



FU YU CORPORATION LIMITED

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

BUSINESS UPDATE FOR 3Q22

Fu Yu Corporation Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to provide a voluntary update on the Group’s business and unaudited financial performance for the three months ended 30 September 2022 (“3Q22”) and nine months ended 30 September 2022 (“9M22”).

REVENUE

The global business landscape in 3Q22 continued to be weighed down by rising inflationary cost pressures, disruptions in the supply chain and raw material production as well as heightened geopolitical tensions. In addition, the restriction measures in China triggered by the pandemic continued to pose operating challenges for businesses and affect the country’s economy.

Amid this challenging backdrop, the Group registered relatively steady revenue of S\$35.8 million in 3Q22 compared to S\$36.7 million in 3Q21. Group revenue in 3Q22 was buoyed mainly by the manufacturing business which generated revenue of S\$35.4 million in 3Q22.

For 9M22, the Group reported revenue of S\$157.6 million, an increase of 47.1% from S\$107.1 million in 9M21. This was attributable mainly to the addition of a new revenue stream from its supply chain management services business, Fu Yu Supply Chain Solutions Pte Ltd (“FYSCS”) which was acquired in July 2021. The supply chain management services business contributed revenue of S\$50.2 million while the Group’s manufacturing business generated stable revenue of S\$107.4 million in 9M22 compared to S\$107.1 million in 9M21.

Manufacturing business

In 9M22, higher sales of the Group’s Singapore manufacturing operations counterbalanced slight decreases in the sales of its Malaysia and China segments.

Further information on the sales performance of the manufacturing business by geographical segments is provided below:

- **Singapore segment** – Revenue in 9M22 grew 6.8% to S\$40.7 million from S\$38.1 million in 9M21 due mainly to higher sales of medical products.
- **Malaysia segment** – Revenue decreased by a marginal 1.4% to S\$25.6 million in 9M22 from S\$26.0 million in 9M21. Higher sales of consumer and medical products offset softer sales of printing & imaging, power tools and automotive products.
- **China segment** – Revenue eased by 4.4% to S\$41.0 million in 9M22 from S\$43.0 million in 9M21. Higher sales of medical products helped to cushion against lower demand for consumer and networking & communications products in 9M22.

As a percentage of total sales from the manufacturing business in 9M22, the Singapore segment's contribution expanded to 37.9% (9M21: 35.5%). The Malaysia segment's contribution was 23.8% (9M21: 24.3%) while the China operations accounted for 38.3% of the manufacturing business' revenue in 9M22 (9M21: 40.2%).

Supply chain management services

Following completion of the acquisition of FYSCS, its revenue was consolidated into the Group's revenue from 2H21. For 9M22, FYSCS generated revenue of S\$50.2 million from physical commodities trading activities and contributed 31.8% to the Group's total revenue.

GROSS PROFIT MARGIN

The Group's gross profit improved to S\$8.5 million in 3Q22 from S\$8.4 million in 3Q21. Correspondingly, the Group's gross profit margin rose to 23.8% in 3Q22 from 22.9% in 3Q21.

For 9M22, the Group's gross profit increased 17.3% to S\$29.5 million from S\$25.2 million in 9M21. Gross profit from the manufacturing business increased to S\$27.1 million in 9M22 from S\$25.2 million in 9M21, translating into a higher gross profit margin of 25.2% compared to 23.5% previously. The supply chain management services registered gross profit of S\$2.4 million and gross profit margin of 4.8% in 9M22. As a result, the Group's composite gross profit margin in 9M22 was 18.7% as compared to 23.5% in 9M21 which was derived solely from its manufacturing business.

PROFITABILITY

(S\$ million)	3Q22	3Q21	Change	9M22	9M21	Change
Operating profit	3.9	4.0	(2.8%)	15.6	13.5	15.7%
Net profit	4.7	3.3	42.5%	15.6	12.1	28.5%

The Group's operating profit¹ in 3Q22 was relatively stable at S\$3.9 million compared to S\$4.0 million in 3Q21. As the Group is in net US Dollar assets position, the appreciation of the US Dollar against the Singapore Dollar, Malaysia Ringgit and Renminbi in 3Q22 resulted in a higher net foreign exchange gain of S\$1.6 million in 3Q22 compared to a gain of S\$0.5 million in 3Q21. After accounting for foreign exchange impact and tax expenses, the Group reported a net profit of S\$4.7 million in 3Q22, up 42.5% from S\$3.3 million in 3Q21.

For 9M22, operating profit improved 15.7% to S\$15.6 million from S\$13.5 million previously, in line with higher revenue and gross profit. Foreign exchange gain in 9M22 was also higher at S\$3.2 million compared to S\$1.7 million in 9M21. As a result, the Group's net profit rose 28.5% to S\$15.6 million in 9M22 from S\$12.1 million in 9M21.

For 9M22, the manufacturing business generated net profit of S\$14.4 million, an increase of 18.8% from S\$12.1 million in 9M21. Supply chain management services contributed net profit of S\$1.2 million in 9M22.

FINANCIAL POSITION

As at 30 September 2022, the Group remained in a sound financial position with net cash of S\$71.4 million. Cash and bank balances was S\$79.8 million while total loan and borrowings amounted to S\$8.4 million as at 30 September 2022. Shareholders' equity stood at S\$155.3 million, equivalent to net asset value of 20.62 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included net cash of around 9.5 cents per share.

CORPORATE UPDATE

Completion of the redevelopment project of the Group's new factory in Singapore at 9 Tuas Drive has been deferred to the final quarter of 2022 as the Group is currently in the process of clearing compliance checks with the various regulatory agencies.

By Order of the Board

Kong Wei Fung
Company Secretary
Singapore, 11 November 2022

¹ Operating profit = Profit before tax excluding foreign exchange impact

About Fu Yu Corporation Limited

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

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

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

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 which is engaged in the business of providing supply chain management services for commodity raw materials.

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

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