



**FU YU CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD AND TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2022**

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**A Condensed interim statements of financial position**

	Note	Group		Company	
		As at	As at	As at	As at
		31 Dec 2022 \$'000	31 Dec 2021 \$'000	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	61,628	60,026	38,377	31,223
Investment property	4	6,785	7,379	–	–
Goodwill	5	5,979	5,978	–	–
Subsidiaries	6	–	–	57,858	52,326
Amount due from subsidiary companies	7	–	–	21,094	28,338
Deferred tax assets		823	991	–	–
		<u>75,215</u>	<u>74,374</u>	<u>117,329</u>	<u>111,887</u>
<b>Current assets</b>					
Inventories		18,386	17,090	3,822	4,236
Contract assets		1,625	1,710	463	698
Trade and other receivables	7	31,889	35,742	18,251	17,811
Cash and cash equivalents	8	79,347	83,947	18,824	19,489
		<u>131,247</u>	<u>138,489</u>	<u>41,360</u>	<u>42,234</u>
<b>Total assets</b>		<u>206,462</u>	<u>212,863</u>	<u>158,689</u>	<u>154,121</u>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	9	102,158	102,158	102,158	102,158
Reserves		49,269	51,705	28,105	25,851
<b>Total equity</b>		<u>151,427</u>	<u>153,863</u>	<u>130,263</u>	<u>128,009</u>
<b>Non-current liabilities</b>					
Trade and other payables		362	323	362	323
Loans and borrowings	10	9,095	9,350	8,715	8,421
Deferred tax liabilities		1,835	1,746	961	727
		<u>11,292</u>	<u>11,419</u>	<u>10,038</u>	<u>9,471</u>
<b>Current liabilities</b>					
Trade and other payables		34,690	35,184	12,862	11,745
Contract liabilities		805	565	91	203
Loans and borrowings	10	5,011	4,036	4,537	3,511
Tax payable		3,237	7,796	898	1,182
		<u>43,743</u>	<u>47,581</u>	<u>18,388</u>	<u>16,641</u>
<b>Total liabilities</b>		<u>55,035</u>	<u>59,000</u>	<u>28,426</u>	<u>26,112</u>
<b>Total equity and liabilities</b>		<u>206,462</u>	<u>212,863</u>	<u>158,689</u>	<u>154,121</u>

**B (i) Condensed interim consolidated income statement  
For the Six Months and Twelve Months Ended 31 December 2022**

	Note	Group			Group		
		Six Months Ended 31 Dec			Twelve Months Ended 31 Dec		
		2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %
Revenue	11	118,329	125,142	(5.4)	240,113	195,531	22.8
Cost of sales		<u>(101,749)</u>	<u>(105,442)</u>	(3.5)	<u>(202,521)</u>	<u>(159,075)</u>	27.3
<b>Gross profit</b>		16,580	19,700	(15.8)	37,592	36,456	3.1
Other income		1,527	995	53.5	2,522	3,281	(23.1)
Selling and administrative expenses		(12,719)	(10,095)	26.0	(22,927)	(19,461)	17.8
Other operating (expenses)/ income, net		(1,129)	189	NM	443	1,234	(64.1)
Reversal of impairment loss on trade receivables	12	<u>–</u>	<u>–</u>	NM	<u>–</u>	<u>27</u>	NM
Results from operating activities		4,259	10,789	(60.5)	17,630	21,537	(18.1)
Finance costs		<u>(217)</u>	<u>(157)</u>	38.2	<u>(359)</u>	<u>(296)</u>	21.3
<b>Profit before income tax</b>	12	4,042	10,632	(62.0)	17,271	21,241	(18.7)
Tax expense	13	<u>(543)</u>	<u>(1,911)</u>	(71.6)	<u>(2,837)</u>	<u>(3,657)</u>	(22.4)
<b>Profit for the period/year attributable to owners of the Company</b>		<u>3,499</u>	<u>8,721</u>	(59.9)	<u>14,434</u>	<u>17,584</u>	(17.9)
<b>Earnings per share</b>							
Basic and diluted earnings per share (cents)		<u>0.46</u>	<u>1.16</u>	(60.3)	<u>1.92</u>	<u>2.34</u>	(17.9)

NM denotes Not Meaningful

**B (ii) Condensed interim consolidated statement of comprehensive income  
For the Six Months and Twelve Months Ended 31 December 2022**

	<u>Group</u>			<u>Group</u>		
	<u>Six Months</u>		<u>Change</u>	<u>Twelve Months</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
<b>Profit for the period/year</b>	3,499	8,721	(59.9)	14,434	17,584	(17.9)
<b>Other comprehensive income</b>						
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	(4,361)	832	NM	(5,192)	1,137	NM
Exchange differences realised on liquidation of a subsidiary/ reclassified to profit or loss	(169)	(1)	NM	(169)	126	NM
<b>Other comprehensive income for the period/year (net of tax)</b>	<u>(4,530)</u>	<u>831</u>	<u>NM</u>	<u>(5,361)</u>	<u>1,263</u>	<u>NM</u>
<b>Total comprehensive income for the period/year attributable to owners of the Company</b>	<u>(1,031)</u>	<u>9,552</u>	<u>(94.3)</u>	<u>9,073</u>	<u>18,847</u>	<u>(49.3)</u>

NM denotes Not Meaningful

**C Condensed interim statements of changes in equity  
For the Six Months Ended 31 December 2022 (Group)**

**Attributable to equity holders of the Company**

	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Share- based payment reserve	Retained earnings	Total equity
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
At 1 July 2022	102,158	(415)	9,209	789	(20,681)	–	63,495	154,555
<b>Total comprehensive income for the period</b>								
Profit for the period	–	–	–	–	–	–	3,499	3,499
<b>Other comprehensive income</b>								
- Foreign currency translation differences	–	–	–	–	(4,530)	–	–	(4,530)
- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	(169)	–	–	(169)
Total comprehensive income for the period	–	–	–	–	(4,530)	–	3,499	(1,031)
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Equity-settled share-based payment transactions	–	–	–	–	–	915	–	915
Dividends paid to owners of the Company	17	–	–	–	–	–	(3,012)	(3,012)
Total transactions with owners	–	–	–	–	–	915	(3,012)	(2,097)
<b>Transfers between reserves</b>								
Transfers to statutory reserves	–	–	(489)	–	–	–	489	–
<b>At 31 December 2022</b>	<b>102,158</b>	<b>(415)</b>	<b>8,720</b>	<b>789</b>	<b>(25,211)</b>	<b>915</b>	<b>64,471</b>	<b>151,427</b>

		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	
<b>Group</b>								
At 1 July 2021	102,158	(415)	8,968	789	(20,681)	81,353	172,172	
<b>Total comprehensive income for the period</b>								
Profit for the period	–	–	–	–	–	8,721	8,721	
<b>Other comprehensive income</b>								
- 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	
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid to owners of the Company	–	–	–	–	–	(27,861)	(27,861)	
Total transactions with owners	–	–	–	–	–	(27,861)	(27,861)	
<b>Transfers between reserves</b>								
Transfers to statutory reserves	–	–	187	–	–	(187)	–	
<b>At 31 December 2021</b>	<b>102,158</b>	<b>(415)</b>	<b>9,155</b>	<b>789</b>	<b>(19,850)</b>	<b>62,026</b>	<b>153,863</b>	

**Condensed interim statements of changes in equity  
For the Twelve Months Ended 31 December 2022 (Group)**

	Note	Attributable to equity holders of the Company							Total equity
		Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>									
At 1 January 2022		102,158	(415)	9,155	789	(19,850)	–	62,026	153,863
<b>Total comprehensive income for the year</b>									
Profit for the year		–	–	–	–	–	–	14,434	14,434
<b>Other comprehensive income</b>									
- Foreign currency translation differences		–	–	–	–	(5,361)	–	–	(5,361)
- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss		–	–	–	–	(169)	–	–	(169)
Total comprehensive income for the year		–	–	–	–	(5,361)	–	14,434	9,073
<b>Transaction with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Equity-settled share-based payment transactions		–	–	–	–	–	915	–	915
Dividends paid to owners of the Company	17	–	–	–	–	–	–	(12,424)	(12,424)
Total transactions with owners		–	–	–	–	–	915	(12,424)	(11,509)
<b>Transfers between reserves</b>									
Transfers to statutory reserves		–	–	(435)	–	–	–	435	–
<b>At 31 December 2022</b>		<b>102,158</b>	<b>(415)</b>	<b>8,720</b>	<b>789</b>	<b>(25,211)</b>	<b>915</b>	<b>64,471</b>	<b>151,427</b>



		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	
<b>Group</b>								
At 1 January 2021	102,158	(415)	8,705	789	(21,113)	82,165	172,289	
<b>Total comprehensive income for the year</b>								
Profit for the year	–	–	–	–	–	17,584	17,584	
<b>Other comprehensive income</b>								
- 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	
<b>Transaction with owners, recognised directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends paid to owners of the Company	–	–	–	–	–	(37,273)	(37,273)	
Total transactions with owners	–	–	–	–	–	(37,273)	(37,273)	
<b>Transfers between reserves</b>								
Transfers to statutory reserves	–	–	450	–	–	(450)	–	
<b>At 31 December 2021</b>	<b>102,158</b>	<b>(415)</b>	<b>9,155</b>	<b>789</b>	<b>(19,850)</b>	<b>62,026</b>	<b>153,863</b>	



For the Twelve Months Ended 31 December 2022 (Company)

	Share capital \$'000	Revaluation reserve \$'000	Merger reserve \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Company</b>						
At 1 January 2022	102,158	789	(1,425)	–	26,487	128,009
<b>Total comprehensive income for the year</b>						
Profit for the year	–	–	–	–	13,763	13,763
Total comprehensive income for the year	–	–	–	–	13,763	13,763
<b>Transaction with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Equity-settled share-based payment transactions	–	–	–	915	–	915
Dividends paid to owners of the Company	–	–	–	–	(12,424)	(12,424)
Total transactions with owners	–	–	–	915	(12,424)	(11,509)
<b>At 31 December 2022</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>915</b>	<b>27,826</b>	<b>130,263</b>
	<b>Share capital</b>	<b>Revaluation</b>	<b>Merger</b>	<b>Share-based</b>	<b>Retained</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>reserve</b>	<b>reserve</b>	<b>payment reserve</b>	<b>earnings</b>	<b>Total equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2021	102,158	789	(1,425)	–	27,106	128,628
<b>Total comprehensive income for the year</b>						
Profit for the year	–	–	–	–	36,654	36,654
Total comprehensive income for the year	–	–	–	–	36,654	36,654
<b>Transaction with owners, recognised directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends paid to owners of the Company	–	–	–	–	(37,273)	(37,273)
Total transactions with owners	–	–	–	–	(37,273)	(37,273)
<b>At 31 December 2021</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>–</b>	<b>26,487</b>	<b>128,009</b>

**D Condensed interim consolidation statement of cash flows  
For the Six Months and Twelve Months Ended 31 December 2022**

	Note	Group			
		Six Months		Twelve Months	
		Ended 31 Dec		Ended 31 Dec	
		2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Profit before income tax		4,042	10,632	17,271	21,241
<b>Adjustments for:</b>					
Depreciation of property, plant and equipment and investment property		3,861	3,949	7,792	7,784
Loss on liquidation of a subsidiary		253	–	253	108
Finance costs		217	157	359	296
Interest income		(624)	(195)	(828)	(487)
Gain on disposal of property, plant and equipment		(39)	(375)	(112)	(701)
Property, plant and equipment written off		16	–	22	2
Equity-settled share-based payment transactions		915	–	915	–
Unrealised foreign exchange losses/(gain)		1,147	(187)	1,206	(559)
		9,788	13,981	26,878	27,684
<b>Changes in working capital:</b>					
Inventories		(1,838)	(1,447)	(2,355)	(3,585)
Trade and other receivables		4,614	2,013	1,960	6,181
Contract assets		(49)	(179)	(10)	44
Trade and other payables		5,018	2,565	1,896	(4,316)
Contract liabilities		(9)	128	292	165
<b>Cash generated from operating activities</b>		17,524	17,061	28,661	26,173
Tax paid		(3,699)	(1,948)	(6,931)	(3,487)
<b>Net cash from operating activities</b>		13,825	15,113	21,730	22,686
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash		–	(1,772)	–	(1,772)
Interest income received		624	195	828	487
Proceeds from disposal of property, plant and equipment		39	351	112	874
Purchase of property, plant and equipment		(5,951)	(7,932)	(11,565)	(13,226)
<b>Net cash used in investing activities</b>		(5,288)	(9,158)	(10,625)	(13,637)
<b>Cash flows from financing activities</b>					
Repayment of lease liabilities	10	(634)	(602)	(1,281)	(1,055)
Repayment of unsecured bank loans	10	(2,005)	–	(2,650)	–
Proceeds from unsecured bank loans	10	–	5,680	4,320	5,680
Finance costs paid		(225)	(14)	(323)	(14)
Dividends paid to owners of the Company	17	(3,012)	(27,861)	(12,424)	(37,273)
Deposits pledged		–	(7)	(1)	(8)
Cash restricted-in-use		1,185	(10,095)	1,665	(10,095)
<b>Net cash used in financing activities</b>		(4,691)	(32,899)	(10,694)	(42,765)
<b>Net increase/(decrease) in cash and cash equivalents</b>		3,846	(26,944)	411	(33,716)
Cash and cash equivalents at beginning of financial period/year		70,636	100,079	73,769	106,485
Effect of exchange rate fluctuations on cash held		(3,059)	634	(2,757)	1,000
<b>Cash and cash equivalents at end of financial period/year</b>	8	<b>71,423</b>	<b>73,769</b>	<b>71,423</b>	<b>73,769</b>

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## **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 2022 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. In FY2021, the Group acquired 100% of the ordinary shares of 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 2022 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 2021.

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 2021.

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

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

### **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 2022:

- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 – 2020

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 2022, the Group acquired assets amounting to \$11,187,000 (31 December 2021: \$15,594,000) of which \$7,000 (31 December 2021: \$1,072,000) relates to right-of-use assets and disposed of assets amounting to \$22,000 (31 December 2021: \$147,000).

### 4. Investment Property

	<u>Group</u> <u>\$'000</u>
<b>Cost</b>	
At 1 January 2021	10,169
Currency realignment	(164)
At 31 December 2021	<u>10,005</u>
At 1 January 2022	10,005
Currency realignment	(585)
At 31 December 2022	<u>9,420</u>
<b>Accumulated depreciation</b>	
At 1 January 2021	2,494
Depreciation for the year	173
Currency realignment	(41)
At 31 December 2021	<u>2,626</u>
At 1 January 2022	2,626
Depreciation for the period	167
Currency realignment	(158)
At 31 December 2022	<u>2,635</u>
<b>Carrying amounts</b>	
At 1 January 2021	<u>7,675</u>
At 31 December 2021	<u>7,379</u>
At 31 December 2022	<u>6,785</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 2022 amounts to approximately \$9,296,000 (2021: \$9,873,000) 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

	<u>Group</u> <u>\$'000</u>
Acquisition through business combination	5,979
<b>Carrying amount</b>	
At 31 December 2022	<u>5,979</u>

### *Impairment testing for cash generating unit ("CGU") containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's supply chain management services and commodity raw materials CGU.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from continuing use of the CGU.

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

<b>Group</b>	<b>2022</b>
Number of years projected in the discounted cash flows	5 years
Discount rate	11.00%
Revenue growth rate	1.25% to 5.00%
Gross profit margin	3.66%
Terminal value growth rate	<u>1.25%</u>

At 31 December 2022, the recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

## 6. Subsidiaries

	<b>Company</b>	
	<b>As at</b> <b>31 Dec 2022</b> <b>\$'000</b>	<b>As at</b> <b>31 Dec 2021</b> <b>\$'000</b>
Equity investments, at cost	115,745	115,745
Forgiveness of amounts due from subsidiaries	12,802	12,802
	<u>128,547</u>	<u>128,547</u>
Impairment loss	(70,689)	(76,221)
	<u>57,858</u>	<u>52,326</u>

### **Impairment assessment**

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

For the subsidiary whose financial performance had improved, the Company recognised a reversal of impairment loss of \$5,532,000 (2021: \$4,464,000) in profit or loss for the year.



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

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 January	76,221	77,955
Reversal of impairment loss	(5,532)	(4,464)
Impairment loss recognised	–	2,730
At 31 December	<u>70,689</u>	<u>76,221</u>

## 7. Trade and Other Receivables

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Dec 2022</b>	<b>As at 31 Dec 2021</b>	<b>As at 31 Dec 2022</b>	<b>As at 31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	29,218	33,068	9,538	10,360
Allowance for impairment of doubtful receivables	(3)	(3)	–	–
Net trade receivables	<u>29,215</u>	<u>33,065</u>	<u>9,538</u>	<u>10,360</u>
Other receivables	583	157	121	27
Amounts due from subsidiaries	–	–	29,112	35,097
Deposits	265	329	87	86
	<u>30,063</u>	<u>33,551</u>	<u>38,858</u>	<u>45,570</u>
Prepayments	586	431	193	132
Advances to suppliers	1,240	1,760	294	447
	<u>31,889</u>	<u>35,742</u>	<u>39,345</u>	<u>46,149</u>
Non-current	–	–	21,094	28,338
Current	31,889	35,742	18,251	17,811
	<u>31,889</u>	<u>35,742</u>	<u>39,345</u>	<u>46,149</u>

### Amounts due from subsidiaries

	<b>Company</b>	
	<b>As at 31 Dec 2022</b>	<b>As at 31 Dec 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts due from subsidiaries		
Non-current		
- non-trade	27,395	33,801
Impairment loss	(6,301)	(5,463)
	<u>21,094</u>	<u>28,338</u>
Current		
- trade	90	85
- non-trade	7,928	6,674
	<u>29,112</u>	<u>35,097</u>

### Expected credit loss (“ECL”) assessment

The Group uses an allowance matrix to measure the ECLs of trade 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 2022 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
Cash at bank and in hand	25,166	48,723	13,224	16,110
Deposits with banks	54,181	35,224	5,600	3,379
Cash and cash equivalents	79,347	83,947	18,824	19,489
Cash restricted-in-use	(7,845)	(10,095)		
Deposits pledged	(79)	(83)		
Cash and cash equivalents in the consolidated statement of cash flows	71,423	73,769		

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

Cash restricted-in-use includes S\$ Nil (31 December 2021: S\$4,000,000) earmarked for trade financing and S\$7,845,000 (31 December 2021: S\$6,095,000) deposits for the unsecured bank loan purposes (see note 10).

Deposits with financial institutions mature on varying periods within 12 months (2021: 12 months) from the financial year end. Effective interest rates range from 1.75% to 4.42% (2021: 0.03% to 2.10%) per annum.

Cash and bank balances totalling the equivalent of \$22,491,000 (31 December 2021: \$23,968,000) are held in a country which operates foreign exchange controls.

## 9. Share Capital

	Group and Company	
	2022	2021
<b>Fully paid ordinary shares, with no par value:</b>	<b>No. of shares</b>	
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 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

## 10. Loans and Borrowings and Lease Liabilities

	Group		Company	
	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 \$'000
<b>Non-current liabilities</b>				
Unsecured bank loans	3,341	2,680	3,341	2,680
Lease liabilities	5,754	6,670	5,374	5,741
	<u>9,095</u>	<u>9,350</u>	<u>8,715</u>	<u>8,421</u>
<b>Current liabilities</b>				
Unsecured bank loans	4,009	3,000	4,009	3,000
Lease liabilities	1,002	1,036	528	511
	<u>5,011</u>	<u>4,036</u>	<u>4,537</u>	<u>3,511</u>

### 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	2022	
				Face value \$'000	Carrying amount \$'000
<b>Group</b>					
Unsecured bank loans	SGD	5.09%	2024	7,350	7,350
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,162	5,910
Lease liabilities	MYR	6.90%-6.95%	2022-2024	41	40
Lease liabilities	RMB	4.53%-4.75%	2024-2026	840	806
				<u>16,393</u>	<u>14,106</u>
<b>Company</b>					
Unsecured bank loans	SGD	5.09%	2024	7,350	7,350
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,153	5,902
				<u>15,503</u>	<u>13,252</u>
<b>2021</b>					
	Currency	Nominal interest rate	Year of maturity	Face value \$'000	Carrying amount \$'000
<b>Group</b>					
Unsecured bank loans	SGD	1.95%-2.00%	2024	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
				<u>15,877</u>	<u>13,386</u>
<b>Company</b>					
Unsecured bank loans	SGD	1.95%-2.00%	2024	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>

### 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 (see note 8).

**Intra-group financial guarantee**

In 2022, an intra-group financial guarantee comprises a guarantee given by the Company to a bank in respect of banking credit facilities amounting to \$117,947,000 granted to the wholly-owned subsidiaries in Malaysia and Singapore. 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:**

	<b>Lease liabilities \$'000</b>	<b>Unsecured bank loans \$'000</b>
<b>Group</b>		
Balance at 1 January 2022	7,706	5,680
<b>Changes in financing cash flows</b>		
Proceeds from unsecured bank loans	–	4,320
Repayment of unsecured bank loans	–	(2,650)
Payment of lease liabilities	(1,275)	–
Finance costs paid	(6)	(229)
<b>Total changes from financing cash flows</b>	<b>(1,281)</b>	<b>1,441</b>
<b>Other changes</b>		
<b>Liability-related</b>		
New lease	7	–
Currency realignment	(99)	–
Interest expense	265	–
Remeasurement of lease liabilities	158	–
Capitalised borrowing costs	–	229
<b>Total liability-related other changes</b>	<b>331</b>	<b>229</b>
Balance at 31 December 2022	<u>6,756</u>	<u>7,350</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).

	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 45%; text-align: center;"> <p>← Manufacturing Segment</p> </div> <div style="width: 10%; text-align: center;"> <p>Reportable segments</p> </div> <div style="width: 45%; text-align: center;"> <p>Supply Chain Management Services Segment →</p> </div> </div>											
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Six Months Ended 31 Dec</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Group</b>												
<b>Major products/ service line</b>												
Sales of goods	23,567	22,455	26,036	29,320	14,279	16,865	63,882	68,640	50,261	51,850	114,143	120,490
Revenue from tooling contracts	1,484	1,796	1,880	1,596	822	1,260	4,186	4,652	–	–	4,186	4,652
	<u>25,051</u>	<u>24,251</u>	<u>27,916</u>	<u>30,916</u>	<u>15,101</u>	<u>18,125</u>	<u>68,068</u>	<u>73,292</u>	<u>50,261</u>	<u>51,850</u>	<u>118,329</u>	<u>125,142</u>
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	23,567	22,455	26,036	29,320	14,279	16,865	63,882	68,640	50,261	51,850	114,143	120,490
Services transferred over time	1,484	1,796	1,880	1,596	822	1,260	4,186	4,652	–	–	4,186	4,652
	<u>25,051</u>	<u>24,251</u>	<u>27,916</u>	<u>30,916</u>	<u>15,101</u>	<u>18,125</u>	<u>68,068</u>	<u>73,292</u>	<u>50,261</u>	<u>51,850</u>	<u>118,329</u>	<u>125,142</u>

	Reportable segments											
	Manufacturing Segment								Supply Chain Management Services Segment			
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total	
Twelve Months Ended 31 Dec	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Group</b>												
<b>Major products/ service line</b>												
Sales of goods	47,598	45,441	51,531	55,743	31,574	33,755	130,703	134,939	100,022	51,850	230,725	186,789
Revenue from tooling contracts	4,317	4,471	3,247	2,465	1,824	1,806	9,388	8,742	–	–	9,388	8,742
	<u>51,915</u>	<u>49,912</u>	<u>54,778</u>	<u>58,208</u>	<u>33,398</u>	<u>35,561</u>	<u>140,091</u>	<u>143,681</u>	<u>100,022</u>	<u>51,850</u>	<u>240,113</u>	<u>195,531</u>
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	47,598	45,441	51,531	55,743	31,574	33,755	130,703	134,939	100,022	51,850	230,725	186,789
Services transferred over time	4,317	4,471	3,247	2,465	1,824	1,806	9,388	8,742	–	–	9,388	8,742
	<u>51,915</u>	<u>49,912</u>	<u>54,778</u>	<u>58,208</u>	<u>33,398</u>	<u>35,561</u>	<u>140,091</u>	<u>143,681</u>	<u>100,022</u>	<u>51,850</u>	<u>240,113</u>	<u>195,531</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:**

	<b>Group</b>		<b>Increase / (Decrease)</b>
	<b>Year end</b>		
	<b>2022</b>	<b>2021</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Sales reported for the first half year	121,784	70,389	73.0
Operating profit after tax reported for first half year	10,935	8,863	23.4
Sales reported for the second half year	118,329	125,142	(5.4)
Operating profit after tax for second half year	3,499	8,721	(59.9)

12. **Profit before Income Tax**

**Significant items**

	<b>Group</b>			
	<b>Six Months</b>		<b>Twelve Months</b>	
	<b>Ended 31 Dec</b>		<b>Ended 31 Dec</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>A. Profit before income tax is arrived at after (crediting)/ charging the following:</b>				
Interest income	(624)	(195)	(828)	(487)
Gain on disposal of property, plant and equipment	(39)	(375)	(112)	(701)
Foreign exchange loss/(gain), net	875	(157)	(703)	(1,344)
Property, plant and equipment written off	16	–	22	2
Reversal of impairment loss on trade receivables	–	–	–	(27)
Depreciation of property, plant and equipment and investment property	3,861	3,949	7,792	7,784
Interest expenses on lease liabilities	116	144	258	283
Interest expenses on unsecured bank loans	101	13	101	13
Allowance for inventory obsolescence, net and inventories written off	6	75	149	340
Share-based payment transactions	2,046	–	2,046	–

	Group			
	Six Months		Twelve Months	
	Ended 31 Dec		Ended 31 Dec	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>B. Income tax expense</b>				
Adjustments for (over)/under provision of income tax in respects of prior years	(214)	(269)	(297)	(431)
Adjustments for under/(over) provision of deferred tax in respect of prior years	(179)	83	(179)	83

### 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		Twelve Months	
	Ended 31 Dec		Ended 31 Dec	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<b>Current tax expense</b>				
Current year	877	1,787	2,872	3,356
Withholding taxes	14	130	31	208
Overprovision in prior years	(214)	(269)	(297)	(431)
	677	1,648	2,606	3,133
<b>Deferred tax expense</b>				
Movements in temporary differences	45	1,003	410	1,264
Recognition of tax effect of previously unrecognised tax losses	–	(823)	–	(823)
Over/(under) provision in prior years	(179)	83	(179)	83
	(134)	263	231	524
<b>Tax expense</b>	543	1,911	2,837	3,657

### 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 Chief Executive Officer (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							Supply Chain Management Services Segment									
	Singapore		China		Malaysia			Total for Manufacturing Segment		Singapore		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	
<b>Revenue and expenses</b>																	
Total external revenue	25,051	24,251	27,916	30,916	15,101	18,125	68,068	73,292	50,261	51,850	118,329	125,142	-	-	118,329	125,142	
Inter-segment revenue	32	44	6	-	93	79	131	123	-	-	-	123	(131)	(123)	-	-	
Segment profit before income tax*	7,141	17,110	2,638	3,205	3,602	5,226	13,381	25,541	574	1,307	13,955	26,848	(4,960)	(12,267)	8,995	14,581	
Depreciation of property, plant and equipment and investment property	(1,215)	(1,119)	(1,564)	(1,874)	(1,104)	(1,130)	(3,883)	(4,123)	(5)	(1)	(3,888)	(4,124)	27	175	(3,861)	(3,949)	
Finance costs	(197)	(119)	(22)	(34)	-	(4)	(219)	(157)	(133)	(35)	(352)	(192)	135	35	(217)	(157)	
Foreign exchange (loss)/gain (net)	(2,055)	557	(927)	242	(17)	29	(2,999)	828	219	(7)	(2,780)	821	1,905	(664)	(875)	157	
Profit before income tax	3,674	16,429	125	1,539	2,481	4,121	6,280	22,089	655	1,264	6,935	23,353	(2,893)	(12,721)	4,042	10,632	
Tax expense															(543)	(1,911)	
Net profit for the period															3,499	8,721	
Capital expenditure**	5,724	7,491	489	167	388	472	6,601	8,130	48	9	6,649	8,139	-	-	6,649	8,139	
Interest income	297	51	125	102	41	77	463	230	296	-	759	230	(135)	(35)	624	195	

\* After excluding finance costs, 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue and expenses</b>																
Total external revenue	51,915	49,912	54,778	58,208	33,398	35,561	140,091	143,681	100,022	51,850	240,113	195,531	-	-	240,113	195,531
Inter-segment revenue	72	61	6	-	403	278	481	339	-	-	481	339	(481)	(339)	-	-
Segment profit before income tax*	17,928	33,755	5,516	5,553	8,218	9,801	31,662	49,109	2,057	1,307	33,719	50,416	(9,000)	(22,439)	24,719	27,977
Depreciation of property, plant and equipment and investment property	(2,397)	(2,154)	(3,312)	(3,752)	(2,231)	(2,229)	(7,940)	(8,135)	(9)	(1)	(7,949)	(8,136)	157	352	(7,792)	(7,784)
Finance costs	(303)	(220)	(50)	(71)	(4)	(5)	(357)	(296)	(263)	(35)	(620)	(331)	261	35	(359)	(296)
Foreign exchange gain/(loss) (net)	(470)	2,460	(1,876)	439	309	134	(2,037)	3,033	159	(7)	(1,878)	3,026	2,581	(1,682)	703	1,344
Profit before income tax	14,758	33,841	278	2,169	6,292	7,701	21,328	43,711	1,944	1,264	23,272	44,975	(6,001)	(23,734)	17,271	21,241
Tax expense															(2,837)	(3,657)
Net profit for the year															14,434	17,584
<b>Other segment information</b>																
Non-current assets	117,282	111,804	8,840	12,495	21,381	23,865	147,503	148,164	6,048	5,996	153,551	154,160	(79,159)	(80,777)	74,392	73,383
Unallocated assets															823	991
Total non-current assets															75,215	74,374
Capital expenditure**	9,397	12,781	614	734	1,108	998	11,119	14,513	61	9	11,180	14,522	-	-	11,180	14,522
Interest income	442	114	259	167	67	241	768	522	321	-	1,089	522	(261)	(35)	828	487
Segment reporting assets	158,684	154,078	54,589	63,101	42,443	43,582	255,716	260,761	36,389	38,805	292,105	299,566	(86,466)	(87,694)	205,639	211,872
Unallocated assets															823	991
Total assets															206,462	212,863
Segment reporting liabilities	26,425	24,210	14,558	21,928	7,372	6,911	48,355	53,049	329	6,571	48,684	59,620	1,279	(10,162)	49,963	49,458
Unallocated liabilities															5,072	9,542
Total liabilities															55,035	59,000

\* After excluding finance costs, 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 2022 and 31 December 2021:

	Designated at FVTPL \$'000	Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
<b>Group</b>				
<b>31 December 2022</b>				
Trade and other receivables <sup>+</sup>	–	30,063	–	30,063
Cash and cash equivalents	–	79,347	–	79,347
Trade and other payables <sup>#</sup>	–	–	(34,886)	(34,886)
Unsecured bank loans	–	–	(7,350)	(7,350)
	–	109,410	(42,236)	67,174
<b>31 December 2021</b>				
Trade and other receivables <sup>+</sup>	–	33,551	–	33,551
Cash and cash equivalents	–	83,947	–	83,947
Trade and other payables <sup>#</sup>	–	–	(33,505)	(33,505)
Unsecured bank loans	–	–	(5,680)	(5,680)
	–	117,498	(39,185)	78,313
<b>Company</b>				
<b>31 December 2022</b>				
Trade and other receivables <sup>+</sup>		38,858	–	38,858
Cash and cash equivalents		18,824	–	18,824
Trade and other payables <sup>#</sup>		–	(12,844)	(12,844)
Unsecured bank loans		–	(7,350)	(7,350)
		57,682	(20,194)	37,488
<b>31 December 2021</b>				
Trade and other receivables <sup>+</sup>		45,570	–	45,570
Cash and cash equivalents		19,489	–	19,489
Trade and other payables <sup>#</sup>		–	(10,068)	(10,068)
Unsecured bank loans		–	(5,680)	(5,680)
		65,059	(15,748)	49,311

+ Excludes prepayments and advances to suppliers

# Includes amount due to subsidiary companies and excludes advance billings

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**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:

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Paid by the Company to owners of the Company</b>		
An interim dividend of 0.40 cent (FY2021: 0.40 cent) per qualifying ordinary share	3,012	3,012
Final dividend of 1.25 cents (FY2021: 1.25 cents) per qualifying ordinary share	9,412	9,412
Special dividend of Nil (FY2021: 3.30 cents) per qualifying ordinary share	-	24,849
	<u>12,424</u>	<u>37,273</u>

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**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 2022 was 752,994,775 (31 December 2021: 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 2022 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 2022 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 2022 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2021.

**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	
	2022	2021	2022	2021
Earnings per share				
-Basic and diluted (cents)	0.46	1.16	1.92	2.34

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 (2021: 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 2022 and 31 December 2021.

**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 22	As at 31 Dec 21	As at 31 Dec 22	As at 31 Dec 21
Net asset value (S\$'000)	151,427	153,863	130,263	128,009
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	20.11	20.43	17.30	17.00

## 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 commodities.

### INCOME STATEMENT

#### Revenue

For the six months ended 31 December 2022 (“2H22”), the Group’s revenue eased 5.4% to S\$118.3 million from S\$125.1 million in 2H21. This was attributed to softer revenues derived from the Group’s manufacturing business and supply chain management services.

For the financial year ended 31 December 2022 (“FY2022”), the Group reported revenue of S\$240.1 million, up 22.8% from S\$195.5 million in FY2021. The increase was driven mainly by the supply chain management services which recorded its maiden full-year contribution in FY2022. This business nearly doubled its revenue to S\$100.0 million in FY2022 compared to S\$51.9 million in FY2021. Revenue derived from the manufacturing business in FY2022 was relatively stable at S\$140.1 million, down a marginal 2.5% from S\$143.7 million in FY2021.

#### Manufacturing Business

For FY2022, revenue of the manufacturing business was buoyed by higher sales from its Singapore operations, which partially blunted the impact of softer sales from the Malaysia and China segments.

Sales from the Singapore operations in FY2022 climbed 4.0% to S\$51.9 million from S\$49.9 million in FY2021, driven mainly by higher sales of medical products.

The Malaysia segment recorded a 6.1% decrease in sales to S\$33.4 million in FY2022 from S\$35.6 million in FY2021. Higher orders of consumer products helped to partially offset softer sales of printing & imaging, power tools and automotive products in FY2022.

Revenue from the China segment in FY2022 also declined 5.9% to S\$54.8 million from S\$58.2 million. Higher sales of medical products cushioned against the impact of lower sales from networking & communications, consumer and printing & imaging products in FY2022.

As a percentage of total sales from the manufacturing business in FY2022, the Singapore segment’s contribution expanded to 37.1% (FY2021: 34.7%). The Malaysia segment’s contribution was 23.8% (FY2021: 24.7%) while the China operations accounted for 39.1% of the manufacturing business’ revenue in FY2022 (FY2021: 40.6%).

#### Supply Chain Management Services

Following completion of the acquisition of FYSCS, its revenue was consolidated into the Group’s revenue from 2H21. For FY2022, the supply chain management services business generated revenue of S\$100.0 million from physical commodities trading activities and contributed 41.7% to the Group’s total revenue.

### Gross Profit

The Group's gross profit in 2H22 decreased 15.8% to S\$16.6 million from S\$19.7 million in 2H21. Correspondingly, gross profit margin narrowed to 14.0% in 2H22 from 15.7% in 2H21 as a result of lower revenue and increased operating costs.

For FY2022, the Group's gross profit edged up 3.1% to S\$37.6 million from S\$36.5 million in FY2021. Gross profit from the manufacturing business in FY2022 held relatively steady at S\$33.9 million compared to S\$34.3 million in FY2021, translating into a higher gross profit margin of 24.2% versus 23.8% previously. The supply chain management services registered gross profit of S\$3.7 million in FY2022 compared to S\$2.2 million in FY2021. Gross profit margin of this business segment softened slightly to 3.7% in FY2022 from 4.3% previously. As a result, the Group's overall gross profit margin narrowed to 15.7% for FY2022 from 18.6% in FY2021.

### Other Income

Other income in 2H22 increased 53.5% to S\$1.5 million from S\$1.0 million in 2H21, attributed mainly to higher interest and rental income. For FY2022, other income decreased 23.1% to S\$2.5 million from S\$3.3 million in FY2021 due mainly to lower gain from disposal of property, plant and equipment, and the cessation 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 nil in FY2022.

### Selling and Administrative Expenses

Selling and administrative expenses in 2H22 and FY2022 increased to S\$12.7 million and S\$22.9 million respectively compared to S\$10.1 million in 2H21 and S\$19.5 million in FY2021. The increase was attributed mainly to the consolidation of staff expenses from the supply chain management services business, and Fu Yu Restricted Share Plan (please refer to the Company's announcement dated 26 December 2022) ("**RSP**").

Under the RSP, 30 million ordinary shares were granted as awards on 14 November 2022. Around 5 million shares were vested on 14 November 2022, and another 5 million shares will be vested on 31 December 2023. The remaining 20 million shares will vest on each financial year from FY2022 to FY2026, subject to the performance conditions set out under the RSP. Consequently, awards totalling 9 million shares, which translated into an amount of around S\$2.0 million based on the Market Value of the Company's shares on grant date or fair value as at year end were recognised as administrative expenses in 2H22 and FY2022 ("**RSP Awards**").

### Other Operating Income / Expenses

The Group recorded other operating expenses of S\$1.1 million in 2H22 in contrast to other operating income of S\$0.2 million in 2H21, leading to a negative swing of S\$1.3 million. This was attributed mainly to a net foreign exchange loss in 2H22 as opposed to a gain in 2H21. As a result, the Group recorded lower other operating income of S\$0.4 million for FY2022, down from S\$1.2 million in FY2021.

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 depreciation of the US Dollar against the Singapore Dollar contributed to the foreign exchange loss in 2H22 and led to a smaller foreign exchange gain in FY2022.

### Finance Costs

Finance costs increased to S\$0.2 million in 2H22 and S\$0.4 million in FY2022 compared to S\$0.2 million in 2H21 and S\$0.3 million in FY2021. Finance costs were attributed mainly to interest expenses on unsecured bank loans, and lease liabilities. The amount of interest expenses charged on lease liabilities (in line with the adoption of SFRS(I) 16) were S\$116,000 in 2H22 and S\$258,000 in FY2022.



### Profit before Income Tax

The Group's profit before tax decreased 62.0% to S\$4.0 million in 2H22 from S\$10.6 million in 2H21. Profit before tax excluding foreign exchange impact ("**operating profit**") in 2H22 also fell to S\$4.9 million from S\$10.5 million previously due mainly to lower revenue and gross profit, as well as higher administrative expenses.

For FY2022, the Group recorded profit before income tax of S\$17.3 million, down 18.7% from S\$21.2 million in FY2021. Operating income in FY2022 was also lower at S\$16.6 million, a decrease of 16.6% from S\$19.9 million in FY2021. This was attributed primarily to lower other income and increased administrative expenses.

On a geographical segmental basis, the Group's manufacturing operations in Singapore posted lower profit before tax (excluding dividend income from Malaysia and China subsidiaries) of S\$10.8 million in FY2022 compared to S\$11.7 million in FY2021. Malaysia segment's profit before tax also decreased to S\$6.3 million in FY2022 from S\$7.7 million in FY2021, while China segment posted a lower profit before tax of S\$0.3 million in FY2022 compared to S\$2.2 million in FY2021.

The supply chain management services operations are based primarily in Singapore, hence there is no geographical breakdown for this business. The supply chain management services contributed a higher profit before tax of S\$2.0 million in FY2022 compared to S\$1.3 million in FY2021.

### Tax Expense

The Group incurred tax expense of S\$0.5 million for 2H22 and S\$2.8 million for FY2022 which translated to effective tax rates of 13.4% and 16.4% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates would be 13.1% for 2H22 and 16.2% for FY2022. The Group's effective tax rate is lower than Singapore's statutory tax rate of 17% due mainly to the varying statutory tax rates of the countries in which the Group operates, and recognition of deferred tax assets.

### Net Profit

	FY2022 (S\$ million)	FY2021 (S\$ million)	Change
Operating profit	16.6	19.9	(16.6%)
Net profit	14.4	17.6	(17.9%)

As a result of the above, the Group's net profit for 2H22 decreased 59.9% to S\$3.5 million from S\$8.7 million in 2H21. For FY2022, net profit also contracted by 17.9% to S\$14.4 million compared to S\$17.6 million in FY2021.

The manufacturing business recorded net profit of S\$12.8 million in FY2022. Excluding the expenses related to the RSP Awards, the manufacturing business would have posted net profit of around S\$14.8 million in FY2022 compared to S\$16.5 million in FY2021. The decrease could be attributed primarily to lower foreign exchange gain and other income.

The softer bottom line of the manufacturing business was partially buffered by the supply chain management services which contributed net profit of S\$1.6 million in FY2022, up 47.3% from S\$1.1 million in FY2021.

### Dividend

The Board of Directors has recommended a final tax exempt dividend of 0.6 cents per share in respect of FY2022. Together with the interim dividend of 0.4 cent per share for 1H22, the Group's total dividend in respect of FY2022 would be 1.0 cent per share.

## BALANCE SHEET

As at 31 December 2022, the Group remained in a sound financial position with net cash of S\$72.0 million. Cash and bank balances was S\$79.4 million while total unsecured bank loans amounted to S\$7.4 million as at 31 December 2022. Shareholders' equity stood at S\$151.4 million, equivalent to net asset value of 20.1 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included net cash of around 9.6 cents per share.

Total assets as at 31 December 2022 decreased to S\$206.5 million from S\$212.9 million as at 31 December 2021. The reduction was attributed mainly to decreases in cash and bank balances and trade and other receivables, which were offset partially by higher inventories and property, plant and equipment.

The Group's total liabilities as at 31 December 2022 decreased to S\$55.0 million from S\$59.0 million as at 31 December 2021. This was due mainly to a reduction in trade and other payables and tax payable, which were offset partially by an increase in unsecured bank loans.

## CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$21.7 million in FY2022. This was attributed mainly to operating profit before working capital changes of around S\$26.9 million, which was reduced partially by higher inventories, lower trade and other payables, and payment of income tax.

Net cash used in investing activities amounted to S\$10.6 million during FY2022. The Group incurred capital expenditure of S\$11.6 million, which was mainly for its redevelopment project in Singapore. This was compensated partially by interest income and proceeds from disposal of property, plant and equipment.

Net cash used in financing activities totalled S\$10.7 million in FY2022, attributed mainly to the payment of dividends to shareholders of the Company and repayment of lease liabilities. This was offset partially by net proceeds from unsecured bank loans and lower cash restricted-in-use.

As a result of the above, the Group's cash and cash equivalents decreased to S\$79.3 million (including cash deposits pledged of S\$0.1 million and cash restricted-in-use of S\$7.8 million) at the end of FY2022 compared to S\$83.9 million as at 31 December 2021.

**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**

The world's economy slumped into a slowdown during 2022 due to mounting business uncertainties arising from geopolitical tensions, growing inflationary cost pressures, rising interest rates and the Russia-Ukraine war which caused a severe dislocation in global supply chains.

Notwithstanding these strong headwinds that affected businesses worldwide, the Group still recorded double-digit revenue growth and remained profitable in FY2022 on the back of a respectable performance by the manufacturing business and the maiden full-year contribution from FYSCS.

To reward shareholders for their support of Fu Yu, the Board has recommended the payment of a final dividend of 0.6 cent per share for FY2022. Together with the interim dividend of 0.4 cent per share, the Group would be paying a total dividend of 1.0 cent per share for FY2022. This amount is in line with Fu Yu's dividend policy to distribute at least 50% of Group net profit, and also takes into

consideration the investments required for the Group's transformation plan to enhance long term shareholder value.

Looking ahead, the business environment is expected to remain challenging due to the ongoing uncertainties with the world's economy widely projected to grow at a slower pace in 2023. Besides the challenging macro environment, 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.

As such, the Group intends to adopt a cautious stance in FY2023 while continuing with its plans to rebrand the manufacturing business and elevate Fu Yu's profile as an advanced solutions provider in the high precision plastics manufacturing industry.

While the short-term business outlook is uncertain amid anticipation of slower demand conditions, the management believes this is an opportune time to continue executing its strategy to transform the Group. This will ensure it will be in a stronger position to seize new market opportunities and enhance its growth profile for the long term.

Fu Yu has been working on several key initiatives aimed at strengthening the Group's capabilities and improving the customer base of its manufacturing business. The Group's talent pool is being refreshed with new hires at both senior and mid management levels. This will enable the Group to gain stronger marketing resources and acquire greater technical know-how to expand its capabilities in high precision engineering, R&D, product design, materials engineering and rapid prototyping. At the same time, the Group intends to make the requisite investments to upgrade its production equipment and software.

By strengthening its personnel, capabilities and infrastructure, the Group believes it will be better placed to pursue its goals to broaden and improve the quality of its customer base, as well as build new revenue drivers to boost long term growth. To this end, the Group plans to put greater emphasis on growing its medical and consumer segments while working to tap opportunities in higher-margin businesses.

As part of these plans, the Group has set up a new subsidiary on 10 February 2023, Fu Yu Biomedical Pte. Ltd. ("**Fu Yu Biomedical**"), to make an entry into the production of higher precision biomedical devices, life sciences products and consumables that have more stringent tolerances such as endoscopes, vials, syringes and in vitro diagnostics. The Group intends to leverage on the advanced manufacturing capabilities of its new "smart factory" in Singapore at 9 Tuas Drive, which had completed redevelopment in December 2022, as its flagship to propel into this new arena. To build this business and enhance its competitiveness, Fu Yu Biomedical plans to distinguish itself with integrated value-chain capabilities to enable delivery of sustainable design-to-fulfilment services to customers. The Group's long term goal is to grow Fu Yu Biomedical's reputation in the global biomedical, life sciences & in vitro diagnostics ecosystems.

For the supply chain management services business, the Group will continue to maintain an opportunistic approach to expand its revenue base. To increase value-add to customers, FYSCS has begun offering supply chain management services to enable them to better manage their inventory requirements. The Group will also be looking at centralising the procurement and logistics management of raw materials for its manufacturing business to reap potential cost savings.

**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	0.6 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 shareholders' 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 2022.

**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**

Janet Tan  
Company Secretary  
Singapore, 28 February 2023