



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED
31 DECEMBER 2020**

Full Year Financial Statement And Dividend Announcement

PART I – INFORMATIONS REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) (i) A Consolidated Income Statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of Fu Yu Corporation Limited wishes to announce the unaudited results of the Group for the second half year and financial year ended 31 December 2020.

GROUP	Half Year 31-Dec		Change %	Year Ended 31-Dec		Change %
	2020 S\$'000	2019 S\$'000		2020 S\$'000	2019 S\$'000	
Revenue	81,859	97,355	(15.9)	153,442	194,128	(21.0)
Cost of sales	(60,351)	(77,052)	(21.7)	(116,618)	(155,901)	(25.2)
Gross profit	21,508	20,303	5.9	36,824	38,227	(3.7)
Other income	4,256	3,666	16.1	8,742	7,142	22.4
Selling and administrative expenses	(10,137)	(14,326)	(29.2)	(22,767)	(27,571)	(17.4)
Other operating expenses, net	(4,742)	(453)	NM	(2,768)	(926)	NM
Impairment loss on trade receivables	(46)	(10)	NM	(78)	(10)	NM
Results from operating activities	10,839	9,180	18.1	19,953	16,862	18.3
Finance costs	(149)	(191)	(22.0)	(325)	(450)	(27.8)
Share of loss of joint venture (net of tax)	(15)	(21)	(28.6)	(26)	(207)	(87.4)
Profit before income tax	10,675	8,968	19.0	19,602	16,205	21.0
Tax expense	(1,137)	(1,322)	(14.0)	(2,687)	(3,515)	(23.6)
Profit for the period/year attributable to owners of the company	9,538	7,646	24.7	16,915	12,690	33.3
Earnings per share - basic and diluted earnings per share (cents)	1.27	1.02	24.7	2.25	1.69	33.3

NM denotes Not Meaningful

Consolidated Statement of Comprehensive Income

GROUP	Half Year 31-Dec		Change %	Year Ended 31-Dec		Change %
	2020 S\$'000	2019 S\$'000		2020 S\$'000	2019 S\$'000	
Profit for the period/year	9,538	7,646	24.7	16,915	12,690	33.3
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	1,051	(414)	NM	1,484	(1,185)	NM
Exchange differences realised on liquidation of joint venture/subsidiary reclassified to profit or loss	421	56	NM	421	56	NM
Other comprehensive income for the period/year (net of tax)	1,472	(358)	NM	1,905	(1,129)	NM
Total comprehensive income for the period/year (net of tax) and attributable to owners of the company	11,010	7,288	51.1	18,820	11,561	62.8

NM denotes Not Meaningful

1(a) (ii) Notes to Consolidated Income Statement

GROUP	Half Year 31-Dec		Change %	Year Ended 31-Dec		Change %
	2020 S\$'000	2019 S\$'000		2020 S\$'000	2019 S\$'000	
A. Profit before income tax is arrived at after charging/(crediting) the following:						
Interest income	(374)	(884)	(57.7)	(1,029)	(1,698)	(39.4)
Gain on disposal of property, plant and equipment	(1,529)	(246)	NM	(1,672)	(277)	NM
Foreign exchange loss, net	4,653	292	NM	2,504	744	NM
Property, plant and equipment written off	89	286	(68.9)	264	307	(14.0)
Impairment loss on trade receivables	46	10	NM	78	10	NM
Depreciation of property, plant and equipment, investment property and right-of-use assets	4,218	5,623	(25.0)	9,418	11,651	(19.2)
Reversal of impairment on property, plant and equipment	-	(186)	100.0	-	(186)	100.0
Interest expenses on lease liabilities	149	191	(22.0)	325	450	(27.8)
Allowance for/(Write-back of) inventory obsolescence, net and inventories written off	41	(255)	NM	134	174	(23.0)
Closure cost for Chongqing/Shanghai factory						
Cost of sales	810	4,199	(80.7)	810	4,199	(80.7)
Selling and administrative expenses	206	1,416	(85.5)	206	1,416	(85.5)
Loss on liquidation of subsidiary	-	60	(100.0)	-	60	(100.0)
B. Income tax expenses						
Adjustments for under/(over)provision of income tax in respects of the prior years	7	(31)	NM	(45)	(29)	55.2
Adjustments for overprovision of deferred tax in respects of the prior years	(130)	(129)	0.8	(130)	(129)	0.8

NM denotes Not Meaningful

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 31 Dec 20 S\$'000	As at 31 Dec 19 S\$'000	As at 31 Dec 20 S\$'000	As at 31 Dec 19 S\$'000
Non-current assets				
Property, plant and equipment	51,758	54,040	19,858	18,995
Investment property	7,675	7,855	-	-
Subsidiaries	-	-	20,972	20,408
Amount due from subsidiary companies	-	-	28,030	27,111
Joint venture	-	497	-	-
Deferred tax assets	972	178	-	-
	60,405	62,570	68,860	66,514
Current assets				
Inventories	13,252	16,373	3,339	3,410
Contract assets	1,723	1,722	588	572
Trade and other receivables	41,020	49,954	11,244	9,450
Amount due from subsidiary companies	-	-	3,940	2,028
Tax recoverable	3	3	-	-
Cash and cash equivalents	106,561	88,455	59,616	50,566
	162,559	156,507	78,727	66,026
Total assets	222,964	219,077	147,587	132,540
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	70,131	61,476	26,470	14,417
Total equity	172,289	163,634	128,628	116,575
Non-current liabilities				
Lease liabilities	6,554	7,254	5,284	5,628
Deferred tax liabilities	1,263	1,538	367	624
	7,817	8,792	5,651	6,252
Current liabilities				
Trade and other payables	38,011	40,918	11,661	8,490
Amounts due to subsidiary companies	-	-	45	23
Contract liabilities	389	717	71	131
Lease liabilities	589	2,142	163	162
Tax payable	3,869	2,874	1,368	907
	42,858	46,651	13,308	9,713
Total liabilities	50,675	55,443	18,959	15,965
Total equity and liabilities	222,964	219,077	147,587	132,540

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group has no borrowings and debts securities as at 31 December 2020 and 31 December 2019.

1(b)(iii) Details of any collaterals

Nil.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	Half Year 31-Dec		Year Ended 31-Dec	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash flows from operating activities				
Profit before income tax	10,675	8,968	19,602	16,205
Adjustments for:				
Depreciation of property, plant and equipment, investment property and right-of-use assets	4,218	5,623	9,418	11,651
Reversal of impairment on property, plant and equipment	-	(186)	-	(186)
Loss on liquidation of subsidiary	-	60	-	60
Finance costs	149	191	325	450
Interest income	(374)	(884)	(1,029)	(1,698)
Gain on disposal of property, plant and equipment	(1,529)	(246)	(1,672)	(277)
Property, plant and equipment written off	89	286	264	307
Share of loss of joint venture (net of tax)	15	21	26	207
Unrealised foreign exchange (gain)/loss	(425)	220	(436)	257
	<u>2,143</u>	<u>5,085</u>	<u>6,896</u>	<u>10,771</u>
	12,818	14,053	26,498	26,976
Changes in working capital:				
Inventories	3,116	3,498	3,501	317
Trade and other receivables	2,127	3,310	10,415	3,111
Contract assets	(173)	2,298	43	602
Trade and other payables	(308)	(5,813)	(4,601)	(1,537)
Contract liabilities	(219)	162	(351)	151
Cash generated from operating activities	<u>17,361</u>	<u>17,508</u>	<u>35,505</u>	<u>29,620</u>
Tax paid	(1,900)	(1,035)	(2,826)	(2,300)
Net cash from operating activities	<u>15,461</u>	<u>16,473</u>	<u>32,679</u>	<u>27,320</u>
Cash flows from investing activities				
Interest income received	374	884	1,029	1,698
Proceeds from disposal of property, plant and equipment	1,548	250	1,956	301
Purchase of property, plant and equipment	(2,765)	(4,588)	(6,116)	(7,283)
Proceeds from disposal of shares in joint venture	470	-	470	-
Withdrawal of short term investments	-	2,314	-	3,592
Net cash used in investing activities	<u>(373)</u>	<u>(1,140)</u>	<u>(2,661)</u>	<u>(1,692)</u>
Cash flows from financing activities				
Repayment of lease liabilities	(767)	(2,271)	(2,535)	(5,008)
Dividends paid to owners of the Company	(10,165)	(4,518)	(10,165)	(12,048)
Deposit pledged	3,341	(49)	3,299	(100)
Net cash used in financing activities	<u>(7,591)</u>	<u>(6,838)</u>	<u>(9,401)</u>	<u>(17,156)</u>
Net increase in cash and cash equivalents	<u>7,497</u>	<u>8,495</u>	<u>20,617</u>	<u>8,472</u>
Cash and cash equivalents at beginning of financial period/year	98,190	76,752	85,068	77,018
Effects of exchange rate fluctuations on cash held	798	(179)	800	(422)
Cash and cash equivalents at end of financial period/year	<u>106,485</u>	<u>85,068</u>	<u>106,485</u>	<u>85,068</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:				
Cash at bank and in hand	51,414	24,794	51,414	24,794
Deposits with banks	55,147	63,661	55,147	63,661
Cash and cash equivalents in the statement of financial position	106,561	88,455	106,561	88,455
Deposits pledged	(76)	(3,387)	(76)	(3,387)
Cash and cash equivalents in the consolidated cash flow statement	<u>106,485</u>	<u>85,068</u>	<u>106,485</u>	<u>85,068</u>

1(d)(i)A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

For the Second Half Year Ended 31 December (Group)

Group - 2020	Attributable to equity holders of the Company							Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency			
					translation reserve S\$'000	Retained earnings S\$'000		
At 1 July 2020	102,158	(415)	8,699	789	(22,585)	75,268	163,914	
Profit for the period	-	-	-	-	-	9,538	9,538	
Other comprehensive income for the period	-	-	-	-	1,472	-	1,472	
- Foreign currency translation differences	-	-	-	-	1,051	-	1,051	
- Exchange differences realised on liquidation of joint venture reclassified to profit or loss	-	-	-	-	421	-	421	
Total comprehensive income for the period	-	-	-	-	1,472	9,538	11,010	
Dividends paid to shareholders of the company	-	-	-	-	-	(2,635)	(2,635)	
Transfer of reserves	-	-	6	-	-	(6)	-	
At 31 December 2020	102,158	(415)	8,705	789	(21,113)	82,165	172,289	

Group - 2019	Attributable to equity holders of the Company							Total attributable to equity holders of the Company S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency			
					translation reserve S\$'000	Retained earnings S\$'000		
At 1 July 2019	102,158	(415)	8,480	789	(22,660)	72,512	160,864	
Profit for the period	-	-	-	-	-	7,646	7,646	
Other comprehensive income for the period	-	-	-	-	(358)	-	(358)	
- Foreign currency translation differences	-	-	-	-	(414)	-	(414)	
- Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	-	-	-	-	56	-	56	
Total comprehensive income for the period	-	-	-	-	(358)	7,646	7,288	
Dividends paid to shareholders of the company	-	-	-	-	-	(4,518)	(4,518)	
Transfer of reserves	-	-	10	-	-	(10)	-	
At 31 December 2019	102,158	(415)	8,490	789	(23,018)	75,630	163,634	

For the Year Ended 31 December (Group)

Group - 2020	Attributable to equity holders of the Company							Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000		
At 1 January 2020	102,158	(415)	8,490	789	(23,018)	75,630	163,634	
Profit for the year	-	-	-	-	-	16,915	16,915	
Other comprehensive income for the year	-	-	-	-	1,905	-	1,905	
- Foreign currency translation differences	-	-	-	-	1,484	-	1,484	
- Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	-	-	-	-	421	-	421	
Total comprehensive income for the year	-	-	-	-	1,905	16,915	18,820	
Dividends paid to shareholders of the company	-	-	-	-	-	(10,165)	(10,165)	
Transfer of reserves	-	-	215	-	-	(215)	-	
At 31 December 2020	102,158	(415)	8,705	789	(21,113)	82,165	172,289	

Group - 2019	Attributable to equity holders of the Company							Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000		
At 1 January 2019	102,158	(415)	8,480	789	(21,889)	74,998	164,121	
Profit for the year	-	-	-	-	-	12,690	12,690	
Other comprehensive income for the year	-	-	-	-	(1,129)	-	(1,129)	
- Foreign currency translation differences	-	-	-	-	(1,185)	-	(1,185)	
- Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	-	-	-	-	56	-	56	
Total comprehensive income for the year	-	-	-	-	(1,129)	12,690	11,561	
Dividends paid to shareholders of the company	-	-	-	-	-	(12,048)	(12,048)	
Transfer of reserves	-	-	10	-	-	(10)	-	
At 31 December 2019	102,158	(415)	8,490	789	(23,018)	75,630	163,634	

For the Second Half Year Ended 31 December (Company)

Company - 2020	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 July 2020	102,158	789	(1,425)	14,786	116,308
Profit for the period	-	-	-	14,955	14,955
Total comprehensive income for the period	-	-	-	14,955	14,955
Dividends paid to shareholders of the company	-	-	-	(2,635)	(2,635)
At 31 December 2020	102,158	789	(1,425)	27,106	128,628

Company - 2019	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 July 2019	102,158	789	(1,425)	12,952	114,474
Profit for the period	-	-	-	6,619	6,619
Total comprehensive income for the period	-	-	-	6,619	6,619
Dividends paid to shareholders of the company	-	-	-	(4,518)	(4,518)
At 31 December 2019	102,158	789	(1,425)	15,053	116,575

For the Year Ended 31 December (Company)

Company - 2020	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2020	102,158	789	(1,425)	15,053	116,575
Profit for the year	-	-	-	22,218	22,218
Total comprehensive income for the year	-	-	-	22,218	22,218
Dividends paid to shareholders of the company	-	-	-	(10,165)	(10,165)
At 31 December 2020	102,158	789	(1,425)	27,106	128,628

Company - 2019	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2019	102,158	789	(1,425)	13,248	114,770
Profit for the year	-	-	-	13,853	13,853
Total comprehensive income for the year	-	-	-	13,853	13,853
Dividends paid to shareholders of the company	-	-	-	(12,048)	(12,048)
At 31 December 2019	102,158	789	(1,425)	15,053	116,575

1(d)(ii) 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(d)(iii) 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 31 December 2020 was 752,994,775 (31 December 2019: 752,994,775).

1(d)(iv) 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(d)(v) 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.

These figures 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.

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 consolidated financial statements for the period ended 31 December 2020 are consistent with those applied in the financial statements for the year ended 31 December 2019.

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

Group	Half Year 31-Dec		Year Ended 31-Dec	
	2020	2019	2020	2019
<i>Earnings per share</i>				
- basic and diluted (cents)	1.27	1.02	2.25	1.69

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 (2019: 752,994,775).

There was no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 31 December 2020 and 31 December 2019.

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**

	Group As at		Company As at	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
Net asset value (S\$'000)	172,289	163,634	128,628	116,575
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	22.88	21.73	17.08	15.48

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

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 and automotive sectors.

INCOME STATEMENT

Revenue

For the six months ended 31 December 2020 ("2H20"), the Group registered revenue of S\$81.9 million, a decrease of 15.9% from S\$97.4 million in 2H19. Group revenue in 2H20 was however higher compared to revenue of S\$71.6 million in 1H20. The year-on-year decline in 2H20 revenue was attributed mainly to decreased sales from the Group's manufacturing operations in China and Malaysia, offset partially by higher sales from the Singapore segment.

For the financial year ended 31 December 2020 ("FY2020"), Group revenue softened 21.0% to S\$153.4 million from S\$194.1 million in FY2019. While revenue of the Singapore segment held steady in FY2020, the Group's performance was dragged down by decreased sales of the Malaysia and China segments amid a challenging business environment. The slowdown in sales was attributed mainly to business disruptions as a result of government measures that were put in place to deal with the Covid-19 situation, as well as weaker end-user demand due to a downturn in the global economy.

Sales from the Singapore operations in FY2020 gained 3.8% to S\$48.0 million from S\$46.3 million in FY2019. This was achieved on the back of higher sales of consumer and medical products, which helped to cushion the impact of a decline in sales of printing & imaging products, as well as automotive products which was affected by a slowdown in the automotive industry amid the Covid-19 pandemic situation.

Sales of the Malaysia segment eased 14.4% to S\$36.2 million in FY2020 compared to S\$42.2 million in FY2019. The medical segment registered higher sales which partially offset decreased sales of consumer products, and a slight dip in sales of power tools in FY2020. The decline in sales of the Malaysia segment was due primarily to the Movement Control Order (“MCO”) which led to a suspension of some customers’ operations from the latter half of March 2020, as well as weaker demand conditions. In FY2019, the consumer segment also experienced exceptionally higher orders.

Sales from the China operations declined 34.4% to S\$69.2 million in FY2020 from S\$105.6 million in FY2019. This was attributed mainly to decreased sales from the printing & imaging, networking & communications, and consumer segments in FY2020. Orders received in these product segments were weaker in FY2020, due primarily to the temporary closure of manufacturing activities in China during 1Q20 and lower demand amid deterioration in global economic conditions. In addition, the consolidation of the Group’s factories in Shanghai and Suzhou had also led to some orders of the networking & communications segment being brought forward and fulfilled earlier in 4Q19.

As a result, the revenue contribution from Singapore segment expanded to 31.3% in FY2020 (FY2019: 23.9%). Malaysia segment’s revenue contribution also increased to 23.6% (FY2019: 21.7%) while China operations accounted for a lower 45.1% of Group revenue in FY2020 (FY2019: 54.4%).

Gross Profit

Notwithstanding lower revenue, the Group recorded a 5.9% increase in gross profit to S\$21.5 million in 2H20 from S\$20.3 million in 2H19. Correspondingly, gross profit margin in 2H20 also expanded to 26.3% from 20.9% previously.

In 2H20, the Group recognised one-time expenses of around S\$0.8 million under its cost of sales, which was in relation to the closure of its factory in Chongqing, China (“Fu Yu Chongqing”). Fu Yu Chongqing has ceased business activities in the last quarter of 2020. In comparison, the Group incurred one-time expenses of S\$4.2 million in 2H19 due to the cessation of its factory operations in Shanghai, China (“Fu Yu Shanghai”).

Excluding these one-time expenses, the Group would still have registered a higher gross profit margin of 27.3% in 2H20 versus 25.2% in 2H19.

For FY2020, the Group’s gross profit eased slightly by 3.7% to S\$36.8 million from S\$38.2 million in FY2019. However, gross profit margin improved to 24.0% in FY2020 from 19.7% previously.

Excluding the one-time expenses related to Fu Yu Chongqing and Fu Yu Shanghai, the Group’s gross profit margin in FY2020 would be 24.5%, an improvement compared to gross profit margin of 21.9% in FY2019. This increase was attributed mainly to the change in revenue mix, a reduction in headcount as well as the Group’s ongoing initiatives to improve cost management and raise operational efficiencies.

Other Income

Other income rose to S\$4.3 million in 2H20 from S\$3.7 million in 2H19. For FY2020, other income increased to S\$8.7 million from S\$7.1 million in FY2019. The increase was attributed mainly to gain on disposal of property, plant and equipment, and receipt of grants under government schemes to support businesses amid the Covid-19 pandemic (“government grants”), offset partially by lower interest and rental income. The government grants received in FY2020 amounted to around S\$2.3 million.

Selling and Administrative Expenses

Selling and administrative expenses fell 29.2% to S\$10.1 million in 2H20 from S\$14.3 million in 2H19. These expenses also declined 17.4% to S\$22.8 million in FY2020 compared to S\$27.6 million in FY2019. The decrease was attributed mainly to reduction in headcount, the Group’s ongoing cost control measures and lower one-time expenses related to the closures of Fu Yu Chongqing and Fu Yu Shanghai. The Group recorded one-time expenses of S\$0.2 million for closure of Fu Yu Chongqing in 2H20 and FY2020. In comparison, the one-time expenses associated with the closure of Fu Yu Shanghai amounted to S\$1.4 million in 2H20 and FY2020.

Other Operating Expenses

The Group recorded other operating expenses of S\$4.7 million in 2H20 compared to S\$0.5 million in 2H19. Other operating expenses in FY2020 also increased to S\$2.8 million from S\$0.9 million in FY2019. This was due mainly to higher foreign exchange loss in 2H20 and FY2020 compared to the corresponding periods a year ago.

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 depreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed to the foreign exchange loss.

Finance Costs

In line with the adoption of SFRS(I) 16, the Group’s operating leases are recognised as Right-Of-Use (ROU) assets and lease liabilities on its balance sheet. With these lease liabilities, an interest expense has been charged accordingly. Hence, the Group recorded non-cash finance costs of S\$0.1 million in 2H20 and S\$0.3 million in FY2020.

Profit Before Income Tax

The Group’s profit before tax in 2H20 rose 19.0% to S\$10.7 million from S\$9.0 million in 2H19. Profit before tax excluding foreign exchange impact and share of results of joint venture (“operating profit”) jumped significantly by 65.3% to S\$15.3 million in 2H20 from S\$9.3 million in 2H19.

For FY2020, the Group’s profit before income tax climbed 21.0% to S\$19.6 million from S\$16.2 million in FY2019. Operating profit in FY2020 also improved 29.0% to S\$22.1 million from S\$17.2 million in FY2019.

Excluding the one-time expenses totalling S\$1.0 million and S\$5.6 million in FY2020 and FY2019 respectively, the Group would have recorded profit before income tax of S\$20.6 million in FY2020 compared to S\$21.8 million in FY2019. Operating profit would have increased to S\$23.1 million from S\$22.8 million in FY2019.

Tax Expense

The Group incurred tax expense of S\$1.1 million for 2H20 and S\$2.7 million for FY2020 which translated to effective tax rates of 10.7% and 13.7% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates would be 9.6% for 2H20 and 12.6% for FY2020. The Group's effective tax rate is lower than Singapore's statutory tax rate of 17% due mainly the recognition of deferred tax asset in 2H20. This was offset partially by the losses incurred by certain companies which cannot be offset against profits earned by other companies within the Group, and varying statutory tax rates of the countries in which the Group operates.

Net Profit Attributable to Owners of the Company

The Group achieved a robust growth in net profit attributable to owners of the Company ("net profit") in 2H20 and FY2020. Net profit grew 24.7% to S\$9.5 million in 2H20 from S\$7.6 million in 2H19. For FY2020, the Group recorded a 33.3% increase in net profit to S\$16.9 million from S\$12.7 million in FY2019.

	FY2020 (S\$ million)	FY2019 (S\$ million)	Change
Operating profit	22.1	17.2	29.0%
Net profit	16.9	12.7	33.3%
One-time expenses	(1.0) [#]	(5.6) [*]	(81.9%)
Operating profit excluding one-time expenses	23.1	22.8	1.7%
Net profit excluding one-time expenses	17.9	18.3	(2.0%)

[#] in relation to closure of Fu Yu Chongqing

^{*} in relation to closure of Fu Yu Shanghai

Excluding the one-time expenses in FY2020 and FY2019, the Group would have recorded net profit of S\$17.9 million in FY2020, compared to S\$18.3 million in FY2019.

Dividend

Notwithstanding the difficult operating environment, the Board of Directors have declared a final tax exempt dividend of 1.25 cents per share in respect of FY2020. Together with the interim dividend of 0.35 cent per share, the Group's total dividend in respect of FY2020 would be 1.6 cents per share which is the same as the dividends for FY2019. This translates into a dividend payout of approximately 71.1% based on net profit for FY2020.

BALANCE SHEET

As at 31 December 2020, the Group remained in a sound financial position with a cash balance of S\$106.6 million and zero borrowings. Shareholders' equity stood at S\$172.3 million, equivalent to net asset value of 22.88 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included cash and cash equivalents of around 14.2 cents per share.

Total assets as at 31 December 2020 increased to S\$223.0 million from S\$219.1 million as at 31 December 2019, attributed mainly to higher cash and cash equivalents which was offset partially by a reduction in trade and other receivables.

The Group's total liabilities as at 31 December 2020 decreased to S\$50.7 million from S\$55.4 million as at 31 December 2019. This was attributed mainly to a decline in trade and other payables as well as lower lease liabilities.

CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$32.7 million in FY2020. This was attributed mainly to operating profit before working capital changes of around S\$26.5 million, as well as reductions in inventories and trade and other receivables. These were offset partially by a decrease in trade and other payables as well as the payment of income taxes.

Net cash used in investing activities amounted to S\$2.7 million during FY2020. The Group incurred capital expenditure of S\$6.1 million which was offset partially by interest income and proceeds from disposal of property, plant and equipment. Net cash used in financing activities totalled S\$9.4 million in FY2020, attributed mainly to the payment of dividends to shareholders of the Company and repayment of lease liabilities.

As a result of the above, the Group's cash and cash equivalents increased to S\$106.6 million (including cash deposits pledged of S\$0.08 million) at the end of FY2020 as compared to S\$88.5 million as at 31 December 2019.

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 operating environment is expected to stay challenging as most of the world's major economies continue to be mired in significant uncertainty. The Covid-19 pandemic had led to the implementation of mobility and social restrictions to contain the spread of the virus. This has resulted in worldwide disruptions in business activities and precipitated a slowdown in the global economy. Notwithstanding the administration of Covid-19 vaccinations around the world, the resurgence of new infections and variants will continue to cloud the economic outlook and pose a concern on the recovery of business activities to pre-pandemic level.

As a result of the coronavirus-induced business disruptions and dampened demand conditions, the Group witnessed lower revenue in FY2020. However, on a more encouraging note, the

Group's operations in Singapore displayed resilience with stable revenue and higher segment profit in FY2020.

In spite of lower revenue, the Group reported a relatively stable net profit in FY2020 (excluding the impact of one-time expenses incurred in FY2020 and FY2019). As a demonstration of the Group's appreciation to shareholders for their support and a reflection of confidence in its long term sustainability, the Board has maintained its dividend payment at 1.6 cents per share for FY2020.

This ability to sustain profitability amid a challenging period can be attributed to the Group's diversified product portfolio and efforts to rationalise its operations in China over the past two years. The closures of Fu Yu Shanghai and Fu Yu Chongqing have afforded the Group with a leaner cost structure that has helped to buffer the impact of a business slowdown in the aftermath of the Covid-19 outbreak.

Looking ahead, the Group foresees business headwinds to continue into FY2021 due to uncertainties surrounding the Covid-19 pandemic and its impact on global demand, as well as ongoing political tensions. In addition, the Group's operations could be affected by sudden changes in government measures to control Covid-19 infections. The Group's financial performance is also influenced by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

Nevertheless, the Group is backed by a sound financial position, which places it in good stead to overcome business challenges and to pursue sustainable and profitable growth over the long term.

The Group's strategy is to maintain a diversified customer mix and product portfolio to ensure business resilience and stability. It will continue to closely engage its customers to keep abreast of their supply chain needs in order to respond as efficiently as possible. With a focus on products with longer life cycles and higher growth potential, the Group is continually evaluating its product mix and seeking business opportunities in line with these objectives.

The Group continues to work on initiatives to better manage costs and increase operational efficiency through automation which will also help to mitigate the potential effects from a slowdown in the business environment. The Group is also continually evaluating avenues to further enhance its manufacturing operations and/or optimise its cost structure. To this end, the Group's redevelopment project in Singapore remains underway following the gradual resumption of construction activities after the circuit breaker in 2020. This redevelopment project is presently scheduled for completion by the end of 2021, barring any unforeseen circumstances including but not limited to any changes in government measures due to the Covid-19 situation.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	1.25 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

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

Subject to shareholders' approval at the Annual General Meeting to be determined later.

(d) Books closure date

To be announced later.

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 IPTs for the period ended 31 December 2020.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical segments	Singapore		China		Malaysia		Total operations before adjustment		Group adjustment and elimination		Consolidated	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Revenue and expenses												
Total external revenue	48,056	46,316	69,216	105,559	36,170	42,253	153,442	194,128	-	-	153,442	194,128
Inter-segment revenue	236	72	2	62	154	351	392	485	(392)	(485)	-	-
Segment profit before income tax *	25,080	18,866	8,108	6,901	12,206	13,860	45,394	39,627	(13,519)	(10,370)	31,875	29,257
Depreciation of property, plant and equipment, investment property and right-of-use assets	(2,230)	(2,238)	(4,143)	(4,632)	(3,256)	(4,926)	(9,629)	(11,796)	211	145	(9,418)	(11,651)
Finance cost	(210)	(176)	(95)	(92)	(20)	(182)	(325)	(450)	-	-	(325)	(450)
Foreign exchange (loss)/gain, (net)	(1,541)	(1,324)	775	(350)	(57)	(84)	(823)	(1,758)	(1,681)	1,014	(2,504)	(744)
	21,099	15,128	4,645	1,827	8,873	8,668	34,617	25,623	(14,989)	(9,211)	19,628	16,412
Share of loss of joint venture (net of tax)	-	-	-	-	(26)	(207)	(26)	(207)	-	-	(26)	(207)
Profit before income tax											19,602	16,205
Tax expense											(2,687)	(3,515)
Net profit for the year											16,915	12,690
Other segment information												
Non-current assets	67,640	65,291	14,461	16,946	25,345	26,702	107,446	108,939	(48,013)	(46,547)	59,433	62,392
Unallocated assets											972	178
Total non-current assets											60,405	62,570
Capital expenditure	3,285	3,472	1,234	1,865	2,271	2,038	6,790	7,375	-	-	6,790	7,375
Interest income	456	977	95	107	478	614	1,029	1,698	-	-	1,029	1,698
Segment reporting assets	146,394	131,356	69,190	74,650	58,402	61,486	273,986	267,492	(51,997)	(48,596)	221,989	218,896
Unallocated assets											975	181
Total assets											222,964	219,077
Segment reporting liabilities	17,234	14,446	27,248	32,423	8,536	9,290	53,018	56,159	(7,475)	(5,128)	45,543	51,031
Unallocated liabilities											5,132	4,412
Total liabilities											50,675	55,443

* After excluding share of results of joint venture, finance cost, foreign exchange (loss)/gain net and depreciation.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

SINGAPORE

Singapore segment's revenue in FY2020 increased S\$1.7 million to S\$48.0 million from S\$46.3 million in FY2019. This was attributed mainly to higher sales of consumer and medical products which offset slower sales of printing & imaging and automotive products. Singapore segment accounted for 31.3% of Group revenue in FY2020 compared to 23.9% in FY2019. Excluding the dividend income from Malaysia and China subsidiaries totalling S\$13.3 million, Singapore segment would have recorded a higher profit of S\$7.8 million compared to S\$4.9 million in FY2019.

CHINA

China segment's revenue decreased S\$36.3 million to S\$69.2 million in FY2020 from S\$105.6 million in FY2019, due mainly to decreased sales from the printing & imaging, networking & communications, and consumer segments in FY2020. As a result, China operations accounted for a lower 45.1% of Group revenue in FY2020 as compared to 54.4% in FY2019. China segment's profit increased to S\$4.6 million in FY2020 from S\$1.8 million in FY2019 due mainly to lower one-time expenses relating to the closures of Fu Yu Chongqing in FY2020 and Fu Yu Shanghai in FY2019. Excluding these one-time expenses, China segment would have recorded a profit of S\$5.6 million in FY2020 compared to S\$7.4 million in FY2019.

MALAYSIA

Malaysia segment's revenue decreased S\$6.1 million to S\$36.2 million in FY2020 from S\$42.2 million in FY2019. While Malaysia operations registered higher sales of medical products in FY2020, this was partially offset by lower sales of consumer products and a slight dip in sales of power tools. Malaysia's segment contribution to Group revenue in FY2020 was 23.6% compared to 21.7% in FY2019. Notwithstanding lower revenue, Malaysia segment's profit edged up to S\$8.9 million in FY2020 from S\$8.7 million in FY2019.

16. A breakdown of sales as follows:-

Group	Year Ended 31-Dec		Change %
	2020 S\$'000	2019 S\$'000	
First Half			
Sales reported for the first half year	71,583	96,773	(26.0)
Profit after tax before deducting non-controlling interests reported for the first half year	7,377	5,044	46.3
Second Half			
Sales reported for the second half year	81,859	97,355	(15.9)
Profit after tax before deducting non-controlling interests reported for the second half year	9,538	7,646	24.7

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	2020	2019
	S\$'000	S\$'000
Declared and paid during the financial year:		
- Final tax exempt dividend (FY 2019) of 1.0 cent per share (2019: 1.0 cent) paid on 15 July 2020 (2019: 23 May 2019)	7,530	7,530
- An interim tax exempt dividend of 0.35 cent per share (2019:0.35 cent) paid on 23 September 2020 (2019: 3 September 2019)	2,635	2,635
- Second interim tax exempt dividend of 0 cent per share (2019:0.25 cent paid on 5 December 2019)	-	1,883
Total	10,165	12,048
Proposed but not recognised as a liability as at 23 February 2021 (2019: 24 February 2020):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- A final tax exempt dividend of 1.25 cent per share (2019: 1.0 cent)	9,412	7,530

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

The Company has procured all the required undertakings as required under Rule 720(1).

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the listing manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Kong Wei Fung
Company Secretary
Singapore, 23 February 2021