



**FUYU**  
CORPORATION  
**FU YU CORPORATION LIMITED**

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

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**ANNUAL GENERAL MEETING TO BE HELD ON 25 APRIL 2024  
- RESPONSES TO QUESTIONS FROM SHAREHOLDERS**

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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 Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 25 April 2024 at 10.00 a.m. (Singapore time).

The following are Company’s responses to substantial and relevant questions that were raised by shareholders.

**Q1. Last year, the Company reported very poor results with its first net loss in many years and no dividends were declared to shareholders. However, the director fees proposed remained the same - at SGD 233,000. Given the poor financial performance of the Company, and no dividends were declared for shareholders, shouldn't the Company directors also bear in the pain and take a pay cut for their director fees too (in the spirit of shareholder alignment)? Please explain clearly the rationale for maintaining director fees at the same level despite the company making losses and no dividends being declared to shareholders.**

Directors play an important role, especially amid the transformation that the Company is going through. Our decision to maintain director fees at their current levels will ensure we attract and retain high-quality directors.

Their experience and counsel have enabled the Group to unveil several corporate strategies, which we outlined in November 2023. The transformation plan and other ongoing corporate decisions consume substantial time and resources of our directors.

As shareholders are aware, FY2023 was a challenging year for manufacturing companies, including Fu Yu. Customers delayed orders to digest earlier inventory while operating costs surged amid inflationary pressures.

Our strategic transformation is intended to re-position the Group to move up the value chain in precision plastics manufacturing. We have already reaped some early fruits of success and will continue to build on the momentum.

**Q2. Last year, the Company reported very poor results with its first net loss in many years and no dividends were declared to shareholders. Is this the start of losses for years to come, or is it a one-off loss? Will the Company lose more money next year or return back to profitability next year? What is the Company doing to ensure that FY2023 loss is a one-off blip and that the Company would return back to profitability next year (and resume paying dividends)? Please explain and elaborate clearly.**

Following the completion of our strategic review, the Group outlined several strategies in our Corporate & Business Update on 28 November 2023. To recap:

- a. Back-to-basics emphasis on core capabilities to restore Fu Yu's leadership in mould design and manufacturing, with our Smart Factory serving as a hub to support our plastics manufacturing
- b. Targeting the bio-medical sector through our newly-establish subsidiary, Fu Yu Biomedical, and moving towards the export of tooling
- c. Positioning Fu Yu as a partner to helping customers improve their sustainability efforts and reduce greenhouse gas emissions
- d. Integrating New Product Introduction capabilities to engage customers from the design level so as to optimise manufacturing processes, shorten lead times, and improve cost efficiencies
- e. Explore merger and acquisition opportunities, forge collaborations and raise the Group's profile to increase shareholder value.

These strategies are aimed at strengthening our business foundation. The Group expects FY2024 revenue to improve compared to FY2023, as earlier stockpiling issues ease.

That said, the pace of recovery is still subject to headwinds in the operating landscape, including rising geopolitical tensions, elevated interest rates and inflationary pressures. We are working hard to transform Fu Yu into a value-added precision manufacturer. These growth initiatives are taking place amid fresh challenges in the operating environment.

We hope to resume distribution of dividends when the corporate recovery and transformation have gained sufficient momentum.

**Q3. Can the Company provide more details on FYSCS, its operations, team and the commodities it trades?**

Fu Yu Supply Chain Solutions ("FYSCS") is primarily involved in the purchase and distribution of commodities such as resins, petrochemicals, renewables, agriculture, and energy products. FYSCS sources, ships and supplies commodities across the Fu Yu Group and to customers across the region.

The team currently comprises senior staff that individually has over a decade of experience in their respective fields of experience including commodities supply chain management industry.

**Q4. FYSCS trades commodities such as coal, crude and refined petroleum products (ref Page 144). These do not seem relevant to the company's main manufacturing business (plastics and metal components). Which commodities (raw material) are relevant to the Company's main manufacturing business and how much of FYSCS's revenue are related to these?**

FYSCS supplied resin to one of the manufacturing entities and it is less than 1% of the revenue of FYSCS in FY2023.

**Q5. Commodities trading is a very risky business. We have seen many cases of companies in trouble due to rogue trader/trading even in Singapore. What are the safeguards in place? If rogue trading or other problems really occur, will the losses be contained within FYSCS or could it affect the parent company?**

To manage its risk exposure, FYSCS engages with high-quality customers who are largely established and reputable multinationals. In addition, FYSCS conducts its trades on a back-to-back basis; all customers are required to post payment security from first-class international banks. To further minimise risk, FYSCS employs credit enhancement tools such as insurance cover and

assesses customers' credit-worthiness on a regular basis. FYSCS also maintains good relationships with banks to ensure its ability to access bank financing facilities when required.

**Q6. When the Company first acquired Avantgarde Enterprise Pte Ltd, it appointed Haytham T KH S Al Essa as a director with experience in commodities industry and well placed to oversee the new business. Haytham had since left the company. How does the company manage the risk of FYSCS?**

Please refer to responses to Q3 and Q5 above.

By Order of the Board  
Janet Tan  
Company Secretary  
Singapore, 19 April 2024