



FU YU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198004601C)
(the “Company”)

ANNUAL GENERAL MEETING TO BE HELD ON 26 APRIL 2022 – RESPONSES TO ADDITIONAL QUESTIONS FROM SHAREHOLDERS

The Board of Directors of Fu Yu Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform that the Company had addressed substantial and relevant questions raised by shareholders in advance of the Annual General Meeting on 26 April 2022 (“**AGM**”), via SGXNet on 20 April 2022 (the “**Announcement**”).

Further questions were subsequently received from shareholders (“**Additional Questions**”) after the submission deadline of 3.00 p.m. on 18 April 2022 and the Announcement. The Company has reviewed these Additional Questions and provided responses to substantial and relevant questions as set out below.

GENERAL BUSINESS

Q1. With a new team of management on board, can you share with us what future plans that the new management has for the company?

The Group plans to enhance the long term growth potential of our manufacturing business by executing initiatives to drive sales, enhance capabilities and expand the breadth of our services.

One of our immediate goals is to improve the utilisation rates of our factories in Asia by strengthening our business development team. In parallel with our strategy to build a diversified product portfolio for business resilience and stability, the Group intends to optimise its business mix to keep pace with current market trends. To this end, we plan to grow our business in market segments that display longer term stability and growth potential such as medical, automotive, eco-friendly and smart home consumer products.

The Group is also looking to launch our new “smart factory” in Singapore during the latter half of 2022. We believe our “smart factory” in Singapore will help to drive the Group’s rebranding efforts to elevate Fu Yu’s profile as an advanced solutions provider in the high precision plastics manufacturing industry.

To further sharpen our competitive edge, we are also in the process of broadening our value-added services to customers. The Group has initiated a new division – Corporate Development – to work with research institutes in Singapore and other partners regionally to explore R&D programs and identify commercially-viable technologies that could augment our manufacturing services.

Apart from the manufacturing business, Fu Yu Supply Chain Solutions Pte Ltd (FYSCS) will continue to seek opportunities in commodities supply chain management services to generate additional revenue streams. The Group also plans to leverage on FYSCS to reap potential cost savings in the procurement and logistics management of raw materials for the manufacturing business. Besides organic initiatives, the Group may also enter into joint ventures, partnerships, and/or strategic mergers or acquisitions that could enhance the potential of its businesses.

Q2. What percentage of FYSCS revenue for 2021 is from Fu Yu's manufacturing segment and what percentage is from external customers?

FYSCS generated revenue of S\$51.9 million in the financial year ended 31 December 2021 ("FY2021"). This amount was generated from external customers. With its supply chain and trading expertise, FYSCS is envisioned to support the Group's manufacturing business through raw material procurement and supply chain finance.

Q3. Can you provide a profile breakdown of FYSCS revenue from external customers? What industry are the customers in?

The external customers of FYSCS are in the commodities industry. FYSCS sources and sells physical commodity cargoes to established and reputable buyers of energy and renewable products in the market.

Q4. Does FYSCS take directional positions on commodity prices and earn a spread by selling to external customers or Fu Yu manufacturing segment?

FYSCS takes no directional position risk on its commodities trading business with its external trading counterparties. All such trades are back to back in nature where the price exposure is matched between purchase and sales contracts. FYSCS did not record any internal sales to the Group's entities in FY2021.

Q5. Can you provide breakdown of the FY2021 FYSCS revenue of S\$51.85 million by activities? What percentage to commodity financing, what percentage to supply chain?

For FY2021, the revenue of S\$51.9 million was derived from physical trading activities.

Q6. How much of the cash balance is set aside to operate FYSCS activities?

The working capital requirements of FYSCS can vary across a financial year as it is dependent on the size and frequency of contracts. FYSCS utilises primarily trade financing to support its operations as its trades are back to back in nature. As at 31 December 2021, approximately 38% of the Group's cash and bank balances was held under FYSCS.

Q7. The revenue from manufacturing has been on the decline for the past years. Is this an indication of the lack of competitiveness of the company? What is being done to arrest and turn around this decline? When are we likely to see improvement in both revenue and profits?

The operating landscape has grown more challenging in recent years amid the pandemic situation, business disruptions and supply chain challenges which afflicted businesses worldwide. On top of this, the Group had implemented strategic initiatives to streamline its China operations with the cessation of its factory operations in Shanghai and Chongqing during FY2019 and FY2020 respectively. Notwithstanding this, the Group's manufacturing business chalked up stable revenue in FY2021, excluding the contribution from its factory in Chongqing. At the bottom line, the manufacturing business also delivered relatively steady net profit in FY2021. Together with maiden profit contribution from FYSCS, the Group registered higher net profit of S\$17.6 million in FY2021.

The Group's plans for the manufacturing business are outlined in the aforesaid response to Q1. However, the operating environment remains difficult due to potential risks to global economic growth, supply chain and raw material production challenges, as well as cost pressures. The recent development of COVID-19 infection and government measures in China also engendered additional operating challenges and business uncertainties. We are continuing to keep a close watch on the situation in China to manage and mitigate the challenges.

By Order of the Board
Kong Wei Fung
Company Secretary
Singapore, 25 April 2022

About Fu Yu Corporation Limited

Fu Yu provides vertically-integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies.

Since its inception in 1978, the Group has grown to become one of the largest manufacturers of high precision plastic parts and moulds in Asia. Today, the Group has established a strong presence in the region with manufacturing facilities located in Singapore, Malaysia and China.

Leveraging on over 40 years of operating history, the Group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical, automotive and power tool sectors.

To broaden its revenue base beyond the core manufacturing business, the Group formed a new business arm in July 2021 under Fu Yu Supply Chain Solutions Pte Ltd which is engaged in the business of providing supply chain management services for commodities.

For further information on Fu Yu, please visit the Group's website at: <http://www.fuyucorp.com/>

MEDIA AND INVESTOR RELATIONS CONTACT

OCTANT CONSULTING

phone (65) 62963583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg