



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2021**

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A Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Non-current assets					
Property, plant and equipment	3	58,238	51,758	29,435	19,858
Investment property	4	7,379	7,675	–	–
Goodwill	5	5,978	–	–	–
Subsidiaries	6	–	–	52,326	20,972
Amount due from subsidiary companies	7	–	–	28,338	28,030
Deferred tax assets		991	972	–	–
		<u>72,586</u>	<u>60,405</u>	<u>110,099</u>	<u>68,860</u>
Current assets					
Inventories		17,090	13,252	4,236	3,339
Contract assets		1,710	1,723	698	588
Trade and other receivables	7	35,742	41,020	11,052	11,244
Amount due from subsidiary companies	7	–	–	6,759	3,940
Tax recoverable		–	3	–	–
Cash and cash equivalents	8	83,947	106,561	19,489	59,616
		<u>138,489</u>	<u>162,559</u>	<u>42,234</u>	<u>78,727</u>
Total assets		<u>211,075</u>	<u>222,964</u>	<u>152,333</u>	<u>147,587</u>
Equity attributable to equity holders of the Company					
Share capital	9	102,158	102,158	102,158	102,158
Reserves		51,705	70,131	25,851	26,470
Total equity		<u>153,863</u>	<u>172,289</u>	<u>128,009</u>	<u>128,628</u>
Non-current liabilities					
Lease liabilities	10	6,670	6,554	5,741	5,284
Loans and borrowings	10	2,680	–	2,680	–
Deferred tax liabilities		1,746	1,263	727	367
		<u>11,096</u>	<u>7,817</u>	<u>9,148</u>	<u>5,651</u>
Current liabilities					
Trade and other payables		33,719	38,011	10,120	11,661
Amount due to subsidiary companies		–	–	160	45
Contract liabilities		565	389	203	71
Lease liabilities	10	1,036	589	511	163
Loans and borrowings	10	3,000	–	3,000	–
Tax payable		7,796	3,869	1,182	1,368
		<u>46,116</u>	<u>42,858</u>	<u>15,176</u>	<u>13,308</u>
Total liabilities		<u>57,212</u>	<u>50,675</u>	<u>24,324</u>	<u>18,959</u>
Total equity and liabilities		<u>211,075</u>	<u>222,964</u>	<u>152,333</u>	<u>147,587</u>

**B (i) Condensed interim consolidated income statement
For the Six Months and Twelve Months Ended 31 December 2021**

	Note	Group			Group		
		Six Months Ended 31 Dec			Twelve Months Ended 31 Dec		
		2021 \$'000	2020 \$'000	Change %	2021 \$'000	2020 \$'000	Change %
Revenue	11	125,142	81,859	52.9	195,531	153,442	27.4
Cost of sales		<u>(105,442)</u>	<u>(60,351)</u>	74.7	<u>(159,075)</u>	<u>(116,618)</u>	36.4
Gross profit		19,700	21,508	(8.4)	36,456	36,824	(1.0)
Other income		995	4,256	(76.6)	3,281	8,742	(62.5)
Selling and administrative expenses		(10,095)	(10,137)	(0.4)	(19,461)	(22,767)	(14.5)
Other operating income/(expenses), net		189	(4,742)	NM	1,234	(2,768)	NM
(Impairment loss)/ Reversal of impairment loss on trade receivables	12	<u>—</u>	<u>(46)</u>	NM	<u>27</u>	<u>(78)</u>	NM
Results from operating activities		10,789	10,839	(0.5)	21,537	19,953	7.9
Finance costs		(157)	(149)	5.4	(296)	(325)	(8.9)
Share of loss of joint venture (net of tax)		<u>—</u>	<u>(15)</u>	NM	<u>—</u>	<u>(26)</u>	NM
Profit before income tax	12	10,632	10,675	(0.4)	21,241	19,602	8.4
Tax expense	13	<u>(1,911)</u>	<u>(1,137)</u>	68.1	<u>(3,657)</u>	<u>(2,687)</u>	36.1
Profit for the period/year attributable to owners of the Company		<u>8,721</u>	<u>9,538</u>	(8.6)	<u>17,584</u>	<u>16,915</u>	4.0
Earnings per share							
Basic and diluted earnings per share (cents)		<u>1.16</u>	<u>1.27</u>	(8.6)	<u>2.34</u>	<u>2.25</u>	4.0

NM denotes Not Meaningful

**B (ii) Condensed interim consolidated statement of comprehensive income
For the Six Months and Twelve Months Ended 31 December 2021**

	<u>Group</u>			<u>Group</u>		
	<u>Six Months Ended 31 Dec</u>		<u>Change</u>	<u>Twelve Months Ended 31 Dec</u>		<u>Change</u>
	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Profit for the period/year	8,721	9,538	(8.6)	17,584	16,915	4.0
Other comprehensive income						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	832	1,051	(20.8)	1,137	1,484	(23.4)
Exchange differences realised on liquidation of a subsidiary/joint venture reclassified to profit or loss	(1)	421	NM	126	421	(70.1)
Other comprehensive income for the period/year (net of tax)	<u>831</u>	<u>1,472</u>	(43.5)	<u>1,263</u>	<u>1,905</u>	(33.7)
Total comprehensive income for the period/year attributable to owners of the Company	<u>9,552</u>	<u>11,010</u>	(13.2)	<u>18,847</u>	<u>18,820</u>	0.1

NM denotes Not Meaningful

**C Condensed interim statements of changes in equity
For the Six Months Ended 31 December 2021 (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	
Group								
At 1 July 2021	102,158	(415)	8,968	789	(20,681)	81,353	172,172	
Total comprehensive income for the period								
Profit for the period	–	–	–	–	–	8,721	8,721	
Other comprehensive income								
- Foreign currency translation differences	–	–	–	–	831	–	831	
- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	(1)	–	(1)	
Total comprehensive income for the period	–	–	–	–	831	8,721	9,552	
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the company	–	–	–	–	–	(27,861)	(27,861)	
Total transactions with owners	–	–	–	–	–	(27,861)	(27,861)	
Transfers between reserves								
Transfers to statutory reserves	–	–	187	–	–	(187)	–	
At 31 December 2021	102,158	(415)	9,155	789	(19,850)	62,026	153,863	

		Attributable to equity holders of the Company						
Group	Note	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 July 2020		102,158	(415)	8,699	789	(22,585)	75,268	163,914
Total comprehensive income for the period								
Profit for the period		–	–	–	–	–	9,538	9,538
Other comprehensive income		–	–	–	–	1,472	–	1,472
- Foreign currency translation differences		–	–	–	–	1,051	–	1,051
- Exchange differences realised on liquidation of a joint venture reclassified to profit or loss		–	–	–	–	421	–	421
Total comprehensive income for the period		–	–	–	–	1,472	9,538	11,010
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the company	17	–	–	–	–	–	(2,635)	(2,635)
Total transactions with owners		–	–	–	–	–	(2,635)	(2,635)
Transfers between reserves								
Transfers to statutory reserves		–	–	6	–	–	(6)	–
At 31 December 2020		102,158	(415)	8,705	789	(21,113)	82,165	172,289

**Condensed interim statements of changes in equity
For the Twelve Months Ended 31 December 2021 (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
Group								
	At 1 January 2021	102,158	(415)	8,705	789	(21,113)	82,165	172,289
Total comprehensive income for the year								
	Profit for the year	–	–	–	–	–	17,584	17,584
Other comprehensive income								
	- Foreign currency translation differences	–	–	–	–	1,263	–	1,263
	- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	126	–	126
	Total comprehensive income for the year	–	–	–	–	1,263	17,584	18,847
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
	Dividends paid to owners of the company	–	–	–	–	–	(37,273)	(37,273)
	Total transactions with owners	–	–	–	–	–	(37,273)	(37,273)
Transfers between reserves								
	Transfers to statutory reserves	–	–	450	–	–	(450)	–
	At 31 December 2021	102,158	(415)	9,155	789	(19,850)	62,026	153,863

		Attributable to equity holders of the Company						
Group	Note	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2020		102,158	(415)	8,490	789	(23,018)	75,630	163,634
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	16,915	16,915
Other comprehensive income		–	–	–	–	1,905	–	1,905
- Foreign currency translation differences		–	–	–	–	1,484	–	1,484
- Exchange differences realised on liquidation of a joint venture reclassified to profit or loss		–	–	–	–	421	–	421
Total comprehensive income for the year		–	–	–	–	1,905	16,915	18,820
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the company	17	–	–	–	–	–	(10,165)	(10,165)
Total transactions with owners		–	–	–	–	–	(10,165)	(10,165)
Transfers between reserves								
Transfers to statutory reserves		–	–	215	–	–	(215)	–
At 31 December 2020		102,158	(415)	8,705	789	(21,113)	82,165	172,289

For the Six Months Ended 31 December 2021 (Company)

Note	Share capital \$'000	Revaluation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company					
At 1 July 2021	102,158	789	(1,425)	33,170	134,692
Total comprehensive income for the period					
Profit for the period	–	–	–	21,178	21,178
Total comprehensive income for the period	–	–	–	21,178	21,178
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the company	–	–	–	(27,861)	(27,861)
Total transactions with owners	–	–	–	(27,861)	(27,861)
At 31 December 2021	102,158	789	(1,425)	26,487	128,009
	Share capital	Revaluation	Merger reserve	Retained	Total equity
	\$'000	reserve	\$'000	earnings	\$'000
		\$'000		\$'000	
At 1 July 2020	102,158	789	(1,425)	14,786	116,308
Total comprehensive income for the period					
Profit for the period	–	–	–	14,955	14,955
Total comprehensive income for the period	–	–	–	14,955	14,955
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the company	–	–	–	(2,635)	(2,635)
Total transactions with owners	–	–	–	(2,635)	(2,635)
At 31 December 2020	102,158	789	(1,425)	27,106	128,628

For the Twelve Months Ended 31 December 2021 (Company)

	Share capital	Revaluation reserve	Merger reserve	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
At 1 January 2021	102,158	789	(1,425)	27,106	128,628
Total comprehensive income for the year					
Profit for the year	–	–	–	36,654	36,654
Total comprehensive income for the year	–	–	–	36,654	36,654
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the company	–	–	–	(37,273)	(37,273)
Total transactions with owners	–	–	–	(37,273)	(37,273)
At 31 December 2021	102,158	789	(1,425)	26,487	128,009
	Share capital	Revaluation	Merger reserve	Retained	Total equity
	\$'000	\$'000	\$'000	earnings	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020	102,158	789	(1,425)	15,053	116,575
Total comprehensive income for the year					
Profit for the year	–	–	–	22,218	22,218
Total comprehensive income for the year	–	–	–	22,218	22,218
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends paid to owners of the company	–	–	–	(10,165)	(10,165)
Total transactions with owners	–	–	–	(10,165)	(10,165)
At 31 December 2020	102,158	789	(1,425)	27,106	128,628

**D Condensed interim consolidation statement of cash flows
For the Six Months and Twelve Months Ended 31 December 2021**

	Note	Group			
		Six Months		Twelve Months	
		Ended 31 Dec		Ended 31 Dec	
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Profit before income tax		10,632	10,675	21,241	19,602
Adjustments for:					
Depreciation of property, plant and equipment and investment property		3,949	4,218	7,784	9,418
Loss on liquidation of a subsidiary		–	–	108	–
Finance costs		157	149	296	325
Interest income		(195)	(374)	(487)	(1,029)
Gain on disposal of property, plant and equipment		(375)	(1,529)	(701)	(1,672)
Property, plant and equipment written off		–	89	2	264
Share of loss of joint venture (net of tax)		–	15	–	26
Unrealised foreign exchange gain		(187)	(425)	(559)	(436)
		13,981	12,818	27,684	26,498
Changes in working capital:					
Inventories		(1,447)	3,116	(3,585)	3,501
Trade and other receivables		2,013	2,127	6,181	10,415
Contract assets		(179)	(173)	44	43
Trade and other payables		2,565	(308)	(4,316)	(4,601)
Contract liabilities		128	(219)	165	(351)
Cash restricted-in-use		(10,095)	–	(10,095)	–
Cash generated from operating activities		6,966	17,361	16,078	35,505
Tax paid		(1,948)	(1,900)	(3,487)	(2,826)
Net cash from operating activities		5,018	15,461	12,591	32,679
Cash flows from investing activities					
Acquisition of subsidiary, net of cash	18	(1,772)	–	(1,772)	–
Interest income received		195	374	487	1,029
Proceeds from disposal of property, plant and equipment		351	1,548	874	1,956
Purchase of property, plant and equipment		(7,932)	(2,765)	(13,226)	(6,116)
Proceeds from liquidation of joint venture		–	470	–	470
Net cash used in investing activities		(9,158)	(373)	(13,637)	(2,661)
Cash flows from financing activities					
Repayment of lease liabilities	10	(602)	(767)	(1,055)	(2,535)
Proceeds from unsecured bank loans	10	5,680	–	5,680	–
Finance costs paid	10	(14)	–	(14)	–
Dividends paid to owners of the Company	17	(27,861)	(10,165)	(37,273)	(10,165)
Deposits (pledged)/discharged		(7)	3,341	(8)	3,299
Net cash used in financing activities		(22,804)	(7,591)	(32,670)	(9,401)
Net (decrease)/increase in cash and cash equivalents		(26,944)	7,497	(33,716)	20,617
Cash and cash equivalents at beginning of financial period/year		100,079	98,190	106,485	85,068
Effect of exchange rate fluctuations on cash held		634	798	1,000	800
Cash and cash equivalents at end of financial period/year		73,769	106,485	73,769	106,485

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 and twelve months ended 31 December 2021 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. During the year, the Group acquired 100% of the ordinary shares 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 and twelve months ended 31 December 2021 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 2020.

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 2020.

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
- Note 18 – acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis

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
- Note 18 – acquisition of subsidiary

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 2021:

- COVID-19-Related Rent Concessions (Amendments to SFRS(I) 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)

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 twelve months ended 31 December 2021, the Group acquired assets amounting to \$13,806,000 (31 December 2021: \$6,797,000) of which \$1,072,000 (31 December 2020: \$7,000) relates to right-of-use assets and disposed of assets amounting to \$174,000 (31 December 2020: \$547,000).

4. Investment Properties

	<u>Group</u> <u>\$'000</u>
Cost	
At 1 January 2020	10,175
Currency realignment	(6)
At 31 December 2020	<u>10,169</u>
At 1 January 2021	10,169
Currency realignment	(164)
At 31 December 2021	<u>10,005</u>
Accumulated depreciation	
At 1 January 2020	2,320
Depreciation for the year	175
Currency realignment	(1)
At 31 December 2020	<u>2,494</u>
At 1 January 2021	2,494
Depreciation for the period	173
Currency realignment	(41)
At 31 December 2021	<u>2,626</u>
Carrying amounts	
At 1 January 2020	<u>7,855</u>
At 31 December 2020	<u>7,675</u>
At 31 December 2021	<u>7,379</u>

The buildings are leased to a third party.

The fair value of the investment property (fair value hierarchy of level 3) as at 31 December 2021 amounts to approximately \$9,873,000 (2020: \$9,854,000) 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

	Note	<u>Group</u> \$'000
Acquisition through business combination	18	<u>5,978</u>
Carrying amounts		
At 31 December 2021		<u><u>5,978</u></u>

Impairment assessment

The recoverable amount has been determined based on the calculation of their value-in-use derived from management's cash flows projections for the Cash Generating Unit (CGU).

Key assumptions used in the estimation of value in use for the CGU were as follows:

	<u>2021</u>
Group	
Discount rate	9.67%
Revenue growth rate	5.00%
Gross profit margin	1.80%
Terminal value growth rate	<u>1.25%</u>

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>31 Dec 2021</u> \$'000	<u>As at</u> <u>31 Dec 2020</u> \$'000
Equity investments, at cost #	115,745	88,855
Forgiveness of amounts due from subsidiaries	<u>12,802</u>	<u>10,072</u>
	128,547	98,927
Impairment losses	<u>(76,221)</u>	<u>(77,955)</u>
	<u><u>52,326</u></u>	<u><u>20,972</u></u>

Fu Yu Ventures Pte Ltd, a wholly owned subsidiary was incorporated on 14 June 2021. One of the wholly owned subsidiaries, Fu Yu Trading Limited was liquidated on 11 June 2021. The cost of investment of the liquidated subsidiary was less than \$1,000.

Impairment assessment

One of the subsidiary in China continued to incur operating losses whereas other subsidiaries, whose financial performance had improved, had shown indication that impairment losses which were recognised in prior periods may no longer exist. Accordingly, the Company performed an assessment of the recoverable amount of its investments in subsidiaries. The recoverable amounts of investments in subsidiaries were estimated based on the higher of fair value less cost to sell and value-in-use.

In 2021, the Company waived an amount due from a subsidiary of \$2,730,000 and capitalised the waiver of debt as part of the investment in the subsidiary. Management did not expect to recover the waived debt from the subsidiary and recognised an impairment loss of \$2,730,000 on the entire amount.

Based on management's assessment, the Company also recognised a reversal of impairment loss of \$4,464,000 in profit or loss for the year on a subsidiary due to improved financial performance. If any of the subsidiaries is not able to achieve the forecasted results and realise the fair values of the assets and liabilities, the Company would be required to record additional impairment loss.

The movements in the allowance for impairment in respect of investments in subsidiaries during the year are as follows:

	Company	
	2021	2020
	\$'000	\$'000
At 1 January	77,955	78,519
Reversal of impairment loss, net	(1,734)	(564)
At 31 December	<u>76,221</u>	<u>77,955</u>

7. Trade and Other Receivables

	Group		Company	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
Trade receivables	33,068	38,107	10,360	10,663
Allowance for impairment of doubtful receivables	(3)	(43)	–	–
Net trade receivables	<u>33,065</u>	<u>38,064</u>	<u>10,360</u>	<u>10,663</u>
Other receivables	157	1,126	27	271
Amounts due from subsidiaries	–	–	35,097	31,970
Deposits	329	405	86	8
	<u>33,551</u>	<u>39,595</u>	<u>45,570</u>	<u>42,912</u>
Prepayments	431	517	132	92
Advances to suppliers	1,760	908	447	210
	<u>35,742</u>	<u>41,020</u>	<u>46,149</u>	<u>43,214</u>
Non-current	–	–	28,338	28,030
Current	35,742	41,020	17,811	15,184
	<u>35,742</u>	<u>41,020</u>	<u>46,149</u>	<u>43,214</u>

Expected credit loss (“ECL”) assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables and other receivables and contract assets which comprise a large number of small balances.

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 year.

8. Cash and bank balances

	Group		Company	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
Cash at bank and in hand	48,723	51,414	16,110	24,112
Deposits with banks	35,224	55,147	3,379	35,504
Cash and cash equivalents	83,947	106,561	19,489	59,616
Cash restricted-in-use	(10,095)	–		
Deposits pledged	(83)	(76)		
Cash and cash equivalents in the consolidated statement of cash flows	73,769	106,485		

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

Cash restricted-in-use includes S\$4,000,000 earmarked for trade financing and S\$6,095,000 deposits for the unsecured bank loan purposes.

9. Share Capital

	Group and Company	
	2021	2020
Fully paid ordinary shares, with no par value:	No. of shares	
On issue at 1 January and 31 December	752,994,775	752,994,775

The Company did not hold any treasury shares as at 31 December 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

10. Loans and borrowings and lease liabilities

	Group		Company	
	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2020 \$'000
Non-current liabilities				
Unsecured bank loans	2,680	–	2,680	–
Lease liabilities	6,670	6,554	5,741	5,284
Current liabilities				
Unsecured bank loans	3,000	–	3,000	–
Lease liabilities	1,036	589	511	163

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	2021	
				Face value \$'000	Carrying amount \$'000
Group					
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
				15,877	13,386

	Currency	Nominal interest rate	Year of maturity	2021	
				Face value \$'000	Carrying amount \$'000
Company					
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>
Group					
	Currency	Nominal interest rate	Year of maturity	Face value \$'000	Carrying amount \$'000
Lease liabilities	SGD	3.44%-3.91%	2041-2044	8,009	5,447
Lease liabilities	MYR	6.90%-6.95%	2021-2024	48	47
Lease liabilities	RMB	4.75%	2021-2024	1,802	1,649
				<u>9,859</u>	<u>7,143</u>
Company					
Lease liabilities	SGD	3.44%-3.91%	2041-2044	<u>8,009</u>	<u>5,447</u>

Unsecured bank loans

The unsecured bank loan is to finance the capital expenditure on the No.9 redevelopment project in Singapore. 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.

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 amounting 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
Group		
Balance at 1 January 2021	7,143	–
Changes in financing cash flows		
Proceeds from loan and borrowings	–	5,680
Payment of lease liabilities	(1,055)	–
Finance costs paid	(1)	(13)
Total changes from financing cash flows	<u>(1,056)</u>	<u>5,667</u>
Other changes		
Liability-related		
New lease	1,265	–
Currency realignment	71	–
Interest expense	283	13
Total liability-related other changes	<u>1,619</u>	<u>13</u>
Balance at 31 December 2021	<u>7,706</u>	<u>5,680</u>

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 31 Dec	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major products/ service line												
Sales of goods	22,455	24,157	29,320	34,402	16,865	18,032	68,640	76,591	51,850	—	120,490	76,591
Revenue from tooling contracts	1,796	2,504	1,596	1,252	1,260	1,512	4,652	5,268	—	—	4,652	5,268
	<u>24,251</u>	<u>26,661</u>	<u>30,916</u>	<u>35,654</u>	<u>18,125</u>	<u>19,544</u>	<u>73,292</u>	<u>81,859</u>	<u>51,850</u>	<u>—</u>	<u>125,142</u>	<u>81,859</u>
Timing of revenue recognition												
Products transferred at a point in time	22,455	24,157	29,320	34,402	16,865	18,032	68,640	76,591	51,850	—	120,490	76,591
Services transferred over time	1,796	2,504	1,596	1,252	1,260	1,512	4,652	5,268	—	—	4,652	5,268
	<u>24,251</u>	<u>26,661</u>	<u>30,916</u>	<u>35,654</u>	<u>18,125</u>	<u>19,544</u>	<u>73,292</u>	<u>81,859</u>	<u>51,850</u>	<u>—</u>	<u>125,142</u>	<u>81,859</u>

	Reportable segments											
	Manufacturing Segment								Supply Chain Management Services Segment			
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total	
Twelve Months Ended 31 Dec	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major products/ service line												
Sales of goods	45,441	43,760	55,743	66,416	33,755	33,404	134,939	143,580	51,850	–	186,789	143,580
Revenue from tooling contracts	4,471	4,296	2,465	2,800	1,806	2,766	8,742	9,862	–	–	8,742	9,862
	<u>49,912</u>	<u>48,056</u>	<u>58,208</u>	<u>69,216</u>	<u>35,561</u>	<u>36,170</u>	<u>143,681</u>	<u>153,442</u>	<u>51,850</u>	<u>–</u>	<u>195,531</u>	<u>153,442</u>
Timing of revenue recognition												
Products transferred at a point in time	45,441	43,760	55,743	66,416	33,755	33,404	134,939	143,580	51,850	–	186,789	143,580
Services transferred over time	4,471	4,296	2,465	2,800	1,806	2,766	8,742	9,862	–	–	8,742	9,862
	<u>49,912</u>	<u>48,056</u>	<u>58,208</u>	<u>69,216</u>	<u>35,561</u>	<u>36,170</u>	<u>143,681</u>	<u>153,442</u>	<u>51,850</u>	<u>–</u>	<u>195,531</u>	<u>153,442</u>

(ii) **Seasonal operations**

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

(iii) **A breakdown of sales:**

	Group Year end		Increase / (Decrease) %
	2021 \$'000	2020 \$'000	
Sales reported for the first half year	70,389	71,583	(1.7)
Operating profit after tax reported for first half year	8,863	7,377	20.1
Sales reported for the second half year	125,142	81,859	52.9
Operating profit after tax for second half year	8,721	9,538	(8.6)

12. **Profit before Income Tax**

Significant items

	Group			
	Six Months Ended 31 Dec		Twelve Months Ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
A. Profit before income tax is arrived at after (crediting)/ charging the following:				
Interest income	(195)	(374)	(487)	(1,029)
Gain on disposal of property, plant and equipment	(375)	(1,529)	(701)	(1,672)
Foreign exchange (gain)/loss, net	(157)	4,653	(1,344)	2,504
Property, plant and equipment written off	–	89	2	264
Impairment loss/(Reversal of impairment loss) on trade receivables	–	46	(27)	78
Depreciation of property, plant and equipment and investment property	3,949	4,218	7,784	9,418
Interest expenses on lease liabilities	144	149	283	325
Interest expenses on unsecured bank loans	13	–	13	–
Allowance for inventory obsolescence, net and inventories written off	75	41	340	134
Closure cost for Chongqing factory	–	1,016	–	1,016
Loss on liquidation of subsidiary	–	–	108	–

	Group			
	Six Months Ended 31 Dec		Twelve Months Ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
B. Income tax expenses				
Adjustments for (over)/under provision of income tax in respects of prior year	(269)	7	(431)	(45)
Adjustments for under/(over) provision of deferred tax in respects of prior year	83	(130)	83	(130)

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.

	Group			
	Six Months Ended 31 Dec		Twelve Months Ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current tax expense				
Current year	1,787	1,963	3,356	3,568
Withholding taxes	130	112	208	213
(Over)/Under provision in prior years	(269)	7	(431)	(45)
	1,648	2,082	3,133	3,736
Deferred tax expense				
Movements in temporary differences	180	290	441	186
Recognition of tax effect of previously unrecognised tax losses	–	(1,105)	–	(1,105)
Under/(Over) provision in prior years	83	(130)	83	(130)
	263	(945)	524	(1,049)
Tax expense	1,911	1,137	3,657	2,687

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

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. Inter-segment pricing is based on terms agreed by the counterparties.

Reportable Segments

Six Months Ended 31 Dec	Manufacturing Segment						Total for Manufacturing Segment		Supply Chain Management Services Segment		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	Singapore		China		Malaysia		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000										
Revenue and expenses																
Total external revenue	24,251	26,661	30,916	35,654	18,125	19,544	73,292	81,859	51,850	—	125,142	81,859	—	—	125,142	81,859
Inter-segment revenue	44	86	—	2	79	113	123	201	—	—	123	201	(123)	(201)	—	—
Segment profit before income tax*	17,108	19,016	3,205	5,914	5,226	6,424	25,539	31,354	1,307	—	26,846	31,354	(12,267)	(11,644)	14,579	19,710
Depreciation of property, plant and equipment and investment property	(1,119)	(1,113)	(1,874)	(2,078)	(1,130)	(1,152)	(4,123)	(4,343)	(1)	—	(4,124)	(4,343)	177	125	(3,947)	(4,218)
Finance cost	(119)	(104)	(34)	(42)	(4)	(3)	(157)	(149)	(35)	—	(192)	(149)	35	—	(157)	(149)
Foreign exchange gain/(loss) (net)	557	(4,461)	242	863	29	(248)	828	(3,846)	(7)	—	821	(3,846)	(664)	(807)	157	(4,653)
	16,427	13,338	1,539	4,657	4,121	5,021	22,087	23,016	1,264	—	23,351	23,016	(12,719)	(12,326)	10,632	10,690
Share of loss of joint venture (net of tax)	—	—	—	—	—	(15)	—	(15)	—	—	—	(15)	—	—	—	(15)
Profit before income tax															10,632	10,675
Tax expense															(1,911)	(1,137)
Net profit for the period															8,721	9,538
Capital expenditure**	7,491	1,645	167	475	472	1,075	8,130	3,195	9	—	8,139	3,195	—	—	8,139	3,195
Interest income	51	94	102	60	77	220	230	374	—	—	230	374	(35)	—	195	374

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

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

Twelve Months Ended 31 Dec	← 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue and expenses																
Total external revenue	49,912	48,056	58,208	69,216	35,561	36,170	143,681	153,442	51,850	–	195,531	153,442	–	–	195,531	153,442
Inter-segment revenue	61	236	–	2	278	154	339	392	–	–	339	392	(339)	(392)	–	–
Segment profit before income tax*	33,755	25,080	5,553	8,108	9,801	12,206	49,109	45,394	1,307	–	50,416	45,394	(22,439)	(13,519)	27,977	31,875
Depreciation of property, plant and equipment and investment property	(2,154)	(2,230)	(3,752)	(4,143)	(2,229)	(3,256)	(8,135)	(9,629)	(1)	–	(8,136)	(9,629)	352	211	(7,784)	(9,418)
Finance cost	(220)	(210)	(71)	(95)	(5)	(20)	(296)	(325)	(35)	–	(331)	(325)	35	–	(296)	(325)
Foreign exchange gain/(loss) (net)	2,460	(1,541)	439	775	134	(57)	3,033	(823)	(7)	–	3,026	(823)	(1,682)	(1,681)	1,344	(2,504)
	33,841	21,099	2,169	4,645	7,701	8,873	43,711	34,617	1,264	–	44,975	34,617	(23,734)	(14,989)	21,241	19,628
Share of loss of joint venture (net of tax)	–	–	–	–	–	(26)	–	(26)	–	–	–	(26)	–	–	–	(26)
Profit before income tax															21,241	19,602
Tax expense															(3,657)	(2,687)
Net profit for the period															17,584	16,915
Other segment information																
Non-current assets	110,016	67,640	12,495	14,461	23,865	25,345	146,376	107,446	5,996	–	152,372	107,446	(80,777)	(48,013)	71,595	59,433
Unallocated assets															991	972
Total non-current assets															72,586	60,405
Capital expenditure**	10,993	3,285	734	1,234	998	2,271	12,725	6,790	9	–	12,734	6,790	–	–	12,734	6,790
Interest income	114	456	167	95	241	478	522	1,029	–	–	522	1,029	(35)	–	487	1,029
Segment reporting assets	152,290	146,394	63,101	69,190	43,582	58,402	258,973	273,986	38,805	–	297,778	273,986	(87,694)	(51,997)	210,084	221,989
Unallocated assets															991	975
Total assets															211,075	222,964
Segment reporting liabilities	22,422	17,234	21,928	27,248	6,911	8,536	51,261	53,018	6,571	–	57,832	53,018	(10,162)	(7,475)	47,670	45,543
Unallocated liabilities															9,542	5,132
Total liabilities															57,212	50,675

* After excluding share of results of joint venture, 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 cash equivalents, 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 31 December 2021 and 31 December 2020:

	Designated at FVTPL \$'000	Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
Group				
31 December 2021				
Trade and other receivables ⁺	–	33,551	–	33,551
Cash and cash equivalents	–	83,947	–	83,947
Trade and other payables [#]	–	–	(33,505)	(33,505)
Unsecured bank loans	–	–	(5,680)	(5,680)
	–	117,498	(39,185)	78,313
31 December 2020				
Trade and other receivables ⁺	–	39,595	–	39,595
Cash and cash equivalents	–	106,561	–	106,561
Trade and other payables [#]	–	–	(37,577)	(37,577)
	–	146,156	(37,577)	108,579
Company				
31 December 2021				
Trade and other receivables ⁺		45,570	–	45,570
Cash and cash equivalents		19,489	–	19,489
Trade and other payables [#]		–	(10,068)	(10,068)
Unsecured bank loans		–	(5,680)	(5,680)
		65,059	(15,748)	49,311
31 December 2020				
Trade and other receivables ⁺		42,912	–	42,912
Cash and cash equivalents		59,616	–	59,616
Trade and other payables [#]		–	(11,272)	(11,272)
		102,528	(11,272)	91,256

+ Excludes prepayments and advances to suppliers

Includes amount due to subsidiary companies and excludes advance billings

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:

	Group and Company	
	2021	2020
	\$'000	\$'000
Paid by the Company to owners of the Company		
Final dividend of 1.25 cent (FY2020: 1.00 cent) per share	9,412	7,530
An interim dividend of 0.40 cent (FY2020: 0.35 cent) per share	3,012	2,635
Special dividend of 3.30 cent (FY2020: Nil cent) per share	24,849	–
	<u>37,273</u>	<u>10,165</u>

18. Acquisition of subsidiary

On 16 July 2021, the Group's wholly-owned subsidiary in Singapore, Fu Yu Ventures Pte Ltd, entered into a Sale and Purchase Agreement ("SPA") to acquire 100% of the ordinary shares Fu Yu Supply Chain Solutions Pte Ltd (formerly known as Avantgarde Enterprise Pte Ltd) ("FYSCS") for cash consideration of approximately S\$6,050,000 (US\$4,500,000).

FYSCS is engaged in the business in providing supply chain management services for commodity raw materials.

Consideration transferred

Cash and cash equivalents	\$'000
	<u>6,050</u>

Asset and liabilities recognised as a result of the acquisition

	\$'000
Cash and cash equivalents	4,278
Other receivables	34
Tax payable	(4,186)
Trade and other payables	<u>(54)</u>
Total identifiable net assets	72
Add: Goodwill	<u>5,978</u>
	<u>6,050</u>

The goodwill is attributable to FYSCS's strong position and profitability in providing supply chain management services for commodity raw materials and synergies that are expected to arise after the Company's acquisition of the new subsidiary. It has been allocated to the "Supply Chain Management Services Segment".

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 31 December 2021 was 752,994,775 (31 December 2020: 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 31 December 2021 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 and twelve-months ended 31 December 2021 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 31 December 2021 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2020.

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			
	Six Months Ended 31 Dec		Twelve Months Ended 31 Dec	
	2021	2020	2021	2020
Earnings per share				
-Basic and diluted (cents)	1.16	1.27	2.34	2.25

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 (2020: 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 2021 and 31 December 2020.

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		Company	
	As at 31 Dec 21	As at 31 Dec 20	As at 31 Dec 21	As at 31 Dec 20
Net asset value (S\$'000)	153,863	172,289	128,009	128,628
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	20.43	22.88	17.00	17.08

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 commodity raw materials.

INCOME STATEMENT

Revenue

For the six months ended 31 December 2021 ("2H21"), the Group's revenue surged 52.9% to S\$125.1 million from S\$81.9 million in 2H20. This was attributed mainly to revenue contribution of S\$51.9 million from the Group's new business segment, FYSCS. The Group's manufacturing business generated revenue of S\$73.2 million in 2H21, representing a decrease of 10.5% from S\$81.9 million in 2H20.

For the financial year ended 31 December 2021 ("FY2021"), Group revenue increased 27.4% to S\$195.5 million from S\$153.4 million in FY2020, due mainly to revenue contribution from FYSCS. The Group's manufacturing business recorded revenue of S\$143.6 million in FY2021 which was a 6.4% decline from S\$153.4 million in FY2020. This was due mainly to the cessation of the Group's factory operations in Chongqing ("Fu Yu Chongqing") in the last quarter of FY2020. Excluding Fu Yu Chongqing, revenue derived from the Group's manufacturing business would have remained relatively stable in FY2021 compared to FY2020.

Manufacturing Business

Sales from the Singapore operations in FY2021 rose 3.9% to S\$49.9 million from S\$48.0 million in FY2020, buoyed mainly by higher demand from the medical segment which offset softer sales of automotive and consumer products. The Malaysia segment recorded sales of S\$35.5 million in FY2021 compared to S\$36.2 million in FY2020. While orders of consumer products decreased in FY2021, this was counterbalanced mainly by higher sales of printing & imaging products and power tools, as well as incremental revenue from new industrial products.

Sales from the China segment decreased 15.9% to S\$58.2 million in FY2021 from S\$69.2 million in FY2020, attributed largely to the cessation of Fu Yu Chongqing. Excluding Fu Yu Chongqing in FY2020, the China segment would have recorded a smaller sales decline of 5.5% in FY2021 due mainly to lower orders for printing & imaging, and networking & communications products.

As a percentage of total sales from the manufacturing business, the Singapore segment's contribution expanded to 34.7% in FY2021 (FY2020: 31.3%). Malaysia segment's revenue contribution also increased to 24.7% (FY2020: 23.6%) while the China operations accounted for a lower 40.6% of the manufacturing business' revenue in FY2021 (FY2020: 45.1%).

FYSCS

Following completion of the acquisition of FYSCS in 2H21, its revenue was consolidated into the Group's revenue in FY2021. FYSCS recorded revenue of S\$51.9 million which made up 26.5% of the Group's total revenue in FY2021.

Gross Profit

The Group's gross profit eased 8.4% to S\$19.7 million in 2H21 compared to S\$21.5 million in 2H20. The manufacturing business generated gross profit of S\$17.5 million in 2H21 compared to S\$21.5 million in 2H20 in tandem with lower sales. Correspondingly, gross profit margin of the manufacturing business contracted to 23.8% from 26.3% previously. Gross profit from FYSCS amounted to S\$2.2 million in 2H21, translating into a gross profit margin of 4.3%. As a result, the Group's composite gross profit margin in 2H21 was 15.7% as compared to 26.3% in 2H20 which was derived solely from its manufacturing business.

For FY2021, the Group's gross profit remained relatively stable at S\$36.5 million compared to S\$36.8 million in FY2020. The manufacturing business registered gross profit of S\$34.3 million in FY2021 compared to S\$36.8 million in FY2020. Gross profit margin of this segment held steady at 23.8% in FY2021 compared to 24.0% previously. Including FYSCS, the Group's composite gross profit margin was 18.6% in FY2021.

Other Income

Other income in 2H21 and FY2021 decreased to S\$1.0 million and S\$3.3 million respectively from S\$4.3 million in 2H20 and S\$8.7 million in FY2020. The decrease in other income was attributed mainly to lower interest income, a decline in rental income following the end of a sale-and-lease back arrangement for a property in Malaysia ("Leased Property"), lower profit on sale of property, plant and equipment, as well as a reduction in the amount of grants received under government schemes to support businesses amid the Covid-19 pandemic ("government grants"). The government grants received in FY2021 amounted to S\$0.4 million compared to S\$2.3 million in FY2020.

Selling and Administrative Expenses

Selling and administrative expenses in 2H21 amounted to S\$10.1 million which was similar to 2H20. These expenses declined 14.5% to S\$19.5 million in FY2021 from S\$22.8 million in FY2020. This was attributed mainly to reduced depreciation expenses in relation to the Leased Property in Malaysia, as well as lower headcount and the Group's ongoing cost control measures.

Other Operating Income / (Expenses)

The Group recorded other operating income of S\$0.2 million in 2H21 compared to other operating expense of S\$4.7 million in 2H20. For FY2021, the Group registered other operating income of S\$1.2 million, attributed mainly to a foreign exchange gain. In contrast, the Group incurred other operating expenses of S\$2.8 million in FY2020 due mainly to a foreign exchange loss.

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 2H21 and FY2021.

Finance Costs

Finance costs in 2H21 increased to S\$157,000 from S\$149,000 in 2H20, attributed mainly to interest expenses on term loan and lease liabilities. Finance costs in FY2021 totalled S\$296,000 which was 8.9% lower than the S\$325,000 in FY2020. The amount of non-cash interest expenses charged on lease liabilities (in line with the adoption of SFRS(I) 16) were S\$144,000 in 2H21 and S\$283,000 in FY2021.

Profit before Income Tax

The Group recorded stable profit before tax of S\$10.6 million in 2H21. Profit before tax excluding foreign exchange impact and share of results of joint venture ("operating profit") declined 31.7% to S\$10.5 million from S\$15.3 million, attributed mainly to the decrease in other income.

For FY2021, the Group's profit before tax rose 8.4% to S\$21.2 million from S\$19.6 million in FY2020. Operating profit decreased 10.1% to S\$19.9 million from S\$22.1 million in FY2020, due primarily to the decline in other income.

Tax Expense

The Group incurred tax expense of S\$1.9 million for 2H21 and S\$3.7 million for FY2021 which translated to effective tax rates of 18.0% and 17.2% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates would be 16.8% for 2H21 and 16.2% for FY2021. 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 2H21. 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

The Group's net profit for 2H21 declined 8.6% to S\$8.7 million from S\$9.5 million in 2H20, due to higher tax expenses. However, net profit for FY2021 increased 4.0% to S\$17.6 million from S\$16.9 million in FY2020. This was attributed to net profit of S\$16.5 million generated from the manufacturing business and S\$1.1 million from FYSCS.

	FY2021 (S\$ million)	FY2020 (S\$ million)	Change
Operating profit	19.9	22.1	(10.1%)
Net profit	17.6	16.9	4.0%

On a geographical segmental basis, the Group's manufacturing operations in Singapore posted higher segment profit (excluding dividend income from Malaysia and China subsidiaries) of S\$11.7 million in FY2021 compared to S\$7.8 million in FY2020. Malaysia segment's profit decreased marginally to S\$7.7 million in FY2021 from S\$8.9 million in FY2020, while China segment posted a profit of S\$2.2 million in FY2021 compared to S\$4.6 million in FY2020.

FYSCS' operations are based primarily in Singapore, hence there is no geographical breakdown for this business.

Dividend

The Board of Directors has declared a final tax exempt dividend of 1.25 cents per share in respect of FY2021. Together with the interim dividend of 0.40 cent per share and a special dividend of 3.30 cents per share for 1H21, the Group's total dividend in respect of FY2021 would be 4.95 cents per share, which is higher than the dividends of 1.6 cents per share in FY2020.

BALANCE SHEET

As at 31 December 2021, the Group remained in a sound financial position with net cash of S\$78.3 million. Cash balance was S\$83.9 million while total loans and borrowings amounted to S\$5.6 million as at 31 December 2021. Shareholders' equity stood at S\$153.9 million, equivalent to net asset value of 20.43 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included net cash of around 10.4 cents per share.

Total assets as at 31 December 2021 decreased to S\$211.1 million from S\$223.0 million as at 31 December 2020. The reduction was attributed mainly to decreases in trade and other receivables, and cash and cash equivalents, which were offset partially by increase in property, plant and equipment, recognition of goodwill on acquisition of FYSCS, and higher inventories.

The Group's total liabilities as at 31 December 2021 increased to S\$57.2 million from S\$50.7 million as at 31 December 2020. This was due mainly to new loans and borrowings and lease liabilities, which were partially offset by a decline in trade and other payables.

CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$22.7 million in FY2021 excluding the cash restricted-in-use. This was attributed mainly to operating profit before working capital changes of around S\$27.7 million and reduction in trade and other receivables, which were offset partially by higher inventories, a decrease in trade and other payables as well as income tax payments.

Net cash used in investing activities amounted to S\$13.7 million during FY2021. The Group incurred capital expenditure of S\$13.2 million, which was mainly for its redevelopment project in Singapore, and net cash outflow of S\$1.8 million with respect to the acquisition of FYSCS. These were offset partially by interest income and proceeds from disposal of property, plant and equipment.

Net cash used in financing activities totalled S\$32.7 million in FY2021. This was attributed mainly to the payment of dividends to shareholders of the Company and repayment of lease liabilities, offset partially by proceeds from loan and borrowings.

As a result of the above, the Group's cash and cash equivalents decreased to S\$83.9 million (including cash deposits pledged of S\$0.1 million and restricted cash in-use of S\$10.1 million) at the end of FY2021 as compared to S\$106.6 million as at 31 December 2020.

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

Notwithstanding a difficult operating environment, the Group increased its net profit in FY2021. Challenges in the operating landscape intensified during the second half of FY2021 as a result of bottlenecks in global supply chains. Supply of resins remained tight due to logistics issues arising from shortage of shipping containers, which was exacerbated by disruptions in the production of raw materials. Delays in shipping schedules have also hampered some deliveries of the Group's products to customers. In addition, the shortage of semiconductors caused disruption to customers' production schedules which in turn affected their orders from the Group. In China, the Group also had to contend with electricity power rationing which affected its operations there to a certain extent.

Against these business headwinds, the Group's manufacturing business still delivered a stable top line in FY2021 excluding Fu Yu Chongqing. Following the acquisition of FYSCS, its maiden contribution enabled the Group to register higher total revenue and net profit in FY2021.

To reward shareholders for their support of Fu Yu, the Board has recommended a final dividend of 1.25 cents per share in respect of FY2021, which will bring the total dividend for FY2021 to 4.95 cents per share.

Looking ahead, the supply chain and production challenges may persist. Even as countries are taking steps to reopen their economies, the spread of the highly transmissible Omicron variant could still pose risks and impede global economic growth in 2022. The Group's operational and financial performance could also be affected by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

To enhance the long term growth of its core manufacturing and supply chain management businesses, the Group plans to drive sales, enhance its capabilities and expand its breadth of services.

For its manufacturing business, the Group aims to improve the utilisation rates of its strategically-located factories in Asia by strengthening its business development team. In parallel with its strategy to build a diversified product portfolio for business resilience and stability, the Group intends to optimise its business mix to keep pace with current market trends. Fu Yu plans to channel greater resources towards growing its business in market segments that display longer term stability and growth potential such as medical, automotive, eco-friendly and smart home consumer products.

The redevelopment of its factory in Singapore ("Plot 9") is in the final stages of completion and expected to begin operations in the third quarter of 2022, barring any unforeseen circumstances. With the adoption of Industry 4.0, Plot 9 will serve as a showcase of the Group's advanced manufacturing capabilities. In addition to higher precision manufacturing capabilities and increased automation, Plot 9 will also feature seamless workflow across its tooling, moulding and assembly operations to achieve higher operational efficiency and reduction of carbon footprint.

To broaden its value-added services to customers, the Group has also initiated a new division – Corporate Development – to work with research institutes in Singapore and other partners regionally to explore R&D programs and identify commercially-viable technologies that could augment the Group's manufacturing services.

FYSCS shall focus on supply chain management services for commodity raw materials to reap cost savings for the Group, while seeking opportunities to provide additional revenue streams.

Besides organic initiatives, the Group may also enter into joint ventures, partnerships, and/or strategic mergers or acquisitions that could enhance the potential of its businesses, as Fu Yu continues to pursue its goal of sustainable and profitable growth over the long term.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final
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 Type	Cash
Dividend Rate	1.25 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

Subject to shareholder's 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 material IPTs for the year ended 31 December 2021.

14. 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.

15. 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, 25 February 2022