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FSM Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1721)

PLACING OF EXISTING SHARES

Placing Agent



On 1 April 2019 (after trading hours), the Company has been informed that the Vendors and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to act as agent for the Vendors to place, on a best efforts basis, and each of KAL SG and KYL SG has agreed to sell, a total of up to 74,000,000 Shares by each of them, respectively, being an aggregate of 148,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Vendors, the Company and their respective associates and connected persons, at the Placing Price of HK\$0.5 per Placing Share, upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent approximately 14.8% of the existing issued share capital of the Company of 1,000,000,000 Shares as at the date of this announcement.

Completion of the Placing is subject to the satisfaction of the conditions in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

1 April 2019 (after trading hours)

Parties involved

The Vendors and the Placing Agent

The Vendors

As at the date of this announcement and immediately prior to completion of the Placing Agreement, the Vendors hold an aggregate of 750,000,000 Shares, representing 75% of the existing issued share capital of the Company. Each of KAL SG and KYL SG holds 375,000,000 Shares, respectively, representing 37.5% of the existing issued share capital of the Company.

Placing

The Placing Agent has agreed to act as agent to the Vendors to place, on a best efforts basis, the Placing Shares at the Placing Price and will receive a placing commission of 0.5% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent. The placing commission was arrived at after arm's length negotiation between the Vendors and the Placing Agent.

To the best of the knowledge, information and belief of the Vendors, having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner will be independent of and not connected with the Vendors, the Company and their respective associates and connected persons, and are not acting in concert with the Vendors (or parties acting in concert with it) or associates.

Pursuant to the Placing Agreement, the Vendors agreed to place, through the Placing Agent, up to 148,000,000 Placing Shares to the Placees at a price of HK\$0.5 per Placing Share.

Details of the Placing is set out below:

1. *Placing*

Placee(s)

The Placing Agent agreed to place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined under the Listing Rules) and that the Placees are not acting in concert in relation to the control of the Company within the meaning of Takeovers Code. It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of up to 148,000,000 Placing Shares under the Placing represent approximately 14.8% of the existing issued share capital of the Company of 1,000,000,000 Shares as at the date of this announcement.

Rights of Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances, claims, options or other third party rights and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

Placing Price

The Placing Price will be HK\$0.5 per Placing Share.

The Placing Price was determined by the Vendors with reference to the prevailing market price of the Shares.

Placing commission and Expenses

The Vendors will jointly be responsible for the placing commission of 0.5% of the aggregate Placing Price of the Placing Shares actually placed by the Placing Agent.

The Vendors and the Placee(s) will each bear their own share of Hong Kong stamp duty, brokerage, trading fee, transaction levy in relation to the Placing, any and all fees payable to the Stock Exchange and SFC, and all charges, fees and expenses of the Company's branch share registrar in Hong Kong.

Completion of the Placing

Subject to the provision of evidence to the Placing Agent's reasonable satisfaction that the Vendors can effectively transfer of the Placing Shares, the Placing is expected to take place on the Placing Completion Date (or such other time or date as the parties to the Placing Agreement may agree in writing).

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Placing⁽¹⁾	
	<i>Number of Shares held</i>	<i>Approximately % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximately % of Shares in issue</i>
The Vendors:				
KAL SG ⁽²⁾	375,000,000	37.5%	301,000,000	30.1%
KYL SG ⁽²⁾	375,000,000	37.5%	301,000,000	30.1%
Placee(s)	–	–	148,000,000	14.8%
Other public Shareholders	<u>250,000,000</u>	<u>25%</u>	<u>250,000,000</u>	<u>25%</u>
Total	<u><u>1,000,000,000</u></u>	<u><u>100%</u></u>	<u><u>1,000,000,000</u></u>	<u><u>100%</u></u>

Notes:

- (1) Assuming no other issue of Shares and no repurchase of existing Shares before completion of the Placing.
- (2) Since (i) Mr. Toe is the spouse of Ms. Wong and (ii) KAL SG and KYL SG are wholly owned by Mr. Toe and Ms. Wong, respectively, each of KAL SG and KYL SG is deemed to be interested in all the Shares held by KAL SG and KYL SG for the purpose of the SFO.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	FSM Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Mr. Toe”	Toe Tiong Hock, the chairman, chief executive officer and executive Director of the Company
“Ms. Wong”	Wong Yet Lian, the executive Director of the Company
“Placee(s)”	any professional, institutional, corporate and other investors procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent of the Placing Shares to the Placee(s) on the terms and subject to the conditions pursuant to the Placing Agreement

“Placing Agent”	Head & Shoulders Securities Limited, a corporation licensed to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional agreement entered into among the Vendors and the Placing Agent dated 1 April 2019 in relation to the Placing
“Placing Completion Date”	no later than 6 p.m. on or before 30 April 2019, or such other time and date agreed between the Vendors and the Placing Agent in writing
“Placing Price”	HK\$0.5 (to be determined by Placing Agent at its sole and absolute discretion) per Placing Share
“Placing Share(s)”	Up to 74,000,000 Shares by each of KAL SG and KYL SG, being an aggregate of up to 148,000,000 Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	KAL SG and KYL SG
“KAL SG”	KAL SG Limited, a company incorporated under the laws of the British Virgin Islands with limited liability wholly-owned by Mr. Toe

“KYL SG”	KYL SG Limited, a company incorporated under the laws of the British Virgin Islands with limited liability wholly-owned by Ms. Wong
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
FSM Holdings Limited
Toe Tiong Hock
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 1 April 2019

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Toe Tiong Hock, Ms. Wong Yet Lian and Ms. Lim Siew Choo; and three independent non-executive directors, namely Mr. Ng Hung Fai Myron, Mr. Bau Siu Fung and Prof. Pong Kam Keung.