



**FU YU CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

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**A Condensed interim statements of financial position**

	Note	Group		Company	
		As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	60,058	60,026	33,717	31,223
Investment property	4	7,119	7,379	–	–
Goodwill	5	5,978	5,978	–	–
Subsidiaries	6	–	–	52,326	52,326
Other receivables	7	–	–	27,146	28,338
Deferred tax assets		816	991	–	–
		<u>73,971</u>	<u>74,374</u>	<u>113,189</u>	<u>111,887</u>
<b>Current assets</b>					
Inventories		17,342	17,090	5,114	4,236
Contract assets		1,649	1,710	470	698
Trade and other receivables	7	37,895	35,742	21,479	17,811
Cash and bank balances	8	80,223	83,947	16,392	19,489
		<u>137,109</u>	<u>138,489</u>	<u>43,455</u>	<u>42,234</u>
<b>Total assets</b>		<u>211,080</u>	<u>212,863</u>	<u>156,644</u>	<u>154,121</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	9	102,158	102,158	102,158	102,158
Reserves		52,397	51,705	26,654	25,851
<b>Total equity</b>		<u>154,555</u>	<u>153,863</u>	<u>128,812</u>	<u>128,009</u>
<b>Non-current liabilities</b>					
Trade and other payables		358	323	358	323
Loans and borrowings	10	11,480	9,350	10,830	8,421
Deferred tax liabilities		1,929	1,746	968	727
		<u>13,767</u>	<u>11,419</u>	<u>12,156</u>	<u>9,471</u>
<b>Current liabilities</b>					
Trade and other payables		30,426	35,184	9,757	11,745
Contract liabilities		853	565	53	203
Loans and borrowings	10	5,054	4,036	4,526	3,511
Tax payable		6,425	7,796	1,340	1,182
		<u>42,758</u>	<u>47,581</u>	<u>15,676</u>	<u>16,641</u>
<b>Total liabilities</b>		<u>56,525</u>	<u>59,000</u>	<u>27,832</u>	<u>26,112</u>
<b>Total equity and liabilities</b>		<u>211,080</u>	<u>212,863</u>	<u>156,644</u>	<u>154,121</u>

**B (i) Condensed interim consolidated income statement  
For the Six Months Ended 30 June 2022**

	Note	Group		Change %
		Six Months Ended 30 June		
		2022 \$'000	2021 \$'000	
Revenue	11	121,784	70,389	73.0
Cost of sales		(100,772)	(53,633)	87.9
<b>Gross profit</b>		21,012	16,756	25.4
Other income		995	2,286	(56.5)
Selling and administrative expenses		(10,208)	(9,366)	9.0
Other operating income, net		1,572	1,045	50.4
Reversal of impairment loss on trade receivables	12	–	27	NM
Results from operating activities		13,371	10,748	24.4
Finance costs		(142)	(139)	2.2
<b>Profit before income tax</b>	12	13,229	10,609	24.7
Tax expense	13	(2,294)	(1,746)	31.4
<b>Profit for the period attributable to owners of the Company</b>		10,935	8,863	23.4
<b>Earnings per share</b>				
Basic and diluted earnings per share (cents)		1.45	1.18	23.4

NM denotes Not Meaningful

**B (ii) Condensed interim consolidated statement of comprehensive income  
For the Six Months Ended 30 June 2022**

	<b>Group</b>		
	<b>Six Months Ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit for the period</b>	10,935	8,863	23.4
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences	(831)	305	NM
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	—	127	NM
<b>Other comprehensive income for the period (net of tax)</b>	<b>(831)</b>	<b>432</b>	<b>NM</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>10,104</b>	<b>9,295</b>	<b>8.7</b>

NM denotes Not Meaningful

**C Condensed interim statements of changes in equity  
For the Six Months Ended 30 June 2022 (Group)**

	Attributable to equity holders of the Company						
	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>							
At 1 January 2022	102,158	(415)	9,155	789	(19,850)	62,026	153,863
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	–	–	10,935	10,935
<b>Other comprehensive income</b>							
- Foreign currency translation differences	–	–	–	–	(831)	–	(831)
Total comprehensive income for the period	–	–	–	–	(831)	10,935	10,104
<b>Transaction with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividend paid to owners of the company	–	–	–	–	–	(9,412)	(9,412)
Total transactions with owners	–	–	–	–	–	(9,412)	(9,412)
<b>Transfer between reserves</b>							
Transfer to statutory reserves	–	–	54	–	–	(54)	–
<b>At 30 June 2022</b>	<b>102,158</b>	<b>(415)</b>	<b>9,209</b>	<b>789</b>	<b>(20,681)</b>	<b>63,495</b>	<b>154,555</b>

		Attributable to equity holders of the Company						
	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity	
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>								
At 1 January 2021	102,158	(415)	8,705	789	(21,113)	82,165	172,289	
<b>Total comprehensive income for the period</b>								
Profit for the period	–	–	–	–	–	8,863	8,863	
<b>Other comprehensive income</b>								
- Foreign currency translation differences	–	–	–	–	432	–	432	
- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	127	–	127	
Total comprehensive income for the period	–	–	–	–	432	8,863	9,295	
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividend paid to owners of the company	–	–	–	–	–	(9,412)	(9,412)	
Total transactions with owners	–	–	–	–	–	(9,412)	(9,412)	
<b>Transfer between reserves</b>								
Transfer to statutory reserves	–	–	263	–	–	(263)	–	
<b>At 30 June 2021</b>	<b>102,158</b>	<b>(415)</b>	<b>8,968</b>	<b>789</b>	<b>(20,681)</b>	<b>81,353</b>	<b>172,172</b>	

For the Six Months Ended 30 June 2022 (Company)

	Share capital	Revaluation reserve	Merger reserve	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>					
At 1 January 2022	102,158	789	(1,425)	26,487	128,009
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	10,215	10,215
Total comprehensive income for the period	–	–	–	10,215	10,215
<b>Transaction with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Dividends paid to owners of the company	–	–	–	(9,412)	(9,412)
Total transactions with owners	–	–	–	(9,412)	(9,412)
<b>At 30 June 2022</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>27,290</b>	<b>128,812</b>
	<b>Share capital</b>	<b>Revaluation reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2021	102,158	789	(1,425)	27,106	128,628
<b>Total comprehensive income for the period</b>					
Profit for the period	–	–	–	15,476	15,476
Total comprehensive income for the period	–	–	–	15,476	15,476
<b>Transaction with owners, recognised directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Dividends paid to owners of the company	–	–	–	(9,412)	(9,412)
Total transactions with owners	–	–	–	(9,412)	(9,412)
<b>At 30 June 2021</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>33,170</b>	<b>134,692</b>



**D Condensed interim consolidated statement of cash flows  
For the Six Months Ended 30 June 2022**

	Note	Group	
		Six Months	
		2022	2021
		Ended 30 June	
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		13,229	10,609
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment and investment property		3,931	3,835
Loss on liquidation of a subsidiary		–	108
Finance costs		142	139
Interest income		(204)	(292)
Gain on disposal of property, plant and equipment		(73)	(358)
Property, plant and equipment written off		6	34
Unrealised foreign exchange loss/(gain)		59	(372)
		<u>17,090</u>	<u>13,703</u>
<b>Changes in working capital:</b>			
Inventories		(517)	(2,138)
Trade and other receivables		(2,654)	4,168
Contract assets		39	223
Trade and other payables		(3,122)	(6,881)
Contract liabilities		301	37
		<u>11,137</u>	<u>9,112</u>
<b>Cash generated from operating activities</b>			
Tax paid		(3,232)	(1,539)
<b>Net cash from operating activities</b>		<u>7,905</u>	<u>7,573</u>
<b>Cash flows from investing activities</b>			
Interest income received		204	292
Proceeds from disposal of property, plant and equipment		73	523
Purchase of property, plant and equipment		(5,614)	(5,294)
<b>Net cash used in investing activities</b>		<u>(5,337)</u>	<u>(4,479)</u>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	10	(647)	(453)
Proceeds from unsecured bank loans		4,320	–
Repayment of unsecured bank loans		(645)	–
Finance costs paid		(98)	–
Dividends paid to owners of the Company	17	(9,412)	(9,412)
Deposits pledged		(1)	(1)
Cash restricted-in-use		480	–
<b>Net cash used in financing activities</b>		<u>(6,003)</u>	<u>(9,866)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(3,435)</u>	<u>(6,772)</u>
Cash and cash equivalents at beginning of financial period		73,769	106,485
Effect of exchange rate fluctuations on cash held		302	366
<b>Cash and cash equivalents at end of financial period</b>		<u><u>70,636</u></u>	<u><u>100,079</u></u>

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## **E Selected notes to the condensed interim financial statements**

### **1. Corporate Information**

Fu Yu Corporation Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies and investment holding. The principal activities of the Company's subsidiaries consist of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies, trading, provision of management services and investment holding. In FY2021, the Group acquired 100% of the ordinary shares of Fu Yu Supply Chain Solutions Pte Ltd ("FYSCS") (formerly known as Avantgarde Enterprise Pte Ltd). FYSCS is engaged in the business in providing supply chain management services for commodity raw materials.

The condensed interim financial statements relate to the Company and its subsidiaries.

### **2. Basis of Preparation**

#### **2.1. Statement of compliance**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.5.

#### **2.2. Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value or amortised cost.

#### **2.3. Functional and presentation currency**

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

#### **2.4. Use of judgements and estimates**

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements is included in the following note:

- Note 5 – impairment test of goodwill: key assumptions underlying recoverable amounts
- Note 6 and 7 – recoverability of investments in and amounts due from subsidiaries
- Note 7 – measurement of expected credit losses (ECL) allowance for trade and other receivables, and contract assets

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 4 – classification of investment property

### **Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 15 – financial risk management: accounting classification and fair value

## **2.5. New and amended standards adopted by the Group**

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 – 2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

### 3. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$4,538,000 (30 June 2021: \$4,599,000) of which \$7,000 (30 June 2021: \$4,000) relates to right-of-use assets and disposed of assets amounting to net book value of \$6,000 (30 June 2021: \$165,000).

As at 30 June 2022, the cost incurred for redevelopment project in Singapore amounting to \$16,478,000. Included in this amount are the capitalised borrowing costs related to the construction of the factory of \$101,000.

### 4. Investment Properties

	<u>Group</u> <u>\$'000</u>
<b>Cost</b>	
At 1 January 2021	10,169
Currency realignment	(164)
At 31 December 2021	<u>10,005</u>
At 1 January 2022	10,005
Currency realignment	(238)
At 30 June 2022	<u>9,767</u>
<b>Accumulated depreciation</b>	
At 1 January 2021	2,494
Depreciation for the year	173
Currency realignment	(41)
At 31 December 2021	<u>2,626</u>
At 1 January 2021	2,626
Depreciation for the period	85
Currency realignment	(63)
At 30 June 2022	<u>2,648</u>
<b>Carrying amounts</b>	
At 1 January 2021	<u>7,675</u>
At 31 December 2021	<u>7,379</u>
At 30 June 2022	<u>7,119</u>

The buildings are leased to a third party.

The fair value of the investment property (fair value hierarchy of level 3) as at 30 June 2022 remains at RM30,509,000, approximately S\$9,638,000 (31 December 2021: S\$9,873,000) and has been determined based on valuations performed by accredited independent valuers with recent experience in the location and category of investment properties being valued. The valuations are based on comparison method and the depreciated replacement cost method. The depreciated replacement cost method makes reference to the cost of replacing the buildings as new and allowing for depreciation. Key unobservable inputs correspond to replacement costs having regard to asset life, physical deterioration, functional and economic obsolescence. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the best use of its properties does not differ from their current use.

The Group has certain leasehold land held to earn rental income and also for own production or supply of goods and administrative purposes. If a portion of the property cannot be sold or leased out separately under a finance lease, the entire property is classified as investment property only if the portion of the property held for own use is insignificant. Judgement is involved in determining the allocation of investment property and property, plant and equipment.

5. Goodwill

	<u>Group</u> <u>\$'000</u>
<b>Carrying amounts</b>	
At 31 December 2021 and 30 June 2022	<u>5,978</u>

***Impairment testing for cash generating unit (“CGU”) containing goodwill***

For the purposes of impairment testing, goodwill has been allocated to the Group’s supply chain management services and commodity raw materials CGU.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from continuing use of the CGU.

At 30 June 2022, the value in use was determined similarly to the 31 December 2021 goodwill test, and the key assumptions used in the estimation of value in use were as follows:

	<u>2022</u>
<b>Group</b>	
Number of years projected in the discounted cash flows	5 years
Discount rate	9.67%
Revenue growth rate	5.00%
Gross profit margin	1.80%
Terminal value growth rate	<u>1.25%</u>

Management determined budgeted gross margin based on past performance and its expectations of market developments. Revenue growth was projected taking into account the estimated sales volume and price growth for the next five years. It was assumed that the sales price would grow at a constant margin above forecast inflation over the next five years. The discount rates used were post-tax and reflected specific risks relating to the CGU.

As at 30 June 2022, the recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

6. Subsidiaries

	<u>Company</u>	
	<u>As at</u> <u>30 Jun 2022</u> <u>\$'000</u>	<u>As at</u> <u>31 Dec 2021</u> <u>\$'000</u>
Equity investments, at cost	115,745	115,745
Forgiveness of amounts due from subsidiaries	12,802	12,802
	128,547	128,547
Impairment losses	(76,221)	(76,221)
	<u>52,326</u>	<u>52,326</u>

7. Trade and Other Receivables

	Group		Company	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
Trade receivables	35,183	33,068	12,129	10,360
Allowance for impairment of doubtful receivables	(3)	(3)	–	–
Net trade receivables	35,180	33,065	12,129	10,360
Other receivables	320	157	99	27
Amounts due from subsidiaries	–	–	35,423	35,097
Deposits	287	329	87	86
	35,787	33,551	47,738	45,570
Prepayments	587	431	248	132
Advances to suppliers	1,521	1,760	639	447
	37,895	35,742	48,625	46,149
Non-current	–	–	27,146	28,338
Current	37,895	35,742	21,479	17,811
	37,895	35,742	48,625	46,149

Amounts due from subsidiaries

	Company	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
Amounts due from subsidiaries		
Non-current		
- non-trade	32,609	33,801
Impairment losses	(5,463)	(5,463)
	27,146	28,338
Current		
- trade	103	85
- non-trade	8,174	6,674
	35,423	35,097

**Expected credit loss (“ECL”) assessment**

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets which comprise a large number of small balances, while for other receivables there is no significant increase in credit risk for these exposures, therefore impairment has been measured on the 12-month expected loss basis and the amount of the allowance is insignificant.

Loss rates are estimated based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

There have been no significant changes to the movement in the allowance for impairment loss in respect of trade and other receivables, and contract assets during the period.

## 8. Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 Jun 2022 \$'000</b>	<b>As at 31 Dec 2021 \$'000</b>	<b>As at 30 Jun 2022 \$'000</b>	<b>As at 31 Dec 2021 \$'000</b>
Cash at bank and in hand	24,920	48,723	6,164	16,110
Deposits with banks	55,303	35,224	10,228	3,379
Cash and bank balances in the statements of financial position	80,223	83,947	16,392	19,489
Cash restricted-in-use	(9,506)	(10,095)		
Deposits pledged	(81)	(83)		
Cash and cash equivalents in the consolidated statement of cash flows	70,636	73,769		

The deposit pledged represents bank balance pledged for bank guarantee purposes in the normal course of business.

Cash restricted-in-use includes S\$ Nil (31 December 2021: S\$4,000,000) earmarked for trade financing and S\$9,506,000 (31 December 2021: S\$6,095,000) deposits for the unsecured bank loan purposes (see note 10).

Deposits with financial institutions mature on varying periods within 6 months (2021: 12 months) from the financial period end. Effective interest rates range from 1.0% to 2.15% (2021: 0.03% to 2.10%) per annum.

Cash and bank balances totalling the equivalent of \$23,666,000 (31 December 2021: \$23,968,000) are held in a country which operates foreign exchange controls.

## 9. Share Capital

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
<b>Fully paid ordinary shares, with no par value:</b>	<b>No. of shares</b>	
On issue at 1 January and 30 June (2021: 31 December)	752,994,775	752,994,775

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

10. Loans and borrowings and lease liabilities

	Group		Company	
	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000	As at 30 Jun 2022 \$'000	As at 31 Dec 2021 \$'000
<b>Non-current liabilities</b>				
Unsecured bank loans	5,346	2,680	5,346	2,680
Lease liabilities	6,134	6,670	5,484	5,741
	<u>11,480</u>	<u>9,350</u>	<u>10,830</u>	<u>8,421</u>
<b>Current liabilities</b>				
Unsecured bank loans	4,009	3,000	4,009	3,000
Lease liabilities	1,045	1,036	517	511
	<u>5,054</u>	<u>4,036</u>	<u>4,526</u>	<u>3,511</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	30 Jun 2022	
				Face value \$'000	Carrying amount \$'000
<b>Group</b>					
Unsecured bank loans	SGD	2.57%	2024	9,355	9,355
Lease liabilities	SGD	1.60%-5.79%	2024-2044	8,301	6,010
Lease liabilities	MYR	5.45%-6.90%	2022-2024	80	78
Lease liabilities	RMB	4.35%-4.75%	2024-2026	1,150	1,091
				<u>18,886</u>	<u>16,534</u>
<b>Company</b>					
Unsecured bank loans	SGD	2.57%	2024	9,355	9,355
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,290	6,001
				<u>17,645</u>	<u>15,356</u>
	Currency	Nominal interest rate	Year of maturity	31 Dec 2021	
				Face value \$'000	Carrying amount \$'000
<b>Group</b>					
Unsecured bank loans	SGD	1.95%-2.00%	2023	5,680	5,680
Lease liabilities	SGD	1.60%-5.79%	2024-2044	8,659	6,261
Lease liabilities	MYR	5.45%-6.90%	2022-2024	123	117
Lease liabilities	RMB	4.75%	2024-2026	1,415	1,328
				<u>15,877</u>	<u>13,386</u>
<b>Company</b>					
Unsecured bank loans	SGD	1.95%-2.00%	2023	5,680	5,680
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,647	6,252
				<u>14,327</u>	<u>11,932</u>



### Unsecured bank loans

The unsecured bank loan is to finance the redevelopment project of No.9 Tuas Drive 1, Singapore 638675. One of the wholly-owned subsidiaries in China has placed fixed deposits denominated in Chinese Renminbi for an amount equivalent to 105% of the outstanding unsecured bank loan (see note 8).

### Intra-group financial guarantee

In 2021, an intra-group financial guarantee comprises a guarantee given by the Company to a bank in respect of banking credit facilities approximately to S\$3,883,000 granted to the wholly-owned subsidiaries in Malaysia. At the reporting date, the Company has not recognised an ECL provision as the credit facilities have not been utilised. The Company does not consider it probable that a claim will be made against the Company under the guarantee.

### Reconciliation of movements of loans and borrowings and lease liabilities to cash flows arising from financing activities:

	Lease liabilities S\$'000	Unsecured bank loans S\$'000
<b>Group</b>		
Balance at 1 January 2022	7,706	5,680
<b>Changes in financing cash flows</b>		
Proceeds from unsecured bank loans	–	4,320
Repayment of unsecured bank loans	–	(645)
Payment of lease liabilities	(647)	–
Finance costs paid	(3)	(89)
<b>Total changes from financing cash flows</b>	(650)	3,586
<b>Other changes</b>		
<b>Liability-related</b>		
New lease	7	–
Currency realignment	(26)	–
Interest expense	142	–
Capitalised borrowing costs	–	89
<b>Total liability-related other changes</b>	123	89
Balance at 30 June 2022	7,179	9,355

## 11. Revenue

### (i) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 14).

	←————— Reportable segments —————→											
	←————— Manufacturing Segment —————→						Supply Chain Management Services Segment					
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total	
Six Months Ended 30 Jun	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Major products/ service line</b>												
Sales of goods	24,031	22,986	25,495	26,423	17,295	16,890	66,821	66,299	49,761	—	116,582	66,299
Revenue from tooling contracts	2,833	2,675	1,367	869	1,002	546	5,202	4,090	—	—	5,202	4,090
	<u>26,864</u>	<u>25,661</u>	<u>26,862</u>	<u>27,292</u>	<u>18,297</u>	<u>17,436</u>	<u>72,023</u>	<u>70,389</u>	<u>49,761</u>	<u>—</u>	<u>121,784</u>	<u>70,389</u>
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	24,031	22,986	25,495	26,423	17,295	16,890	66,821	66,299	49,761	—	116,582	66,299
Services transferred over time	2,833	2,675	1,367	869	1,002	546	5,202	4,090	—	—	5,202	4,090
	<u>26,864</u>	<u>25,661</u>	<u>26,862</u>	<u>27,292</u>	<u>18,297</u>	<u>17,436</u>	<u>72,023</u>	<u>70,389</u>	<u>49,761</u>	<u>—</u>	<u>121,784</u>	<u>70,389</u>

(ii) **Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**12. Profit before Income Tax**

**Significant items**

	<b>Group</b>	
	<b>Six Months</b>	
	<b>Ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>A. Profit before income tax is arrived at after (crediting)/ charging the following:</b>		
Interest income	(204)	(292)
Gain on disposal of property, plant and equipment	(73)	(358)
Foreign exchange gain, net	(1,578)	(1,187)
Property, plant and equipment written off	6	34
Reversal of impairment loss on trade receivables	–	(27)
Depreciation of property, plant and equipment and investment property	3,931	3,835
Interest expenses on lease liabilities	142	139
Allowance for inventory obsolescence, net and inventories written off	143	265
Loss on liquidation of subsidiary	–	108
<b>B. Income tax expenses</b>		
Adjustments for over provision of income tax in respects of prior year	(84)	(162)

**13. Tax Expense**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	<b>Group</b>	
	<b>Six Months</b>	
	<b>Ended 30 Jun</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current tax expense</b>		
Current year	1,996	1,569
Withholding taxes	18	79
Over provision in prior years	(84)	(162)
	<u>1,930</u>	<u>1,486</u>
<b>Deferred tax expense</b>		
Movements in temporary differences	364	260
	<u>364</u>	<u>260</u>
<b>Tax expense</b>	<u><u>2,294</u></u>	<u><u>1,746</u></u>

#### 14. Operating Segment

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

- Manufacturing Segment
- Supply Chain Management Services Segment

Within the manufacturing segment, the Group has three reportable segments which are geographical segments and are based on the location of assets, namely Singapore, Malaysia and China. These geographical segments are managed separately because they bear different financial and business risks. The location of the Group's customers is not significantly different from the location of the Group's assets.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Performance is measured based on profit before income tax, depreciation of property, plant and equipment and investment property, finance cost and net foreign exchange gain/(loss) as included in internal management reports that are reviewed by the Group's Managing Director (chief operating decision maker). Such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the Group's industry. Both inter-segment and intra-segment pricing are based on terms agreed by the counterparties.

**Reportable Segments**

Six Months Ended 30 Jun	← Manufacturing Segment →								Supply Chain Management Services Segment							
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue and expenses</b>																
Total external revenue	26,864	25,661	26,862	27,292	18,297	17,436	72,023	70,389	49,761	–	121,784	70,389	–	–	121,784	70,389
Inter-segment revenue	40	17	–	–	310	199	350	216	–	–	350	216	(350)	(216)	–	–
Segment profit before income tax*	10,788	16,645	2,878	2,348	4,616	4,575	18,282	23,568	1,483	–	19,765	23,568	(4,041)	(10,172)	15,724	13,396
Depreciation of property, plant and equipment and investment property	(1,177)	(1,033)	(1,748)	(1,878)	(1,126)	(1,099)	(4,051)	(4,010)	(2)	–	(4,053)	(4,010)	122	175	(3,931)	(3,835)
Finance cost	(106)	(101)	(28)	(37)	(4)	(1)	(138)	(139)	(130)	–	(268)	(139)	126	–	(142)	(139)
Foreign exchange gain/(loss) (net)	1,585	1,903	(949)	197	326	105	962	2,205	(60)	–	902	2,205	676	(1,018)	1,578	1,187
Profit before income tax	11,090	17,414	153	630	3,812	3,580	15,055	21,624	1,291	–	16,346	21,624	(3,117)	(11,015)	13,229	10,609
Tax expense															(2,294)	(1,746)
Net profit for the period															10,935	8,863
<b>Other segment information</b>																
Non-current assets	113,141	70,573	10,744	13,753	22,901	24,376	146,786	108,702	6,007	–	152,793	108,702	(79,638)	(48,606)	73,155	60,096
Unallocated assets															816	1,000
Total non-current assets															73,971	61,096
Capital expenditure**	3,673	3,502	125	567	720	526	4,518	4,595	13	–	4,531	4,595	–	–	4,531	4,595
Interest income	145	63	134	65	26	164	305	292	25	–	330	292	(126)	–	204	292
Segment reporting assets	156,640	149,780	60,611	63,835	42,169	51,591	259,420	265,206	38,952	–	298,372	265,206	(88,108)	(50,587)	210,264	214,619
Unallocated assets															816	1,001
Total assets															211,080	215,620
Segment reporting liabilities	25,531	14,545	18,063	21,900	7,152	6,580	50,746	43,025	6,656	–	57,402	43,025	(9,231)	(4,938)	48,171	38,087
Unallocated liabilities															8,354	5,361
Total liabilities															56,525	43,448

\* After excluding finance cost, foreign exchange gain/(loss) (net) and depreciation.

\*\* Excluding addition of right-of-use assets.

## 15. Financial Risk Management

### *Accounting classification and fair values*

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and bank balances, trade and other payables and unsecured bank loans) are assumed to approximate their fair values because of the short period to maturity or re-pricing. Further, the fair value disclosure of lease liabilities is also not required.

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2022 and 31 December 2021:

	Designated at FVTPL \$'000	Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
<b>Group</b>				
<b>30 June 2022</b>				
Trade and other receivables <sup>+</sup>	–	35,787	–	35,787
Cash and bank balances	–	80,223	–	80,223
Trade and other payables <sup>#</sup>	–	–	(30,323)	(30,323)
Unsecured bank loans	–	–	(9,355)	(9,355)
	–	116,010	(39,678)	76,332
<b>31 December 2021</b>				
Trade and other receivables <sup>+</sup>	–	33,551	–	33,551
Cash and bank balances	–	83,947	–	83,947
Trade and other payables <sup>#</sup>	–	–	(35,293)	(35,293)
Unsecured bank loans	–	–	(5,680)	(5,680)
	–	117,498	(40,973)	76,525
<b>Company</b>				
		Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
<b>30 June 2022</b>				
Trade and other receivables <sup>+</sup>		47,738	–	47,738
Cash and bank balances		16,392	–	16,392
Trade and other payables <sup>#</sup>		–	(9,654)	(9,654)
Unsecured bank loans		–	(9,355)	(9,355)
		64,130	(19,009)	45,121
<b>31 December 2021</b>				
Trade and other receivables <sup>+</sup>		45,570	–	45,570
Cash and bank balances		19,489	–	19,489
Trade and other payables <sup>#</sup>		–	(11,856)	(11,856)
Unsecured bank loans		–	(5,680)	(5,680)
		65,059	(17,536)	47,523

<sup>+</sup> Excludes prepayments and advances to suppliers

<sup>#</sup> Excludes advance billings

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**16. Related Party Transactions**

The Group does not have material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

**17. Dividends**

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	<u>Group and Company</u>	
	<u>Six Months</u>	
	<u>Ended 30 Jun</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Paid by the Company to owners of the Company</b>		
Final dividend of 1.25 cent (2021: 1.25 cent) per share	9,412	9,412

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**F Other information required by Listing Rule Appendix 7.2**

- 1(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Nil.

- 1(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The total number of issued ordinary shares excluding treasury shares as at 30 June 2022 was 752,994,775 (31 December 2021: 752,994,775).

- 1(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The condensed interim statements of financial position of Fu Yu Corporation Limited and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated income statement and statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-months ended 30 June 2022 and selected explanatory notes have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.



**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 30 June 2022 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2021.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<u>Group</u>	
	<u>Six Months Ended 30 June</u>	<u>2021</u>
	2022	2021
Earnings per share		
- Basic and diluted (cents)	1.45	1.18

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 752,994,775 (2021: 752,994,775).

There was no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 30 June 2022 and 31 December 2021.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
Net asset value (S\$'000)	154,555	153,863	128,812	128,009
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	20.53	20.43	17.11	17.00

## 8. Review of performance of the Group

### OVERVIEW

Fu Yu Corporation Limited provides vertically-integrated services for the manufacture of precision plastic components, parts and sub-assemblies, as well as the fabrication of precision moulds and dies. With manufacturing facilities located in Singapore, Malaysia and China, the Group has a large footprint in Asia to serve a broad and diversified customer base in the printing and imaging, networking and communications, consumer, medical, automotive and power tools 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 ("FYSCS") which is engaged in the business of providing supply chain management services for commodities.

### INCOME STATEMENT

#### **Revenue**

For the six months ended 30 June 2022 ("1H22"), the Group's revenue jumped 73.0% to S\$121.8 million from S\$70.4 million in 1H21. This was attributed to a moderate increase in sales from the Group's manufacturing business, and the addition of a new revenue stream from its business in supply chain management services.

The manufacturing business generated revenue of S\$72.0 million in 1H22, up 2.3% from S\$70.4 million in 1H21. Supply chain management services registered revenue of S\$49.8 million in 1H22.

#### Manufacturing Business

For 1H22, revenue of the manufacturing business was lifted by higher sales from its Singapore and Malaysia operations, which offset softer sales from the China segment.

Sales from the Singapore operations in 1H22 climbed 4.7% to S\$26.9 million from S\$25.7 million in 1H21 on the back of higher demand from customers in the medical and consumer segments. This offset slower demand from automotive customers as this sector was affected by disruptions in production activities amid the global shortage in semiconductors and other raw materials.

The Malaysia segment also recorded a 4.9% increase in sales to S\$18.3 million in 1H22 from S\$17.4 million in 1H21. This was lifted mainly by higher sales of consumer and medical products to existing customers, offset partially by lower sales of printing & imaging products.

Sales from the China segment in 1H22 softened year-on-year, which was attributed mainly to weaker sales in the April-to-June quarter. During this period, the implementation of COVID-induced lockdown measures in China resulted in manpower constraints and also hindered the Group's ability to make deliveries to some customers. Shipment of raw materials in China was also delayed due to port closures. Nevertheless, the China operations recorded only a marginal 1.6% dip in revenue to S\$26.9 million in 1H22 compared to S\$27.3 million in 1H21. Higher demand for medical products partially buffered a decline in sales of networking & communications products in 1H22.

As a percentage of total sales from the manufacturing business, the Singapore segment's contribution expanded to 37.3% in 1H22 (1H21: 36.5%). Malaysia segment's revenue contribution also increased to 25.4% (1H21: 24.7%) while the China operations accounted for a lower 37.3% (1H21:38.8%) of the manufacturing business' revenue in 1H22.

#### Supply chain management services

Following completion of the acquisition of FYSCS, its revenue was consolidated into the Group's revenue from 2H21. For 1H22, the supply chain management services business generated revenue of S\$49.8 million from physical commodities trading activities. This business made up 40.9% of the Group's total revenue in 1H22.

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### **Gross Profit**

The Group's gross profit improved 25.4% to S\$21.0 million in 1H22 from S\$16.8 million in 1H21. Gross profit from the manufacturing business increased to S\$18.6 million in 1H22 from S\$16.8 million in 1H21, translating into a higher gross profit margin of 25.8% compared to 23.8% previously. The supply chain management services registered gross profit of S\$2.4 million and gross profit margin of 4.8% in 1H22. As a result, the Group's composite gross profit margin in 1H22 was 17.3% as compared to 23.8% in 1H21 which was derived solely from its manufacturing business.

### **Other Income**

Other income in 1H22 decreased 56.5% to S\$1.0 million from S\$2.3 million in 1H21. This was due mainly to reduced interest income, lower gain from disposal of property, plant and equipment, as well as the cessation of grants received under government schemes to support businesses amid the Covid-19 pandemic ("government grants"). The government grants received in 1H21 amounted to S\$0.4 million compared to nil in 1H22.

### **Selling and Administrative Expenses**

Selling and administrative expenses in 1H22 increased 9.0% to S\$10.2 million from S\$9.4 million in 1H21. This was attributed mainly to the consolidation of expenses from the supply chain management services business.

### **Other Operating Income**

The Group recorded other operating income of S\$1.6 million in 1H22, up 50.4% from S\$1.0 million in 1H21, as a result of higher foreign exchange gain.

The Group recognises foreign exchange gains or losses as a result of transactions denominated in foreign currencies, and the translation of receivables, cash and payables denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. As the Group is in net US Dollar assets position, the appreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed to the foreign exchange gain in 1H22.

### **Finance Costs**

Finance costs in 1H22 increased to S\$142,000 from S\$139,000 in 1H21, attributed mainly to interest expenses on lease liabilities. The amount of non-cash interest expenses charged on lease liabilities (in line with the adoption of SFRS(I) 16) was S\$142,000 in 1H22 and S\$139,000 in 1H21.

### **Profit before Income Tax**

The Group's profit before tax gained 24.7% to S\$13.2 million in 1H22 compared to S\$10.6 million in 1H21. Profit before tax excluding foreign exchange impact ("operating profit") in 1H22 also improved 23.7% to S\$11.7 million from S\$9.4 million previously, in line with higher revenue and gross profit.

On a geographical segmental basis, the Group's manufacturing operations in Singapore posted lower profit before tax (excluding dividend income from Malaysia and China subsidiaries) of S\$7.2 million in 1H22 compared to S\$7.4 million in 1H21. Malaysia segment's profit before tax increased to S\$3.8 million in 1H22 from S\$3.6 million in 1H21, while China segment posted a lower profit before tax of S\$0.2 million in 1H22 compared to S\$0.6 million in 1H21.

The supply chain management services operations are based primarily in Singapore, hence there is no geographical breakdown for this business which contributed profit before tax of S\$1.3 million in 1H22.

## Tax Expense

The Group incurred tax expense of S\$2.3 million for 1H22 which translated to an effective tax rate of 17.3%. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rate would be 17.2% for 1H22. The Group's effective tax rate is higher than Singapore's statutory tax rate of 17% due mainly to the varying statutory tax rates of the countries in which the Group operates.

## Net Profit

	1H22 (S\$ million)	1H21 (S\$ million)	Change
Operating profit	11.7	9.4	23.7%
Net profit	10.9	8.9	23.4%

The Group's net profit for 1H22 increased 23.4% to S\$10.9 million from S\$8.9 million in 1H21. This was attributed to higher net profit from its manufacturing business as well as profit contribution from the supply chain management services.

The manufacturing business recorded a 10.2% growth in net profit to S\$9.7 million in 1H22 compared to S\$8.9 million in 1H21. Supply chain management services contributed net profit of S\$1.2 million in 1H22.

## Dividend

The Board of Directors has declared an interim ordinary dividend of 0.4 cent per share for 1H22, which is the same as the interim ordinary dividend in 1H21.

## BALANCE SHEET

As at 30 June 2022, the Group remained in a sound financial position with net cash of S\$70.8 million. Cash and bank balances was S\$80.2 million while total unsecured bank loans amounted to S\$9.4 million as at 30 June 2022. Shareholders' equity stood at S\$154.6 million, equivalent to net asset value of 20.53 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included net cash of around 9.4 cents per share.

Total assets as at 30 June 2022 decreased to S\$211.1 million from S\$212.9 million as at 31 December 2021. The reduction was attributed mainly to decreases in cash and bank balances, and deferred tax assets, which were offset partially by higher inventories and trade and other receivables.

The Group's total liabilities as at 30 June 2022 decreased to S\$56.5 million from S\$59.0 million as at 31 December 2021. This was due mainly to a reduction in trade and other payables and tax payable, which were offset partially by an increase in unsecured bank loans.

## CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$7.9 million in 1H22. This was attributed mainly to operating profit before working capital changes of around S\$17.1 million, which was reduced partially by higher inventories, income tax payments, trade and other receivables and a decrease in trade and other payables.

Net cash used in investing activities amounted to S\$5.3 million during 1H22. The Group incurred capital expenditure of S\$5.6 million, which was mainly for its redevelopment project in Singapore. This was compensated partially by interest income and proceeds from disposal of property, plant and equipment.

Net cash used in financing activities totalled S\$6.0 million in 1H22. This was attributed mainly to the payment of dividends to shareholders of the Company and repayment of lease liabilities. This was offset partially by proceeds from unsecured bank loans and lower cash restricted-in-use.

As a result of the above, the Group's cash and cash equivalents decreased to S\$80.2 million (including cash deposits pledged of S\$0.1 million and cash restricted-in-use of S\$9.5 million) at the end of 1H22 compared to S\$83.9 million as at 31 December 2021.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The global economic outlook remains shrouded by a host of risks that could potentially derail growth in 2022, ranging from the Russia-Ukraine war, challenges in the supply chain and raw material production as well as rising inflationary pressures and interest rates. Operating costs for businesses have escalated with the increase in oil prices, energy costs, transport and labour expenses among others. The China government's measures in response to the resurgence of Covid-19 cases in the country have also led to heightened operating challenges and wider ramifications for businesses worldwide.

Notwithstanding these headwinds in the operating environment, the Group registered healthy double-digit growth in both its revenue and net profit during 1H22. This was achieved on the back of the resilient performance of its manufacturing business and boosted by the added contribution from FYSCS.

The Group's manufacturing business was driven by better sales performances of its Singapore and Malaysia segments which offset a slower performance of the China segment in 1H22. Consequent to the COVID-induced lockdown measures in Shanghai that started on 1 April 2022, the Group was unable to make deliveries to customers in this area. While the Group's Suzhou plant also faced some manpower constraints in April due to mobility restrictions in line with the government's directives, its well-established procedures have enabled the Group to respond swiftly to mitigate the manpower shortage situation. At present, the Group's factories in Suzhou, Dongguan and Zhuhai remain fully operational.

To reward shareholders for their support of Fu Yu, the Board has recommended the payment of an interim ordinary dividend of 0.4 cent per share for 1H22, which is the same as for 1H21.

Looking ahead, the Group expects the business environment to remain challenging due to prevailing uncertainties in the global economic outlook. The fluid state of COVID-19 situation in China and the government's restrictions may affect customers' business activities, supply chains, and end-user demand. In addition, the Group's operational and financial performance could be affected by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar. The Group is closely monitoring the situation to manage and mitigate these challenges.

The Group is continuing plans to rebrand its manufacturing business and elevate Fu Yu's profile as an advanced solutions provider in the high precision plastics manufacturing industry. The redevelopment project of its new "smart factory" in Singapore at 9 Tuas Drive is expected to be completed on schedule during 3Q22. The expected capital expenditure for this redevelopment project has been revised higher to S\$20.1 million compared to prior estimated amount of S\$15.4 million at the start of project, due mainly to variation orders and capitalisation of borrowing costs related to the project. This capital expenditure will be partly defrayed by the assignment of the Group's premises at 5 Tuas Drive in Singapore.

The new smart factory implements Industry 4.0 and will serve as a showcase of the Group's advanced manufacturing capabilities. It will feature higher precision manufacturing capabilities, increased automation as well as seamless workflow across its tooling, moulding and assembly operations to achieve higher operational efficiency and reduction of carbon footprint.

Besides helping to drive its rebranding efforts, the upcoming launch of the Group's new smart factory will also complement its business development initiatives to raise penetration rates with existing customers and acquire new ones. At the same time, the Group is working on expanding the breadth of services of its manufacturing business. To this end, its new division – Corporate Development – is working with research institutes in Singapore and other partners regionally to explore R&D programs and identify commercially-viable technologies that could augment the Group's manufacturing services.

The supply chain management services business will be seeking opportunities to generate additional revenue streams, while assessing avenues to reap potential cost savings in the procurement and logistics management of raw materials for the Group's manufacturing business.

Besides organic initiatives, the Group will also explore opportunities for joint ventures, partnerships, and/or strategic mergers or acquisitions that could enhance the potential of its businesses.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

#### Interim Dividend

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.40 cent per ordinary share
Tax rate	One-tier tax exempt

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

#### Interim Dividend

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.40 cent per ordinary share
Tax rate	One-tier tax exempt

#### Special Dividend

Name of Dividend	Special
Dividend Type	Cash
Dividend Rate	3.30 cent per ordinary share
Tax rate	One-tier tax exempt

### (c) Date payable

9 September 2022.

### (d) Books Record date

22 August 2022.

## 12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate obtained from shareholders for IPTs.

There were no material IPTs for the period ended 30 June 2022.

- 14. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

We, Seow Jun Hao David and Hew Lien Lee, being two directors of Fu Yu Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to attention of the Board of Directors of the Company which may render the condensed interim financial statement for the six months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Seow Jun Hao David  
Executive Director  
Group Managing Director

Hew Lien Lee  
Executive Director  
Chief Executive Officer

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**BY ORDER OF THE BOARD**

Kong Wei Fung  
Company Secretary  
Singapore, 12 August 2022