

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

APPOINTMENT OF AUDITOR

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of FSM Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

RESIGNATION OF AUDITOR

As disclosed in the announcement of the Company dated 7 November 2025, PricewaterhouseCoopers (“**PwC**”) resigned as the auditor of the Company with effect from 7 November 2025, thereby creating a casual vacancy in the office of auditor of the Company.

APPOINTMENT OF AUDITOR

The following sets out the key events leading to the appointment of Guangshen (Hong Kong) CPA Limited (“**GSHK**”) as the new auditor of the Company.

Following PwC’s resignation, the audit committee of the Company (“**Audit Committee**”) recommended that the Company invite proposals from other accounting firms with a view to appointing an auditor to fill the casual vacancy and to hold office until the conclusion of the next following annual general meeting of the Company.

The Company approached a number of accounting firms regarding their interest and availability to act as the auditor of the Company. The appointment process required the Company and the prospective audit firms to consider, among other matters, the scope of the outstanding audit work, the availability of suitably experienced audit resources, the proposed audit timetable, professional clearance and client acceptance procedures. During the interim period, the Company engaged in preliminary discussions with prospective audit firms.

CHRONOLOGY OF KEY EVENTS LEADING TO THE APPOINTMENT OF AUDITOR

Date	Event
From 7 November 2025 to August 2026	The Audit Committee instructed the Company to seek quotations from other professional accounting firms and the Board continues its efforts to identify a suitable auditor to fill the casual vacancy.
19 August 2026	The Company invited GSHK with requisite listed-company audit experience to provide audit fee proposals for the Group's financial statements for the year ended 31 December 2025.
24 August 2026	The Company received an indicative fee quotation with detailed audit proposal from GSHK. Audit Committee met with GSHK to understand its proposed audit approach, timetable, resources and other relevant matters. The Audit Committee discussed with GSHK to understand their independence, objectivity, technical competence, industry knowledge, and engagement performance in order to evaluate the audit firm's audit quality, proposed audit timetable, resources assigned and other relevant information.
25 September 2026	The Audit Committee made recommendation to the Board on the change of auditor.
28 September 2026	The Board, after due consideration and with the recommendation from the Audit Committee, resolved to appoint GSHK as the auditor of the Company to fill casual vacancy.

Pursuant to Article 155 of the Articles of Association, the Directors may fill a casual vacancy in the office of auditor and determine the remuneration of an auditor so appointed. An auditor appointed by the Directors to fill a casual vacancy shall hold office until the conclusion of the next following annual general meeting of the Company, subject to the relevant provisions of the Articles of Association.

The Board announces that, with the recommendation of the Audit Committee, it has resolved to appoint GSHK as the new auditor of the Company with effect from 29 September 2026 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next following annual general meeting of the Company.

The audit fee proposed by GSHK is HK\$2,000,000, exclusive of out-of-pocket expenses and disbursements. In arriving at the fee, the Audit Committee took into account (i) the audit fee of HK\$2,000,000 for the year ended 31 December 2024; (ii) the scope of the audit, which covers the Company and its 18 subsidiaries incorporated in the British Virgin Islands, Singapore, Malaysia, Hong Kong and the PRC; (iii) the additional audit procedures expected in light of the matters leading to the resignation of PwC, which did not arise in the audit for the year ended 31 December 2024; (iv) the compressed audit timetable, as fieldwork will

commence more than nine months after the financial year end; and (v) GSHK's proposed deployment of 12 professionals. The Audit Committee considers that the additional procedures referred to in (iii) justify maintaining the fee at the level of the prior year. The fee assumes that there will be no undue complications in the audit. Under the engagement letter, the fee may be adjusted by written agreement between the Company and GSHK if significant matters requiring additional audit procedures are identified or if the audit is delayed because the required information is not provided on time. The Company will make a further announcement if the fee is adjusted materially. Having considered the above, the Audit Committee is satisfied that the fee is fair and reasonable and sufficient to enable GSHK to deploy the resources required for a quality audit in compliance with HKSQM 1 and Hong Kong Standards on Auditing.

BACKGROUND AND QUALIFICATIONS OF THE NEW AUDITOR

GSHK is a registered public interest entity (“**PIE**”) auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong). GSHK is the first overseas member firm of Guangshen Global Brand Management Limited, the owner of the Guangshen Global brand, which was established by Shenzhen Guangshen Certified Public Accountants (Partnership) (“**Shenzhen Guangshen**”). GSHK was registered as a registered PIE auditor by the Accounting and Financial Reporting Council (“**AFRC**”).

According to information provided by GSHK and information published on the official website of Shenzhen Guangshen, Shenzhen Guangshen was founded in 1982, and it was the first accounting firm in Shenzhen established by the Guangdong Provincial Department of Finance with the qualification to carry out certified public accountant services. In 1997, it was legally restructured into a partnership accounting firm and has over 40 years of professional service history. Shenzhen Guangshen holds relevant PRC professional qualifications and registrations. Shenzhen Guangshen has made the requisite filing with the Ministry of Finance of the PRC and the China Securities Regulatory Commission in respect of the provision of securities services.

GSHK possesses extensive experience providing audit, assurance, and advisory services to companies listed on The Stock Exchange of Hong Kong Limited. The assigned engagement team consists of seasoned audit partners and senior staff holding HKICPA and/or CICPA qualifications, with deep technical expertise, extensive cross-border HKFRS audit experience, and strong familiarity with Mainland business practices.

ASSESSMENT BY THE AUDIT COMMITTEE

In assessing the suitability of GSHK for appointment as the auditor of the Company, the Audit Committee considered, among other matters, GSHK's governance and leadership, compliance with relevant ethical requirements, independence and objectivity, relevant industry knowledge and technical competence, proposed engagement team and resources, proposed audit approach and timetable, and quality-management arrangements.

(a) Governance and leadership

The Audit Committee reviewed information on GSHK's governance and leadership arrangements, including the profiles, professional qualifications and relevant experience of its directors and principals, as well as GSHK's organisational and quality-

management structure. Based on the information reviewed, the Audit Committee considered that GSHK has an appropriate governance framework and experienced leadership to support the performance of the proposed audit engagement.

(b) Independence and compliance with relevant ethical requirements

The Audit Committee held discussions with GSHK's proposed engagement partner and considered GSHK's written confirmation of its independence. GSHK has confirmed that it complies with the applicable ethical and independence requirements under the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, as well as applicable quality-management standards.

Based on the information provided by GSHK and the information available to the Audit Committee, no non-audit services, financial or commercial relationships between the Group and GSHK, or other relationships involving members of the proposed audit engagement team, their immediate family members and the Group, were identified that would impair, or be reasonably perceived to impair, GSHK's independence in relation to the audit engagement.

(c) Industry knowledge and technical competence

The proposed GSHK audit team possessed the relevant experience in auditing companies listed on the Main Board of the Stock Exchange and experience relevant to the Group's principal businesses. GSHK has proposed to deploy a team of 12 professionals for the audit, comprising the engagement partner, an engagement quality reviewer, other partners and professional staff at managerial and associate levels.

A detailed breakdown of the proposed composition of GSHK's audit team is set out below:

Staff category	No. of staff	Role
Lead Engagement Partner	1	Overall responsibility for the Group audit, including the overall audit strategy and risk assessment, direction and supervision of component auditors, and signing of the Group auditor's report.
Engagement Quality Control Review Partner (EQCR)	1	Performs an independent engagement quality review in accordance with applicable professional standards.
Senior Advisory Partner	1	Provides advisory support in respect of listed-company and cross-border compliance matters.
Other Audit Partner	1	Provides support in respect of relevant financial reporting, investment and cross-border matters.

Staff category	No. of staff	Role
Technical Partner	1	Provides technical support on auditing standards and technical compliance matters. Ensures the audit methodology complies with Hong Kong Auditing Standards.
Assistant Audit Partner	1	Assists the Lead Engagement Partner with day-to-day coordination on the partner-led-audit. Coordinates and supervises on-site audit work.
Engagement Managers	2	Manage day-to-day audit work and engagement administration, and supervise and review key audit areas.
Senior Audit Associates	2	Perform substantive audit procedures in identified higher-risk areas.
Audit Associates	2	Assists with the execution of standard audit procedures.

(d) Engagement performance

The Audit Committee discussed with GSHK its proposed overall audit strategy, including the audit scope, audit focus and key work arrangements. Having considered GSHK's proposed audit methodology, the qualifications and experience of the proposed engagement partner and team members, and the proposed allocation of resources and time, the Audit Committee considers that GSHK has proposed an engagement team and audit approach appropriate for the audit engagement.

(e) Communication and interaction with the Audit Committee

The Audit Committee considers that GSHK has proposed appropriate communication arrangements with management and the Audit Committee, including regular updates on audit progress, significant audit matters and other key issues. The Audit Committee considers that these arrangements will facilitate timely reporting and discussion of matters arising during the audit.

(f) Monitoring procedures

The Audit Committee considered information provided by GSHK concerning its quality-management policies and procedures, including its monitoring arrangements. GSHK has represented that its quality-management system includes periodic monitoring and internal review processes designed to assess compliance with applicable quality-management requirements. The Audit Committee also noted that GSHK, as a PIE auditor, is subject to the regulatory oversight of the Accounting and Financial Reporting Council, including the inspection arrangements applicable to PIE auditors. GSHK has informed the Audit Committee of the results of its most recent inspection by the AFRC (if any) and has confirmed that no sanction has been imposed on it, and no condition has been attached to its registration as a PIE auditor, by the AFRC.

(g) Response to matters relating to the resignation of PwC

PwC resigned before the end of the financial year ended 31 December 2025 and, as disclosed in the announcement of the Company dated 7 November 2025, the Board and the audit committee of the Company confirmed that there was no disagreement between PwC and the Company. The Audit Committee has discussed with GSHK the circumstances of PwC's resignation and has provided GSHK with a copy of PwC's resignation letter. GSHK has confirmed that its audit plan includes procedures to address the matters arising from the designation of Mr. Li Thet, including the transactions and balances of the Group in which Mr. Li Thet was involved during the year ended 31 December 2025, and the effect of the sanctions on the Group's bank accounts, cash balances and going concern assessment. The Audit Committee considers that the audit plan appropriately addresses these matters.

To the best of its knowledge, the Audit Committee is not aware of any matters that may affect GSHK's integrity, objectivity and independence, or that may adversely affect the quality of its audit.

The Audit Committee acknowledges its ongoing responsibility to monitor the performance and effectiveness of the auditor and will maintain appropriate oversight through regular communication, review of significant audit matters and evaluation of the auditor's performance to ensure compliance with applicable professional standards and the maintenance of audit quality.

PROPOSED TIMETABLE OF THE AUDIT

GSHK has proposed a risk-based audit plan tailored to the Group's operations and financial reporting risks. The proposed approach includes obtaining an understanding of the Group's business and its environment, relevant internal controls and key risk areas, and focusing audit procedures on the subsidiaries, balances, transactions and disclosures assessed as most likely to have a material effect on the Group's financial statements.

The following proposed audit plan and timetable is provided by GSHK:

Phase	Period	Key procedures and events
Planning	October 2026	— Prepare the overall audit plan — Obtain an understanding of the Company and its environment, the applicable financial reporting framework and the Company's system of internal control — Identify and assess the risks of material misstatement — Meet with the management of the Company to discuss key issues upfront
Audit fieldwork	October 2026 to January 2027	— Perform audit on opening balances and comparative financial information — Commence audit fieldwork — Perform substantive audit procedures — Meet with the management of the Company to discuss and resolve issues, and report observations and recommendations
Reporting and evaluation	January 2027 to February 2027	— Meet with the management of the Company for evaluation and debriefing — Meet with the Audit Committee to communicate audit results — Complete the annual audit — Issue audit opinion

The proposed audit plan and timetable remain subject to refinement by GSHK in the course of the audit in light of information obtained and matters identified during the performance of audit procedures.

Having regard to the size and organisational structure of the Group, the outstanding audit work, the proposed staffing and the proposed audit timetable, the Audit Committee considers that the proposed timetable is reasonable for GSHK to plan and perform the audit procedures, subject to the resolution of any matters that may arise in the course of the audit.

Having considered the matters set out above, including GSHK's governance and leadership, compliance with relevant ethical requirements, independence and objectivity, relevant industry knowledge and technical competence, proposed engagement team and resources, proposed audit approach and timetable, and quality-management arrangements and the response to matters relating to the resignation of PwC, the Audit Committee considers that GSHK has the competence, resources and independence required to undertake the audit of the Group's financial statements for the year ended 31 December 2025 in accordance with applicable professional standards.

GSHK is expected to commence audit fieldwork in early October 2026. The Company is working closely with GSHK to finalise the detailed audit timetable and will announce the expected publication date of the annual results of the Group for the year ended 31 December 2025 and the expected date of despatch of the annual report of the Company for the year ended 31 December 2025 as soon as practicable.

Save as disclosed in this announcement, the Board and the Audit Committee confirm that there are no other matters in relation to the appointment of GSHK as the auditor of the Company that need to be brought to the attention of the shareholders of the Company.

On behalf of the Board
FSM Holdings Limited
Mr. Zhu Xian Chun
Executive Director

Hong Kong, 29 September 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.