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FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

SANCTION AND RESIGNATION OF EXECUTIVE DIRECTOR

SANCTION ON EXECUTIVE DIRECTOR

The board (the “**Board**”) of directors (the “**Directors**”) of FSM Holdings Limited (the “**Company**”) would like to announce that it has become aware of a press release issued by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) on 14 October 2025 (the “**Press Release**”), which designated, among others, Mr. Li Thet (“**Mr. Li**”), an executive director of the Company, under the sanctions administered by OFAC in connection with his alleged involvement with Prince Group Transnational Criminal Organization (“**Prince Group TCO**”) on online scams and money laundering (<https://home.treasury.gov/news/press-releases/sb0278>).

Upon becoming aware of the Press Release, the Company immediately took steps to ensure full compliance with the applicable laws and regulations and initiated an internal assessment of any potential implications to the Company. The Company is currently seeking professional advice to assess and address the situation and will make further announcements as and when appropriate.

RESIGNATION OF EXECUTIVE DIRECTOR

The Board would like to announce that Mr. Li has resigned as an executive director of the Company, its subsidiaries and associates respectively with effect from 21 October 2025 due to his decision to devote more time to his other commitments and engagements. As a result, Mr. Li has ceased to act as the chairman of the Board and the chairman of the nomination committee of the Company with effect from 21 October 2025.

Mr. Li has confirmed that he has no claims or cause of action of any kind against the Company whatsoever whether in respect of fees, remuneration, severance payments, pension, expenses or compensation or otherwise in respect of his resignation as an executive director and there is no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited.

EFFECT OF THE SANCTION ON THE COMPANY

For the avoidance of doubt, the Company is not a sanctioned entity. The Company itself has no involvement with Prince Group TCO. Furthermore, neither the Company nor any of its subsidiaries, nor their respective directors (except for Mr. Li) or senior management personnel, are involved in the alleged activities that resulted in the sanction. Further, Mr. Li is no longer employed by the Group and holds no position or role within the Group. Based on its current assessment, the operations and financial position of the Company are not materially affected by the sanctions on Mr. Li. The Company is closely monitoring the development of said sanction to evaluate its potential impact on the Company and will make further announcements as and when appropriate.

NON-COMPLIANCE WITH REQUIREMENTS UNDER RULE 3.27A OF THE LISTING RULES

Pursuant to Rule 3.27A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), a listed issuer must establish a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors.

Upon the resignation of Mr. Li, the Company does not meet the requirement that the nomination committee must be chaired by the chairman of the Board as prescribed under Rule 3.27A of the Listing Rules.

In order to comply with the Listing Rules, the Company will make its best endeavour to identify suitable candidate to fill the vacancy on the Board and the nomination committee for the position of Chairman as soon as practicable. Further announcement will be made by the Company as and when appropriate.

By order of the Board
FSM Holdings Limited
Mr. Yip Kit Chau
Company Secretary

Hong Kong, 21 October 2025

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