FUYU
CORPORATION

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

ANNUAL GENERAL MEETING TO BE HELD ON 30 APRIL 2026 - RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Fu Yu Corporation Limited ("**Fu Yu**" or the "**Company**" and together with its subsidiaries, the "**Group**") wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting, which will be held, in a wholly physical format, at Chartroom, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 30 April 2026 at 10.00 a.m. (Singapore time).

The following are Company's responses to substantial and relevant questions that were raised by shareholders. For shareholders' ease of reference and reading, the Company has summarised and/or consolidated certain questions together and has also made editorial amendments to some questions for clarity.

Q1. Has the Board completed the internal review of the business and operations of the Group? Any change in the business direction from the strategies adopted from the strategic review in 2023?

The Board, together with management, has been conducting an internal review of the Group's business and operations to strengthen operational efficiency, enhance governance oversight, and improve the Group's long-term competitiveness. As previously stated, the Company will make the appropriate announcement(s) to update the shareholders in the event of any material findings or developments in connection with the internal operational review.

While the Group's overall strategic direction remains broadly consistent with the strategies adopted previously, the Board has implemented several additional initiatives aimed at improving operational efficiency and strengthening the Group's core manufacturing business.

These initiatives include improving operational efficiency, reducing material waste and yield loss, optimising processes, lowering operating costs, and streamlining the Group's manufacturing footprint.

The Board will continue to assess the Group's strategies and operations on an ongoing basis to ensure that the Group remains well-positioned to respond to industry developments and create sustainable long-term value for shareholders.

Q2. Are any factories in Malaysia or China currently under-utilised? Will any further consolidation of factories in Malaysia and China be required to improve operational efficiency?

The utilisation rate of the Group's plants in Malaysia and China is currently in the range of 40% to 50%.

In July 2025, the Group commenced the consolidation of its manufacturing footprint in China through the liquidation of the under-utilised facility in Zhuhai, with the relevant assets and production transferred to the Group's Dongguan facility. This initiative was undertaken to streamline operations and enhance overall efficiency.

Following this exercise, the Group's manufacturing footprint is better aligned with current business needs. The Group will, however, continue to monitor utilisation levels and market conditions closely, and take appropriate actions to optimise operational efficiency where necessary.

Q3. How has the increase in cost of raw materials due to the war in Iran affected the Group so far? Should investors be concerned?

The Group has been proactively mitigating cost pressures through measures such as supplier diversification, cost optimisation initiatives, and close monitoring of procurement strategies.

At this juncture, there has been no material adverse impact on the Group's operations or financial performance. While the situation remains fluid, the Group will continue to monitor developments closely and take appropriate actions to manage any potential risks.

Q4. The Group has adopted a dividend policy of returning not less than 50% of its profit as dividends to shareholders in the past. Has there been any change to the policy?

The Group has not made any changes to its dividend policy. The Group remains committed to returning at least 50% of our profits to shareholders.

Q5. Can you provide more colour on the impact of the Iran war, Straits of Hormuz blockade and the rise in energy prices on the Company? Please explain and elaborate.

For the Group, the impact to date has not resulted in any material disruption to the Group's operations. The Group will continue to closely monitor developments, particularly in relation to energy prices, freight costs, and the availability of raw materials.

While the situation remains fluid and prolonged disruptions may place additional pressure on operating costs across industries globally, the Group has been taking prudent measures to mitigate these challenges and maintain operational stability. At this juncture, there has been no material adverse impact on the Group's financial position, business operations, or overall performance.

Q6. We have several foreign sounding names in our Board of Directors. Please detail the nationality of the directors of the company. Why do we have so many Directors who are foreigners? This is a huge risk because if there be fraud (which is a real concern given what transpired over the past many years), these foreign directors could just easily run away from Singapore and escape liability (since they are not Singaporeans). Hence, please detail, explain and elaborate.

The appointment of directors is based on their qualifications, experience, expertise, and ability to contribute effectively to the strategic oversight and governance of the Group, rather than nationality. To date, the directors' professional backgrounds and expertise have been essential in navigating our internal review and ensuring business continuity.

All directors, regardless of nationality, are subject to the same fiduciary duties and statutory obligations under applicable laws and regulations, including those under the Singapore Companies Act and the SGX Listing Rules. Directors are expected to act in the best interests of the Company and may be held accountable for any breach of their duties.

Q7. Further to the queries above, many of these directors do not appear to have experience serving on SGX-listed companies' boards. Why is it so? Please indicate which directors have had previous experience serving on SGX-listed companies' boards, if any. Please detail, explain and elaborate.

The directors bring a wealth of expertise and experience to support the Group's strategic direction and governance needs. While prior experience serving on SGX-listed companies' boards is a relevant consideration, it is not the sole criterion in the appointment of directors. The Directors' experience on SGX-listed companies' boards, where applicable, are disclosed in their appointment announcements on SGXNet.

The Board bring extensive senior leadership and professional experience across manufacturing, finance, mergers and acquisitions, international business, and operational transformation. The

Board believes that this combination of experience and perspectives strengthens the Group's ability to navigate operational, strategic, and governance matters effectively.

The Board also recognises the importance of strong corporate governance and regulatory compliance for a listed company. The directors have attended or will attend all relevant director training sessions and are regularly updated on their duties and responsibilities under the Singapore Companies Act, SGX Listing Rules, and applicable corporate governance requirements to ensure that they are able to effectively discharge their responsibilities as directors of a listed company.

Q8. Despite the Company having made mistakes like getting into bad ventures like Fu Yu Supply Chain Solutions Pte Ltd ("FYSCS"), suffering losses for a third consecutive year as a consequence, shareholders dividends being suspended, why is it that director fees remained at S$232,000 for the past few years? How and in what ways have the management taken responsibility and accountability for their mistakes? Why are director fees being maintained when the Company made three consecutive years of losses and did not pay shareholders any dividends for many years and counting? Shareholders have not been paid dividends for years, so please justify and account for the maintaining director fees. Please explain and elaborate.

To clarify, the proposed aggregate directors' fees of (i) a pro rated amount of S$118,615 for FY2025, and (ii) S$232,000 for FY2026 are now divided between four independent directors instead of three independent directors. As such, the amount of proposed directors' fees per director has decreased as compared to the fees of S$233,000 proposed (but not passed) at the FY2024 annual general meeting.

The Board has undergone reconstitution and renewal since the previous annual general meeting of the Company, during which the current independent directors of the Company were appointed. The directors have since played a critical role in guiding the Group through its transformation strategy.

The Board has helped to resolve the legacy issues, and we are in a better position to focus on scaling our manufacturing operations. Already, the Group's operating performance has improved. In FY2025, the Group's core manufacturing operations recorded revenue growth of 6.8% compared to FY2024, while gross profit margin improved from 13.5% to 14.5%, reflecting continued progress in operational efficiency and execution.

These ongoing transformation and corporate initiatives have required substantial time, commitment, and oversight from the directors. The proposed directors' fees for FY2025 and FY2026 reflect the Board's continued involvement and contributions in steering the Group through this important phase of transformation and strengthening the foundation for long-term sustainable growth.

Q9. Despite making three consecutive years of losses and not paying shareholders any dividends, directors fees were maintained at S$232,000. Shareholder alignment is an essential component of corporate governance, as it ensures that the interests of shareholders are aligned with those of the company. When shareholders are aligned with the company's objectives, they are more likely to invest in the company and support its growth. Does the company believe in the principle of shareholder alignment? Given that the company made a huge loss, three consecutive years of losses in a row, and dividends were non-existent, but yet director fees were maintained and not reduced (and possibly management remuneration went up too), how is it congruent with the spirit of shareholder alignment? Please explain and elaborate clearly.

The Board recognises the importance of shareholder alignment and remains mindful of the Group's financial performance and the interests of shareholders when determining directors' remuneration. Directors' fees are reviewed with reference to the scope of responsibilities, time commitment, experience required, market benchmarks of comparable listed companies, and the need to attract and retain qualified directors to provide effective oversight and governance of the Group.

As disclosed in the FY2025 Financial Statements note 28, total key management personnel remuneration decreased from S$3.27 million in FY2024 to S$2.48 million in FY2025, reflecting the Group's prudent approach towards remuneration amidst the challenging operating environment.

The Board will continue to review remuneration matters prudently, taking into account the Group's performance and shareholders' interests.

Q10. From Note 21, it is stated that audit fees paid increased from S$212,000 to S$271,000, which represents a more than 25% increase in audit fees. Why did audit fees increase so much last year and are the fees reasonable? Please explain and elaborate.

How long have we been using Baker Tilly TFW LLP ("Baker Tilly") as our auditors? Please quantify.

Baker Tilly has served as the Company's external auditors since FY2023.

The increase in audit fees from S$212,000 to S$271,000 was primarily attributable to the additional audit scope and work required, which mainly related to the investigations into the affairs of FYSCS, ongoing internal reviews relating to senior management matters and legal claims involving former senior management, as well as significant one-off matters including the winding down of the manufacturing facility in Zhuhai and the impairment assessments of property, plant and equipment, as FY2025 marked the Group's third consecutive year of financial losses.

The Audit Committee reviews the audit fees and scope of work annually to ensure that the fees remain appropriate and commensurate with the scope, complexity, and requirements of the audit.

Based on the Audit Committee's assessment, the audit fees were considered reasonable and aligned with the scope of work performed.

Q11. I note that Baker Tilly is not seeking re-appointment. Did management not want Baker Tilly to continue as auditors? Or is it the other way around, Baker Tilly does not want to be our auditors anymore? What are the reasons for Baker Tilly not continuing as our auditors? Please explain and elaborate.

The change of external auditors was made following discussions between the Company and Baker Tilly as part of the Company's overall review of its audit requirements and circumstances.

The decision was reached after taking into consideration various factors, including the Group's evolving business needs, audit requirements, and audit fee considerations.

The Board and the Audit Committee would like to place on record their appreciation to Baker Tilly for their professionalism, support, and services rendered during their tenure as the Company's external auditors.

Q12. From Note 21, it is stated that staff costs increased from $35.8 million to $37.8 million. Please justify and explain the increases in staff costs when the company made three consecutive years of losses and did not pay shareholders any dividends for many years. Do you not think that the company should be looking at how to reduce its cost structure, make it more lean and get rid of its excesses, in a bid to enable the company to return to profitability? Please explain and elaborate.

The increase in staff costs from S$35.8 million to S$37.8 million was mainly attributable to manpower costs required to support the Group's manufacturing operations.

In FY2025, the Group's core manufacturing operations recorded revenue growth of 6.8% compared to FY2024. As part of the Group's efforts to support operational improvement, strengthen manufacturing capabilities, and enhance customer support, investments in manpower and operational capabilities continued during the year.

At the same time, the Group remains highly focused on cost discipline and operational efficiency, having completed several initiatives such as the consolidation of its Zhuhai facility in China. The Group also continues to review its manpower structure, operational processes, automation opportunities, and resource allocation to improve productivity and enhance long-term operational efficiency.

The Board and management fully recognise the importance of restoring sustainable profitability and delivering long-term value to shareholders. Accordingly, the Group continues to balance prudent cost management with the need to retain critical talent, maintain operational capabilities, and support future business growth.

By Order of the Board
FU YU CORPORATION LIMITED

Gilbert L. Rodrigues
Independent Non-Executive Chairman
24 April 2026