.

USE OF NET PROCEEDS FROM THE LISTING

The Group completed its Listing and received net proceeds of approximately HK\$95.2 million (“**Net Proceeds**”). The Net Proceeds had been 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 unutilised 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 FY2024 were as follows:

Use of Net Proceeds:	Amount		Unused		Utilised	Unused		Unused
	utilised up to	the date of	amount up to	the date of	amount from	amount	amount from	amount
	the date of	revised	the date of	revised	the date of	as at	1 January	as at
	Original	revised	revised	Revised	1 January	1 January	31 December	31 December
	allocation	allocation	allocation	allocation	2024	2024	2024	2024
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Expansion in production capacity	46.8	16.8	30.0	8.9	6.6	2.3	2.3	–
Greater production automation	29.1	12.0	17.1	5.8	5.8	–	–	–
Enhancing our information technology system	9.4	1.1	8.3	1.9	1.9	–	–	–
Improving quality assurance capabilities	2.7	0.1	2.6	2.6	2.6	–	–	–
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	–	–	–
	<u>95.2</u>	<u>36.0</u>	<u>59.2</u>	<u>59.2</u>	<u>56.9</u>	<u>2.3</u>	<u>2.3</u>	<u>–</u>

As at 31 December 2024, the Net Proceeds had been fully utilised.

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**”) in Part 2 of Appendix C1 to the Listing Rules as its own code on corporate governance practices. During FY2024, the Company has complied with the applicable code provisions set out in the CG Code.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to the disclosure requirement under Rule 13.51B of the Listing Rules, the changes in information of the Directors since the disclosure made in the last published interim report of the Company are as follows:

Ms. Wong Yet Lian was appointed as an executive Director and chief executive officer of the Company with effective from 15 November 2024.

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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiries made by the Company, that they fully complied with the Model Code during FY2024.

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

During FY2024, 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 AND REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the Group’s audited consolidated financial statements for FY2024 and the accounting principles and policies adopted by the Group and discussed risk management, internal control and financial reporting matters with the management.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for FY2024 as set forth in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for FY2024. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.fsmtech.com). The annual report of the Company for FY2024 will be despatched to shareholders of the Company (if requested) and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
FSM Holdings Limited
Li Thet
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Thet and Ms. Wong Yet Lian; and three independent non-executive Directors, namely Mr. Wong Po Keung, Mr. Lau Chun Ho Edward and Ms. Leung Tze Ying Gwen.