



NEWS RELEASE

**Fu Yu reports 33.3% jump in net profit to S\$16.9 million in FY2020;  
Proposes final dividend of 1.25 cents per share**

- Gross profit margin in FY2020 improved to 24.0% from 19.7% in FY2019
- Final dividend will bring total dividends for FY2020 to 1.6 cents per share
- Sound balance sheet with cash of S\$106.6 million and zero borrowings

**Singapore, 23 February 2021** – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, today reported that its net profit attributable to owners of the Company (“net profit”) grew 33.3% to S\$16.9 million for the 12 months ended 31 December 2020 (“FY2020”) from S\$12.7 million in FY2019.

Group revenue softened 21.0% to S\$153.4 million in FY2020 from S\$194.1 million previously. The slowdown in sales was attributed mainly to business disruptions as a result of government measures to address the Covid-19 pandemic, as well as weaker end-user demand caused by a downturn in the global economy.

While sales of the Singapore segment held steady in FY2020, the Group’s revenue was dampened by lower sales of the Malaysia and China segments.

The Singapore operations registered increased sales of 3.8% to S\$48.0 million, thanks to higher sales of consumer and medical products which cushioned the impact of a decline in sales of printing & imaging products and automotive products. Sales of the Malaysia segment eased 14.4% to S\$36.2 million in FY2020 due primarily to the Movement Control Order (“MCO”) which led to a suspension of some customers’ operations from the latter half of March 2020, as well as weaker demand conditions.

The China segment’s revenue fell 34.4% to S\$69.2 million in FY2020, attributed mainly to decreased sales of printing & imaging, networking & communications, and consumer products. These product segments were weaker due mainly to the temporary closure of manufacturing activities in China and slower demand amid deteriorating global economic conditions. The consolidation of the Group’s factories in Shanghai and Suzhou had also led to some orders of the networking & communications segment being brought forward and fulfilled earlier in the fourth quarter of FY2019.

**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

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Despite the decline in revenue, the Group recorded an expansion in its gross profit margin to 24.0% in FY2020 from 19.7% in FY2019. This can be attributed mainly to its efforts to enhance sales mix, a reduction in the Group's headcount, and ongoing initiatives to improve cost management and operational efficiencies.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "The Group was still able to deliver a commendable bottom line performance In FY2020 amid challenging operating conditions caused by the Covid-19 pandemic. Although Group revenue was softer, we are encouraged by our Singapore operations which displayed a resilient performance with stable revenue and higher segment profit.

Our ability to sustain profitability can be attributed to the Group's diversified product portfolio and the efforts of our management team to streamline our China operations over the past two years. The closures of our factories in Shanghai and Chongqing have afforded Fu Yu with a leaner cost structure which has helped to buffer the impact of a business slowdown in the aftermath of the Covid-19 outbreak."

As a demonstration of its appreciation to shareholders for their support and a reflection of confidence in its long term sustainability, the Group has proposed a final tax exempt dividend of 1.25 cents per share. Together with the interim dividend of 0.35 cent per share, this would bring total dividends in respect of FY2020 to 1.6 cents per share which is the same as the dividends for FY2019.

Looking ahead, the Group foresees business headwinds to continue during FY2021 due to uncertainties surrounding the Covid-19 pandemic and its impact on global demand, as well as ongoing political tensions. 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.

"To ensure business resilience and stability in the current challenging business environment, we will continue to optimise our operations, maintain a diversified customer base and product portfolio, and sustain a sound financial position," said Mr Hew.

As at 31 December 2020, the Group had a healthy balance sheet with cash balance of S\$106.6 million and zero borrowings. Shareholders' equity stood at S\$172.3 million, equivalent to net asset value of 22.88 cents per share which included cash and cash equivalents of around 14.2 cents per share.

"Our goal to deliver sustainable and profitable growth over the long term remains intact. As we navigate through the challenges and adjust to a new normal amid the Covid-19 pandemic, we will continue engaging our customers closely to keep abreast of their manufacturing and supply chain requirements. At the same time, we plan to continue seeking opportunities to enhance the Group's sales mix by focusing on products that have longer life cycles and higher growth potential," said Mr Hew.

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

*This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 23 February 2021.*

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### **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/>