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FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

UPDATE ANNOUNCEMENT AND CONTINUED SUSPENSION OF TRADING

This announcement is made by FSM Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 22 October 2025, 1 April 2026, 24 April 2026, 3 July 2026 and 20 July 2026 (collectively, the “**Announcements**”) in relation to, among other things, sanctions relating to the controlling shareholder of the Company, the suspension of trading in the shares of the Company, business updates for the first quarter of 2026, the resumption guidance (the “**Resumption Guidance**”) for the Company imposed by the Stock Exchange for the resumption of trading (the “**Resumption**”) in the Shares and quarterly update on the status of the Resumption, respectively. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THIS UPDATE ANNOUNCEMENT

This announcement sets out the update of the Company on the progress of the appointment of a new auditor, the status of the Resumption and recent developments as follows:

BUSINESS OPERATIONS

The Company is an investment holding company and its operating subsidiaries are engaged in (i) manufacturing of sheet metal fabrication with a focus on precision engineering, precision machining service and provision of post-treatment processes; and (ii) online business in the development, distribution and operation of online mobile games.

Based on the information currently available to the Board, the Group has continued to carry on its manufacturing business operations, against a challenging macroeconomic environment characterised by cautious market sentiment and ongoing geopolitical uncertainties. The management continues to actively engage with existing and prospective customers to secure new orders.

Regarding the Group's online gaming segment, operations remain temporarily suspended. Resources continue to be prudently allocated to preserve capital while future options are evaluated.

Save as disclosed in the previous announcements of the Company and in this announcement, as at the date of this announcement, the Board is not aware of any further material change in the business operations or financial position of the Group which is required to be disclosed under the Listing Rules and/or the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

UPDATE ON RESUMPTION PLAN

As disclosed in the announcement of the Company dated 20 July 2026, on 17 July 2026 the Company received a letter from the Stock Exchange setting out the following Resumption Guidance for the resumption of trading in the shares of the Company:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate that the Company is suitable for continued listing notwithstanding the Company's controlling shareholder is subject to sanctions administered by OFAC;
- (c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;
- (d) inform the market of all material information for the Company's Shareholders and investors to appraise the Company's position.

The suspension of trading in the shares of the Company was mainly attributable to the resignation of PricewaterhouseCoopers as the auditor of the Company and the Company's need to appoint a new auditor to undertake and complete the audit work of the Group for the 2025 Annual Results.

Update on publication of the 2025 Annual Results and the 2025 Annual Report

Following the resignation of PricewaterhouseCoopers, the Company has used its best endeavours to identify and appoint a new auditor as soon as practicable. The Company has approached and held discussions with several audit firms, and is currently providing relevant background information to candidate firms to facilitate their professional assessment and onboarding reviews. As at the date of this announcement, the Company has not yet been able to appoint a new auditor.

The Board would like to inform the Shareholders and potential investors that the Company is continuing its discussions with suitable audit firms with a view to filling the casual vacancy as soon as practicable.

As additional time is required for the Company to appoint new auditors, the Board is currently unable to provide an expected date of publication of the 2025 Annual Results. The Company will announce the expected publication date of the 2025 Annual Results and the expected despatch date of the 2025 Annual Report as and when appropriate.

After a new auditor has been appointed, the Company intends to work closely with the new auditor to complete the outstanding audit work and publish the outstanding financial results and reports as soon as practicable, with a view to addressing the matters causing the trading suspension, fully complying with the Listing Rules and resuming trading in the shares of the Company.

PROGRESS OF IMPLEMENTING THE RESUMPTION PLAN

As at the date of this announcement, the Company has taken, and continues to take, the following steps in relation to the resumption plan:

1. the Company has approached and communicated with several audit firms for the purpose of identifying a suitable audit firm to act as the new auditor of the Company;
2. the Company has provided information and documents to prospective audit firms where requested, so as to assist them in considering the proposed engagement and conducting their internal acceptance procedures;
3. the Company has followed up with prospective audit firms regarding their position and availability to accept the appointment;
4. the Company continues to liaise with its professional advisers in relation to the appointment of a new auditor and the steps required for the Company to address the matters causing the trading suspension and resume trading in the shares of the Company; and
5. the Company continues to monitor its business operations and financial position for the purpose of demonstrating its compliance with Rule 13.24 of the Listing Rules.

As at the date of this announcement, the Company has not yet appointed a new auditor. The Company will continue to use its best endeavours to identify and appoint a suitable auditor as soon as practicable.

MATERIAL CHANGE TO THE RESUMPTION PLAN AND ANY DELAY

As at the date of this announcement, there has been no material change to the Company's resumption plan.

Since the suspension of trading of the shares in the Company, the Company has kept its Shareholders and potential investors informed of all material information in relation to the Resumption Guidance and any relevant updates and progress by way of announcement(s). The Company will continue to keep its Shareholders and potential investors abreast of any relevant material development by making further announcement(s) as and when appropriate in accordance with the requirements under the Listing Rules and other applicable laws and regulations.

The Company will continue to make its best efforts to fulfill the Resumption Guidance, fully comply with the Listing Rules to the Stock Exchange's satisfaction and will seek to resume trading of shares as soon as possible.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 1 April 2026 and will remain suspended until further notice.

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

By order of the Board
FSM Holdings Limited
Mr. Zhu Xian Chun
Executive Director

Hong Kong, 31 August 2026

As at the date of this announcement, the Board comprises an executive Director, namely Mr. Zhu Xian Chun; and three independent non-executive Directors, namely Mr. Wong Po Keung, Mr. Lau Chun Ho Edward, and Ms. Wu Guang Yuan.