



FU YU CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 198004601C)
(the "Company")

**MINUTES OF THE ANNUAL GENERAL MEETING ("AGM" OR "MEETING")
OF THE COMPANY HELD BY WAY OF ELECTRONIC MEANS ON
WEDNESDAY, 24 JUNE 2020 AT 3.04 P.M.**

PRESENT : As per the Webcast Attendees Report
(due to the restriction on the use of personal data pursuant to the provision of the Personal Data Protection Act 2012, the names of the attendees of this Meeting will not be published in this minutes)

CHAIRMAN: Dr John Chen Seow Phun

1. WELCOMING ADDRESS

1.1. The Independent Non-Executive Chairman, Dr John Chen Seow Phun ("Chairman"), chaired the Meeting. On behalf of the Board of Directors (the "Board"), he welcomed the attendees who had joined the virtual AGM.

2. QUORUM

2.1. The Chairman thanked shareholders for their pre-registration and attendance at this AGM electronically to observe or listen to the AGM proceedings contemporaneously through a "live" audio-visual webcast of the AGM or a "live" audio-only stream of the AGM via telephone. He then acknowledged the shareholders' attendance at the AGM by electronic means.

2.2. There being a quorum, the Chairman called the AGM to order.

2.3. The Chairman introduced his fellow Board members (Mr Ching Heng Yang, Mr Tam Wai, Mr Ho Nee Kit, Mr Hew Lien Lee, Mr Tan Yew Beng and Mr Foo Say Tun), Chief Financial Officer (Ms Hee Siew Fong), representative of Rajah & Tann Singapore LLP (Ms Cynthia Tan) and Company Secretary (Ms Kong Wei Fung) who attended the Meeting remotely by electronic means. He added that the Company's auditors, polling agent and scrutineer had also dialled in to the Meeting.

3. NOTICE OF MEETING

3.1. The notice convening the AGM ("Notice") having been published on the SGXNet and the Company's website on 2 June 2020 was, with the concurrence of the Meeting, taken as read.

- 3.2. The Chairman informed that as mentioned in the Notice, shareholders would not be able to vote online on the resolutions tabled for approval at the AGM but could exercise their voting rights at the AGM by appointing the Chairman of the meeting as their proxy. As shareholders had appointed Chairman as their proxy to vote on their behalf, he would vote in accordance with their instructions.
- 3.3. The Chairman also informed the Meeting that pursuant to Regulation 85(1) of the Company's Constitution and Rule 730A(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), he demanded all proposed resolutions as set out in the Notice dated 2 June 2020 be voted by poll.
- 3.4. He further informed the Meeting that (a) Reliance 3P Advisory Pte. Ltd. and Boardroom Corporate & Advisory Services Pte. Ltd. were appointed as Scrutineer and Polling Agent respectively; and (b) the Polling Agent had counted the proxy votes received as at the cut-off date and the Scrutineer had verified the results of the proxy voting and prepared a report on the poll results. The poll results would be announced immediately after each motion had been formally proposed.

4. QUESTIONS AND ANSWERS

- 4.1. The Company's responses to the substantial and relevant questions from shareholders and queries from Securities Investors Association (Singapore) received prior to this AGM (annexed hereto as Appendix 1) had been uploaded on the SGXNet on 19 June 2020 ("19 June 2020 Announcement") and made available on the Company's website as well.
- 4.2. As many shareholders had expressed interest on the impact of Covid-19 pandemic to the Group and the Company had also received a similar question from another shareholder after the 19 June 2020 Announcement, the Chairman, on behalf of the Board, provided an update in the Meeting.
- 4.3. The Company had in its business update announcement made on 12 May 2020 disclosed that the Group's revenue declined by about 25% in the first quarter of 2020 partly attributed to the Covid-19 measures imposed by governments which had affected the level of business activities worldwide. Nevertheless, the Group still posted higher net profit for the first quarter as a result of a foreign exchange gain.
- 4.4. All the Group's factories in Asia are now operational, the factories in Malaysia and Singapore were able to continue operations amid the Covid-19 restrictions in these countries and factories in China had resumed operations from mid-February after companies there were allowed to reopen.
- 4.5. While the business environment is expected to remain challenging due to the Covid-19 pandemic, the silver lining is the robust business model that the Group has put in place. The Group has been executing a strategy to maintain a diversified exposure to various market segments which ensures greater business resilience. The Group also focuses on products that have longer life cycles, greater stability and exhibit higher growth potential such as medical, automotive, eco-friendly, smart home consumer products and 3D printers. In addition, the Group continues to engage key customer accounts closely to increase its market share and has also made deeper inroads with new customers in its target market segments.
- 4.6. The Group has built a sound balance sheet that provides the Group with a strong platform to overcome difficult periods such as the current pandemic. The Group would continue to work on improving the quality of its products, implement initiatives to better manage costs and increase operational efficiency through automation to mitigate any potential effects from a slowdown in business environment.

- 4.7. The Chairman added that the Group has completed a series of corporate streamlining and rightsizing exercises over the past few years. Such moves have better aligned the Group's operations to the business environment and should enable the Group to enhance its competitive position. Amid the current challenges, the Group would continue to strive towards its ultimate goal, which is to deliver sustainable and profitable growth to shareholders over the long term.
- 4.8. The Chairman then proceeded with the items on the Agenda.

ORDINARY BUSINESS

5. ORDINARY RESOLUTION 1: Directors' Statement, Auditors' Reports and Audited Financial Statements

- 5.1. The first item on the Agenda was to receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2019 together with the Auditors' Report thereon.
- 5.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	330,473,825	100%
Against	0	0%

- 5.3. Accordingly, the Chairman declared resolution 1 carried.
- 5.4. It was RESOLVED that the Directors' Statements and the Audited Financial Statements for the financial year ended 31 December 2019 together with the Auditors' Report thereon be hereby received and adopted.

6. ORDINARY RESOLUTION 2: Declaration of Final Dividend

- 6.1. The second item on the Agenda was to approve the payment of final dividend for the financial year ended 2019.
- 6.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	331,351,825	100%
Against	0	0%

- 6.3. Accordingly, the Chairman declared resolution 2 carried.
- 6.4. It was RESOLVED that the payment of a final tax exempt (one-tier) dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 December 2019 be hereby approved.
- 6.5. The Meeting was informed that as the Singapore General Election 2020 would be held on 10 July 2020, which is a non-business day, the payment date for the Final Dividend originally scheduled to be made on 10 July 2020 would be changed to a later date. The Company would make an announcement to update the new payment date.

**7. ORDINARY RESOLUTION 3:
Re-election of Mr Foo Say Tun**

7.1. The Chairman explained that Mr Foo Say Tun (a) was retiring by rotation pursuant to Regulation 110 of the Company's Constitution and he being eligible, had offered himself for re-election; (b) will remain as the Chairman of Nominating Committee and members of the Audit and Remuneration Committees upon his re-election as Director; and (c) is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

7.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	321,569,675	97.05%
Against	9,782,150	2.95%

7.3. Accordingly, the Chairman declared resolution 3 carried.

7.4. It was RESOLVED that Mr Foo Say Tun be re-elected as a Director of the Company.

**8. ORDINARY RESOLUTION 4:
Re-election of Mr Tam Wai**

8.1. Chairman explained that Mr Tam Wai (a) was retiring by rotation pursuant to Regulation 110 of the Company's Constitution and he being eligible, had offered himself for re-election; and (b) will remain as the Executive Director upon his re-election as Director.

8.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	321,569,675	97.05%
Against	9,782,100	2.95%

8.3. Accordingly, the Chairman declared resolution 4 carried.

8.4. It was RESOLVED that Mr Tam Wai be re-elected as a Director of the Company.

**9. ORDINARY RESOLUTION 5:
Re-election of Mr Hew Lien Lee**

9.1. Chairman explained that Mr Hew Lien Lee (a) was retiring by rotation pursuant to Regulation 110 of the Company's Constitution and he being eligible, had offered himself for re-election; and (b) will continue to serve as the Executive Director, Chief Executive Officer and Chief Operating Officer of the Company upon his re-election as Director.

9.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	329,725,925	99.51%
Against	1,625,900	0.49%

9.3. Accordingly, the Chairman declared resolution 5 carried.

9.4. It was RESOLVED that Mr Hew Lien Lee be re-elected as a Director of the Company.

**10. ORDINARY RESOLUTION 6:
Directors' Fees for Financial Year Ending 31 December 2020**

10.1. The Meeting was explained that this Agenda item was to approve the payment of Directors' fees for financial year ending 31 December 2020, payable quarterly in arrears.

10.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	330,904,725	100%
Against	0	0%

10.3. Accordingly, the Chairman declared resolution 6 carried.

10.4. It was RESOLVED that the Directors' fees of S\$303,000/- for the financial year ending 31 December 2020 payable quarterly in arrears be approved.

**11. ORDINARY RESOLUTION 7:
Re-appointment of KPMG LLP as Auditors**

11.1. The retiring auditors, KPMG LLP had indicated their willingness to accept re-appointment as auditors of the Company.

11.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	331,351,825	100%
Against	0	0%

11.3. Accordingly, the Chairman declared resolution 7 carried.

11.4. It was RESOLVED that Messrs KPMG LLP be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.

SPECIAL BUSINESS

**12. ORDINARY RESOLUTION 8:
Authority to Allot and Issue Shares**

12.1. The Meeting ensued with the deliberation on special business of the Agenda. Chairman explained that the proposed resolution 8 was to seek shareholders' approval to authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act (Chapter 50) and the Listing Manual of the SGX-ST.

12.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	308,610,425	93.14%
Against	22,741,400	6.86%

12.3. Accordingly, the Chairman declared resolution 8 carried.

12.4. It was RESOLVED that authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“SGX-ST”)) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

- (i) new Shares arising from the conversion or exercise of any convertible securities;

- (ii) new Shares arising from exercising share options or vesting of share awards, provided the share options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

- (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in this Resolution, “subsidiary holdings” shall have the meaning ascribed to it in the Listing Manual of the SGX-ST;

- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

- (5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

**13. ORDINARY RESOLUTION 9:
Proposed Renewal of Share Purchase Mandate**

- 13.1. Chairman informed that Mr Ching Heng Yang, Mr Ho Nee Kit, Mr Tam Wai and Madam Hew Wei Shan, spouse of Mr Tam Wai, who act as concert parties would abstain from voting on Resolution 9 in respect of the Renewal of Share Purchase Mandate.
- 13.2. The Chairman proposed the motion. He informed that the Scrutineer had verified the poll results and the poll results were as follows:

	No. of votes	Percentage
For	47,924,550	100%
Against	0	0%

- 13.3. Accordingly, the Chairman declared resolution 9 carried.
- 13.4. It was RESOLVED that:
- (1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time ("Companies Act"), the exercise by the Directors of the Company of all the powers of the Company:

- (a) to purchase or otherwise acquire issued and fully paid ordinary shares in the Company (the "Shares") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) an on-market purchase ("On-Market Purchase") transacted on the SGX-ST; and/or
- (ii) an off-market purchase ("Off-Market Purchase") effected in accordance with any equal access scheme (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable (collectively, the "Share Purchase Mandate"); and

- (b) to deal with the Shares purchased or acquired by the Company under the Share Purchase Mandate in accordance with the constitution of the Company, whether to (i) deem such Shares as cancelled upon purchase or acquisition; (ii) hold such Shares as treasury shares; and/or (iii) otherwise deal with such Shares in the manner provided and to the fullest extent permitted under the Companies Act,

be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (a) the date on which the next AGM of the Company is held;
 - (b) the date by which the next AGM of the Company is required by law to be held; or
 - (c) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;
- (3) in this Resolution:

“Maximum Limit” means, subject to the Companies Act, 10% of the total number of issued Shares of the Company (excluding subsidiary holdings and any Shares which are held as treasury shares) as at the date of the passing of this Resolution;

“Maximum Price” in relation to a Share to be purchased or acquired, means an amount (excluding ancillary expenses such as brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

- (a) in the case of an On-Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the Closing Market Prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five (5) Market Day period and the day of the On-Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

“Closing Market Price” means the last dealt price for a Share transacted through the SGX-ST’s trading system as shown in any publication of the SGX-ST or other sources;

“date of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities; and

- (4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

14. CONCLUSION

- 14.1. There being no other business to transact, the formality of business of the AGM had been concluded. The Chairman declared the Meeting closed at 3.24 p.m. and he thanked all present for their attendance and participation.

Signed as a true record of the proceedings

JOHN CHEN SEOW PHUN
Chairman of the Meeting



FU YU CORPORATION LIMITED

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

**ANNUAL GENERAL MEETING TO BE HELD ON 24 JUNE 2020
– RESPONSES TO QUESTIONS FROM SHAREHOLDERS AND THE
SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The Board of Directors of Fu Yu Corporation Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting (“AGM”) to be held by way of electronic means on Wednesday, 24 June 2020 at 3.00 p.m. (Singapore time). The Company has also received a set of queries from the Securities Investors Association (Singapore) (“SIAS”) in relation to its annual report for the financial year ended 31 December 2019 (the “Annual Report”).

The following are the Company’s responses to substantial and relevant questions that were raised by shareholders as well as the queries from SIAS. All capitalised terms used in this announcement shall bear the meaning as ascribed to them in the Annual Report.

A. QUESTIONS RECEIVED FROM SHAREHOLDERS

I. OPERATIONS

Q1. Please update shareholders on the impact of Covid-19 on the Group’s business thus far. Which markets or industries have been affected? Emerging from the Covid-19 lockdowns, how does the Group compare against its competition?

The Group has provided a voluntary update on 12 May 2020 with respect to its business and unaudited financial performance for the three months ended 31 March 2020 (“1Q20”) (“1Q20 Business Update”).

In 1Q20, the Group’s revenue declined 25.5% to S\$34.8 million from S\$46.7 million in 1Q19. This was due mainly to reduced sales from our operations in Singapore and Malaysia, and particularly in China where our factories had to remain closed following the Chinese New Year operations.

During 1Q20, the Group witnessed slower sales of products in the consumer, printing & imaging, networking & communications, medical, automotive and power tools segments compared to 1Q19. This was attributed to several factors – the temporary closure of manufacturing activities in China and suspension of operations for some customers in Malaysia due to Covid-19 measures, weaker market demand, and the Group’s move to consolidate its factory operations in Shanghai and Suzhou last year. Details of the aforesaid are provided in the Group’s 1Q20 Business Update.

Presently, the Group’s factories across Asia are operationally ready. As an integrated supplier of precision plastic products, our business is however also dependent on customers’ level of manufacturing activities which may be affected by travel restrictions, disruptions in supply chain, and closures due to Covid-19 measures, as well as softening of end-user demand amid a weaker economic outlook.

Nevertheless, we have a sound balance sheet which provides the Group with a strong platform to overcome any difficult periods. In addition, the Group has undertaken a series of corporate streamlining and rightsizing exercises in Singapore, Malaysia and China over the past few years. We believe these actions help to better align our operations to the business environment and enable the Group to remain competitively positioned going forward.

Q2. Please update shareholders on the planned upgrade of Fu Yu's factory in Singapore.

The Group has temporarily stopped the construction works for our redevelopment project in Singapore in support of the circuit breaker measures. We will continue to adhere to the government's advisory and resume work on the redevelopment project at an appropriate time. While we had originally targeted to finish the redevelopment project by the end of 2020, the completion is likely to be delayed.

II. OUTLOOK / PLANS

Q3. In view of the Covid-19 situation, does the management foresee any improvement in demand during the next few quarters or expects the situation to worsen?

The Group resumed its manufacturing operations in China after mid-February 2020. In Malaysia, our factories were able to continue with limited manufacturing activities for certain customers that were exempted from the shutdown during the nationwide Movement Control Order ("MCO") period from 18 March 2020 to 3 May 2020. Subsequently, the government in Malaysia announced that almost all economic sectors and business activities could resume operations under conditional MCO starting from 4 May 2020. Hence, the Group also resumed normal operations at its factories in Johor and Penang. In Singapore, we received the approval from authorities to continue our operations during the circuit breaker period.

Based on current assessment of the market situation, and in view of the ongoing Covid-19 restrictions in Malaysia and Singapore which may affect operations of certain customers, the Group expects its revenue to soften in 2Q20 as compared to 2Q19. However, barring unforeseen circumstances, the Group is cautiously optimistic to remain profitable at the operational level in 2Q20.

Given the uncertainty surrounding the Covid-19 situation which continues to change rapidly, it is difficult to ascertain the impact of the pandemic on global markets and the Group's financial performance in FY2020.

Q4. Please provide an overview of the Group's strategy moving forward. What are the growth areas identified by the Group and what is the progress to-date?

To achieve our goal of sustainable and profitable growth over the long term, the Group's strategy is to maintain our diversified exposure to various market segments for greater resilience. We will also continue to work on improving the quality of our products, drive automation and lean management initiatives to raise our production and cost efficiencies, as well as shorten cycle time.

We are focusing on products that have longer life cycles, greater stability and exhibit higher growth potential such as medical, automotive, eco-friendly, smart home consumer products and 3D printers. We continue to engage our key customer accounts closely to increase our market share and have also made deeper inroads with new customers in our target market segments.

- Q5. Given the current pandemic and possibility for such health-related crises to occur in future, do you expect the revenue contribution from your healthcare business lines to increase moving forward? Does the management have plans to focus more on medical products and increase its share of the Group's total revenue?**

The Group has registered encouraging growth in sales of medical products over the last few years. The Group will continue to build on the medical segment as we believe this segment has the potential to deliver stable growth over the long term. This initiative is part of the Group's overall strategy to maintain a diversified exposure to various market segments for greater resilience.

- Q6. What are the Group's business plans to navigate through the Covid-19 pandemic?**

We believe that it is important to maintain financial prudence to ensure a sound balance sheet that allows the Group to withstand this challenging period. To this end, the Group will continue to work on initiatives to better manage costs and increase operational efficiency through automation to mitigate any potential effects from a slowdown in business environment. At the same time, the Group is engaging our customers closely to keep abreast of their supply chain needs, in order to respond as efficiently as possible to their production requirements. The Group plans to focus on maintaining diverse customer base and product portfolio for greater resilience and stability, and intends to continue seeking opportunities in this strategic direction.

- Q7. How is the Group preparing for potential US-China trade friction?**

While we have not witnessed a material impact from the trade tensions between the USA and China thus far, an escalation in trade tensions is likely to have an adverse impact on the global economy and lead to increased risks for businesses worldwide.

We are continuing to monitor the situation closely. As the Group has established manufacturing locations in Asia outside of China, we have the capability to support any changes in the production requirements of our customers if the need arises.

- Q8. Any plans for takeover?**

The Company evaluates strategic opportunities from time to time. The Company will issue the appropriate announcements to update shareholders if there are any material developments.

III. BOARD MATTERS – DIRECTORS' FEES

- Q9. Why is there an increase in directors' fees from \$288,000 to \$303,000?**

The Remuneration Committee and the Board review the remuneration framework for non-executive Directors on an annual basis. The directors' fees were last revised in 2016. In view of a continuing increase of directors' responsibilities and requirements over recent years, the directors' fees were found to be below market and not commensurate with their responsibilities. The Remuneration Committee and the Board (with each non-executive director abstaining from voting on his own remuneration), after reviewing the remuneration framework for non-executive Directors, proposed to increase directors' fees for the financial year ending 31 December 2020 to bring it closer to the current market level.

IV. LISTING RULE – TWO-TIER VOTING

Q10. Is there two-tier voting for the re-election of independent directors in the forthcoming AGM?

The Listing Rule 210(5)(d)(iii) of the Listing Manual of SGX-ST in respect of the requirement for approval by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the company, including their associates, in separate resolutions on the continued appointment of a director that has been on the Board for an aggregate period of more than 9 years as an independent director will take effect from 1 January 2022. In view thereof, the Company will not be seeking separate resolutions pursuant to Listing Rule 210(5)(d)(iii) at its forthcoming AGM to be held on 24 June 2020.

B. **QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

SIAS Query 1

Revenue for the year ended 31 December 2019 was fairly stable, coming in at \$194.1 million, compared to \$197.7 million a year ago. Net profit attributable to owners of the Company increased by 6.8% to \$12.7 million from \$11.9 million in FY2018.

As noted in the Chairman's message, the Group's strategy is to maintain its diversified exposure to various market segments for greater resilience. The primary focus will be on products that have longer life cycles and exhibit higher growth potential such as medical, automotive, eco-friendly, smart home consumer products and 3D printers.

As disclosed, the Group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

(i) Can management help shareholders understand the revenue breakdown according to sectors (such as printing and imaging, networking and communications, consumer, medical and automotive sectors)?

The Group manufactures products primarily for the printing & imaging, consumer, networking & communications, medical, automotive and power tools segments. As disclosed in the Chairman's Message and Operations Review of the Annual Report 2019, the Group has provided an analysis of the performance of the aforesaid product segments under the Geographical Segment Review. This analysis was also disclosed in the Company's 1Q20 Business Update. However, we do not publish detailed revenue breakdown by product segments due to commercial sensitivity.

(ii) With manufacturing facilities located in Singapore, Malaysia and China, how feasible is it for the group to shift its production around due to trade wars/tariffs or as part of its business continuity plan (for example, due to measures imposed by the government to stop the spread of the COVID-19)?

As the Group has established manufacturing locations across Asia, we have the flexibility and capability to support any changes in the production requirements of our customers if the need arises.

- (iii) The group has significant US dollar (“**USD**”) exposure with its cash and cash equivalents amounting to S\$56.3 million held in USD. The group recognised foreign currency loss of S\$(745,000) in FY2019, reversing the S\$1.25 million foreign currency gain in FY2018. In 1Q2020, foreign exchange gain amounted to S\$3.2 million. **What is the rationale to hold the group’s excess cash in USD? Would the board be re-evaluating the group’s foreign currency exposure?**

The Group has cash and trade receivables in USD because majority of our sales are denominated in USD. The Group utilises USD to fulfil purchases of raw materials. Purchases made in the USD provide the Group with a natural hedge against its USD exposure and the cash and cash equivalent of S\$56.3 million held in USD is at an appropriate level for the above purposes.

SIAS Query 2

The Group has commenced the redevelopment of 9 Tuas Drive 1 (“**Plot 9**”) where a new building with office space, warehouse and a factory will be built. The estimated gross floor area would be over three times larger, coupled with an improved building layout for higher productivity and operational efficiencies.

The estimated capital expenditure for this redevelopment would be around \$15.4 million.

As part of the lease renewal for 7 Tuas Drive 1 and 9 Tuas Drive 1, the Company has to assign its premises at 5 Tuas Drive 1 by 10 September 2020.

In the Company’s update, it was disclosed that the completion date might stretch beyond 2020 due to the circuit breaker measures.

- (i) **Would management be re-evaluating the internal layout and planned workflow for the new building to incorporate more business continuity features?**

The redevelopment will be aligned with the Group’s business continuity plans. The Group currently does not foresee any major changes to its redevelopment plan.

- (ii) **Is the group’s capacity affected during this redevelopment period?**

No, the Group has sufficient capacity to meet customers’ requirements.

- (iii) **How much of Industry 4.0/automation will be incorporated at the new manufacturing site?**

As part of the Group’s ongoing strategic initiatives, we will continue to drive automation and lean management initiatives across all our operations in Asia.

- (iv) **Would the company be requesting for an extension to allow it to assign its premises at 5 Tuas Drive 1?**

The Company has already obtained approval from the regulatory authorities to extend the deadline for the assignment of 5 Tuas Drive 1 by another two years to 10 September 2022.

SIAS Query 3

As disclosed in the corporate governance report, the independence of Dr John Chen Seow Phun, Mr Tan Yew Beng and Mr Foo Say Tun were subject to particularly rigorous review on their independence by members of the board.

The independent directors were first appointed on 27 November 2007, 22 May 1995 and 27 November 2007 respectively. The directors have served on the board for more than 12 years to as long as 25 years.

(i) Can the company clarify if it was the other members of the board, namely the four executive directors who reviewed the independence of the long tenured non-executive directors?

As disclosed on page 37 of the Annual Report, as part of the NC's duties, the NC had reviewed the independence of the long tenured non-executive directors and, having considered the provisions set out in the Code, the Practice Guidance and certain other salient factors including that Dr John Chen Seow Phun, Mr Tan Yew Beng and Mr Foo Say Tun are objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees, confirmed that all of them are independent. The Board concurred with the NC's view and was satisfied that they continued to be considered independent even though each had served the Board for more than nine years.

(ii) While one of the duties of the nominating committee ("NC") is to conduct the review to determine the independence of each director, all three members of the NC were subject to particularly rigorous review of their own independence. How effective was the NC at discharging its duties?

As disclosed on page 37 of the Annual Report, each member of the NC was required to abstain from voting on resolutions, making recommendations and/or participating in matters in which he is interested. As no NC member was involved in the deliberation in respect of his own independence, the Board is of the view that the NC was effective at discharging its duties.

In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("**2018 CG Code**") and the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022.

Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

(iii) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board, especially the independence of the long-tenured directors?

The Board has evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the Board.

The Board notes that the amendments to the Listing Rules which come into effect on 1 January 2022 will require an independent director who has served for more than nine years to undergo a two-tier shareholders' vote for re-election. The Company will comply with such

amendments and will provide for a second-tier voting by the shareholders for the re-election of the independent directors, namely, Dr John Chen Seow Phun, Mr Tan Yew Beng and Mr Foo Say Tun when such rule comes into effect.

- (iv) **Would the board/NC elaborate further on the plans (including the pace) to refresh the membership of the board to comply with the new 2018 CG Code in good time?**
Reconstituting the board early to comply with the new 2018 Code would avoid undue disruption and help to maintain institutional knowledge and continuity in the board.

The Board considers continuity and stability of the Board important and that it is not in the interests of the Company to require directors who have served more than nine years or longer to be ineligible for re-election (as independent directors). All three independent directors have many years of business, financial and legal experience and are able to serve the present needs of the Company with their vast experience and knowledge as well as comprehensive understanding of the precision plastic components business and the markets, notwithstanding their long tenure. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board, taking into account the need to maintain or enhance its balance and diversity in line with the 2018 CG Code.

By Order of the Board
Kong Wei Fung
Company Secretary
Singapore, 19 June 2020

About Fu Yu Corporation Limited

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

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

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

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

MEDIA AND INVESTOR RELATIONS CONTACT

OCTANT CONSULTING

phone (65) 62963583

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

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