NEWS RELEASE

Fu Yu's net profit improves 20.1% to S$8.9 million in 1H21;
Paying dividends totaling 3.7 cents per share

- Gross profit margin in 1H21 improved to 23.8% from 21.4% in 1H20
- Declared higher ordinary interim dividend of 0.4 cents per share and special dividend of 3.3 cents per share for 1H21
- Financial position remained sound with cash of S$100.2 million and zero borrowings
- Group embarked on business diversification via an acquisition in July 2021

Singapore, 11 August 2021 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, today reported net profit attributable to owners of the Company ("net profit") of S$8.9 million for the six months ended 30 June 2021 ("1H21"). This was 20.1% higher compared to its net profit of S$7.4 million in 1H20 even though Group revenue was relatively stable across the two corresponding financial periods.

The Group recorded revenue of S$70.4 million in 1H21 compared to S$71.6 million in 1H20. Revenue in 1H21 was propped up by better sales achieved by the Group's manufacturing operations in Singapore and Malaysia which offset lower sales from its China segment.

The Singapore operations registered a 20.1% increase in sales to S$25.7 million in 1H21, driven mainly by higher demand from the medical segment. Sales of the Malaysia operations also edged up 4.8% to S$17.4 million in 1H21. This was supported primarily by higher sales of printing & imaging products and power tools as well as incremental revenue from new industrial products, which helped to counterbalance lower orders of consumer products in 1H21.

On the other hand, revenue from the China operations declined 18.8% to S$27.3 million in 1H21, due mainly to reduced sales of printing & imaging products. This was largely a result of the cessation of the Group's factory operations in Chongqing ("Fu Yu Chonqqing") since the last quarter of FY2020, as well as lower customer orders in 1H21.

Excluding Fu Yu Chongqing, the Group would have registered growth in its top line in 1H21 compared to 1H20.

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The Group achieved higher gross profit of S$16.8 million in 1H21, an increase of 9.4% from S$15.3 million in 1H20. Correspondingly, gross profit margin expanded to 23.8% in 1H21 from 21.4% in 1H20. This can be attributed mainly to a change in sales mix, reduction in headcount resulting mainly from the closure of Fu Yu Chongqing, and the Group's ongoing initiatives to improve cost management and operational efficiencies.

Group Managing Director of Fu Yu, Mr David Seow said, "Operating conditions continued to be difficult as the economic uncertainties and business disruptions induced by the Covid-19 pandemic remain unabated. Nonetheless, the Group sustained its revenue and attained higher net profit in 1H21.

This performance could not have been achieved without the concerted efforts of our people during these trying times. The Group scored higher sales with existing customers from certain sectors such as the medical and power tools segments in 1H21. In addition, our business development efforts also yielded new customers and projects. These have helped to buffer lower demand for certain products in 1H21. We believe our diversified product portfolio has afforded the Group with greater business resilience, and our continual efforts to be operationally-efficient have contributed to improved profitability in 1H21.

To demonstrate our appreciation to shareholders for their continued support of Fu Yu, the Group has declared a higher interim ordinary dividend of 0.4 cents per share as well as a special dividend of 3.3 cents per share for 1H21."

Including both ordinary and special dividends, the Group's total interim dividend for 1H21 would amount to 3.7 cents per share, compared to 0.35 cents per share for 1H20.

Looking ahead, the global business landscape remains shrouded by persistent social and economic uncertainties associated with the Covid-19 pandemic. Although the rate of vaccinations has been steadily rising since the start of 2021, the emergence of new and highly transmittable Covid-19 variants, coupled with renewed lockdown measures or government restrictions in various countries, will continue to pose risks to the global economic and business outlook. The Group's financial performance is also influenced by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

"The path ahead remains fraught with uncertainties. To navigate the challenges ahead, the Group will continue with our current strategy of maintaining a diversified customer base and product portfolio, with a focus on products that offer higher growth potential and longer life cycles to enhance our sales mix. The Group will also continue to enhance its operational efficiencies in parallel. Our redevelopment project in Singapore, which is part of our initiatives to raise efficiencies, is expected to be completed by the end of 2021 barring any unforeseen circumstances.

To diversify the Group's business beyond the core manufacturing business, we have recently formed a new business arm by acquiring 100% equity interest in Avantgarde Enterprise Ptd Ltd ("AGE"). AGE is engaged in the business of providing supply chain management services for commodities," said Mr Seow.

The Board expects the acquisition of AGE, which was completed on 28 July 2021, to help to provide additional and recurrent revenue streams for the Group and provide shareholders with diversified returns and long term growth. Going forward, the Group may also enter into joint ventures, partnerships and/or strategic alliances with third parties to build AGE's expertise and capabilities.

The Group will continue to review its capital structure to optimise resources for long term growth while also ensuring it maintains a healthy financial position to overcome business challenges. As at 30 June 2021, the Group had a cash balance of S$100.2 million with zero borrowings. Shareholders' equity stood at S$172.2 million, equivalent to net asset value of 22.86 cents per share which included cash and cash equivalents of around 13.3 cents per share.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 11 August 2021.

About Fu Yu Corporation Limited

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

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

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

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