FU YU CORPORATION LIMITED

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

RESPONSE TO SGX QUERIES

The Board of Directors (the “**Board**”) of Fu Yu Corporation Limited (the “**Company**”) refers to its announcement dated 29 January 2026, regarding the Company having entered into settlement agreements with Mr Frank Zhang Xin Cheng, Ms Hazel Cai, Mr Wong Ka Wing, Mr Lim Wei De Victor, Ms Tan Xin Yi and Ms Yasmin Lim (the “**Parties**”), and its announcement dated 4 February 2026, in relation to the Company’s responses to queries received from Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) on the same (the “**4 February 2026 Announcement**”) and all previous announcements relating to the settlement agreements and matters in connection thereto (the “**Previous Announcements**”).

Capitalised terms in this announcement (unless otherwise defined or the context otherwise requires) have the same meaning ascribed to them in the Previous Announcements.

The Company’s responses to the further queries received from SGX RegCo in relation to, *inter alia*, the 4 February 2026 Announcement, are set out as follows:

<u>SGX Queries</u>

(1) It is noted that the Company initially was making claims against the Parties but has now entered into settlement agreements with the Parties, in which payment was made by the Company to the Parties in full and final settlement. Please elaborate further on the Board’s rationale for settlement, to “amicable and conclusively close any potential disputes with each of the Parties”, and its assessment that the “investigations containing unproven allegations of impropriety could give rise to disputes or claims by the Parties concerned”. Please also provide the Board’s other considerations in concluding that entering into the settlement agreements was prudent, commercially sensible and in the best interest of the Company. Please provide supporting information contemplated in arriving at such a conclusion.

The Board's decision to settle was the outcome of a deliberate process. It was the result of a fuller evidential and legal record than that which existed when the demand letters were first issued on 1 April 2025.

When the reconstituted Board took over, it committed to seeing the investigations through to their proper conclusion. That meant ensuring that the findings of Damodara Ong LLC (“**Damodara Ong**”) and Rajah & Tann Singapore LLP (“**Rajah & Tann**”) were fully reviewed, Maxwellisation was properly completed, and Nine Yards Chambers LLC's (“**Nine Yards**”) analysis was rigorously assessed. By September 2025, after all of the above had been completed, Nine Yards provided a written opinion concluding that there was no legal basis to pursue further action against any of the Parties and that continued expenditure would be unlikely to yield any tangible benefit to the Company. The Board accepted those findings and, with the investigations concluded, turned its attention to what shareholders had been asking for, i.e. addressing CEO remuneration and getting the business back on track.

As the legal opinion by Nine Yards was made public in September 2025 and the Parties who had been named in the investigation through their respective counsel, the Parties reached out to communicate their positions, disputing the Company's earlier stance made in April 2025 made public by the previous Board and management in their announcements and letters of demands to these individuals. The Parties made clear that they were reserving their rights. No formal letter of demand had been served on the Company but the Board sought independent advice from counsel, who assessed the Company's exposure and noted that certain statements published by the Company in April 2025 carried defamatory risk, and leaving the matter unresolved created a genuine prospect of claims being brought against the Company. By February 2026, the Board therefore had settlement-specific advice covering the Company's potential liability to the Parties, available defences, prospects of success, likely legal costs absent amicable resolution, and potential damages in an adverse outcome.

With all of this in view, the Board concluded that a full-and-final settlement was prudent, commercially sensible, and in the best interests of the Company. It achieved finality, capped downside risk, eliminated the distraction of protracted disputes, and allowed management to focus entirely on rebuilding the business and delivering for shareholders.

(2) Please detail what has changed from 1 April 2025 (when the Company issued letters of demand to the Parties) to 29 January 2026 (when the Company entered into settlement agreements with the Parties), resulting in the change in Board decision, as well as how this is in the best interest of the Company and shareholders.

What changed between 1 April 2025 and 29 January 2026 was the state of the record and the Board’s legal assessment of that record. On 1 April 2025, the Company was still at a demand-letter stage based on the then progress of the investigations. No court proceedings had been commenced, and by 20 June 2025 the Company had disclosed that all of its claims had been denied by the potential defendants. Thereafter, the Rajah & Tann report was finalised, full Maxwellisation was undertaken on Nine Yards’ advice, and Nine Yards prepared the executive summary after Maxwellisation. As announced by the Company in its announcements dated 3 October 2025 and 9 October 2025, the Board had concluded there was no merit in further action and closed the investigations. The settlement decision of 29 January 2026 therefore did not represent an arbitrary reversal; it was the subsequent, risk-management consequence of moving from a preliminary allegations stage to a post-Maxwellisation, post-written-opinion stage on a fuller record. That was in shareholders’ interests because it avoided committing further resources to claims which the Board had already concluded lacked sufficient legal merit or economic utility.

(3) Please provide details on the potential disputes and claims that could be made by the Parties, as well as any other events/matters which led the Board to believe that there was a real risk of (further) claims from the Parties.

The potential disputes and claims the Board was concerned about were those that could arise from leaving unresolved the historical demand letter process and the public announcements that referred to unproven allegations of impropriety. The Board expressly disclosed in the 4 February 2026 Announcement that this was its concern, and that based on legal advice, the Board considered there to be a real risk of further claims if matters were left unresolved. That assessment also sat against the fact that the Company had earlier disclosed that all of its claims had been denied by the potential defendants. The Board is not at liberty to elaborate upon the legal characterisation of possible claims because that would stray into privileged advice.

(4) Please also confirm whether there have been any counterclaims made by the Parties, for which the Board had taken into consideration in arriving at the settlement agreements. If so, please provide details on the counterclaims.

The Board's response in the 4 February 2026 Announcement was that it had not received any additional formal disputes from the Parties. The Board took into account: (1) that the settlement agreements were drafted to conclude not only claims but also counterclaims and other causes of action; (2) that all of the Company's claims had been denied by the potential defendants; and (3) the legal advice that unresolved matters carried a real risk of further claims.

(5) Note that the announcement stated that the Board had not received any formal disputes from the Parties. In this regard, were there any "informal" disputes received? If so, please likewise provide us with the details on the disputes.

The Board had stated in the 4 February 2026 Announcement that it had not received additional formal disputes from the Parties. The Board also confirms that it did not receive any informal disputes from the six Parties. It did, however, receive an informal contact from one Party.

Separately, the Company had earlier disclosed that all of its claims had been denied by the potential defendants.

The unresolved status of the historic allegations were among the factors informing the Board's assessment of future claims risk.

(6) It is also noted that the Board "considered there to be a real risk of further claims arising if the matters were left unresolved". Please elaborate on the matters that were left unresolved, or provide confirmation that this is purely in reference to the dispute over the Company's claims made against the Parties.

The "matters left unresolved" referred to the unresolved consequences of the investigation process itself, namely the historical demand letters, the subject-matter of the Company's earlier claims, and the continued existence of public announcements containing unproven allegations, all without a final consensual resolution between the Company and the Parties.

There is no existence of any new or separate undisclosed disputes outside the same subject-matter.

(7) Please elaborate on the legal advice received from Nine Yards' / Oaks Legal LLC ("Oaks Legal") , and the legal basis in arriving that there was no legal merit in pursuing further action against any of the Parties, in relation to the settlement agreements. Please also clarify whether the responses to question (c) in the announcement dated 4 February 2026, is in relation to legal advice provided by Nine Yards or Oaks Legal.

The Company had before it two related but different streams of legal advice.

Nine Yards advised on whether affirmative claims should continue, whereas Oaks Legal advised on whether and on what terms settlement should be entered into.

Nine Yards was the legacy merits counsel. It had been engaged by the previous Board, issued the 1 April 2025 demand letters, was retained by the reconstituted Board to advise on Maxwellisation, prepared the executive summary released on 1 September 2025, and then provided the written merits opinion relied on by the Board in October 2025 to conclude there was no legal merit in taking further action.

The bases disclosed for that conclusion were as follows:

(i) the acquisition of Fu Yu Supply Chain Solutions Pte. Ltd. ("**FYSCS**") had been supported by independent legal and financial due diligence and an independent valuation, with no evidence of interference and whose reports were presented to the (then) Board prior to the approval and decision of the acquire FYSCS;

(ii) in relation to the BD Email Account and expense reimbursements, there were substantial difficulties in establishing and quantifying loss, and the reimbursement claims had gone through the then standard approval process; and

(iii) in relation to the pre-paid commission, as FYSCS profited from the transaction, meaningful damages recovery would be difficult.

Oaks Legal was the settlement-specific adviser.

The 4 February 2026 Announcement states that Oaks Legal advised on whether the Company might be liable to the Parties, available defences, prospects of success, expected legal costs absent amicable resolution, and potential costs and damages if the Company did not prevail, and that the settlement terms were drafted in consultation with that advice.

(8) Why does the Board consider it appropriate and in the best interest of the Company and its minority shareholders, to engage multiple different professionals (including but not limited to law firms, forensic reviewers, independent reviewers) to advise on related matters which arose from an investigation into FYSCS?

It was appropriate, and in the interests of the Company and all shareholders, including minority shareholders, to engage multiple professionals because they were not given a single homogeneous mandate. Different workstreams required different skillsets and, in certain respects, different independence safeguards: internal audit first identified the risk areas; Damodara Ong carried out the initial investigation; Rajah & Tann and PricewaterhouseCoopers Risk Services Pte Ltd were engaged to review, evaluate, investigate and advise on issues arising from the interim report, including forensic analysis of electronic data; Nine Yards handled the demand letters, Maxwellisation and merits assessment; Asian Corporate Advisors Pte Ltd was appointed because SGX RegCo specifically required an independent assessment of proposed new independent directors; and Oaks Legal advised on settlement exposure and terms. That division of labour was commercially sensible because it matched specialist expertise to the relevant task, preserved independence where independence mattered, and avoided self-review risk.

(9) For each of the professional firms engaged by the Company, please set out:

a. how they were introduced and who introduced them to the Company;

b. the scope of their engagement; and

c. why it was not possible to retain the same professional firm to see through the entire process from end-to-end.

Damodara Ong LLC — Engaged on 8 October 2024 by the previous Board after the internal auditors identified significant weaknesses and additional risk areas at FYSCS; their scope was the initial investigation into the affairs of FYSCS.

It was not retained end-to-end because later stages required separate forensic work, Maxwellisation, and legal merits / settlement analysis beyond an initial investigative brief.

Rajah & Tann Singapore LLP — Appointment was announced on 11 February 2025 and engaged by the previous Board to review, evaluate, investigate and advise on issues arising from the interim report; it later issued its report dated 6 June 2025.

It was not retained for every later stage because the matter then moved into Maxwellisation and merits advice, for which the then Board retained Nine Yards, which already had historical continuity from the demand-letter stage.

PricewaterhouseCoopers Risk Services Pte Ltd — Appointment was announced together with Rajah & Tann and engaged by the previous Board to review, evaluate, investigate and advise on the interim report issues, including forensic analysis of electronic data.

Its role was naturally distinct from litigation-merits advice and settlement advice.

Nine Yards Chambers LLC — Engaged by the previous Board. The scope included issuing the 1 April 2025 demand letters, advising on and carrying out Maxwellisation, preparing the executive summary, and giving the written merits opinion.

It was retained by the current Board for continuity and familiarity with the issues and transparency in non-interference with on the on-going matters.

Asian Corporate Advisors Pte Ltd — Appointed by the previous Board to assess the suitability and independence of the proposed new independent directors pursuant to SGX RegCo's request.

This function required a distinct independent reviewer and could not sensibly be folded into the mandate of investigative or litigation counsel.

Oaks Legal LLC — Engaged by the current Board to advise on exposure to the Parties, defences, prospects, litigation economics, and settlement drafting.

It was appropriate to retain separate settlement counsel because the Board wanted a non-conflicted independent advice on residual downside risk and obtain finality.

(10) Who first broached the idea of entering into settlement agreements with the Parties?

The possibility of an amicable settlement arose in the course of the Board's consideration of legal advice and ensuing discussions through counsel.

The decision to settle was ultimately a collective Board decision, taken after due deliberation and legal advice.

(11) Is the appointment of Mr Lim Wei De, Victor ("Mr Lim") on the board of the Company negotiated as part of the settlement agreement(s)?

No, Mr Lim's appointment on the Board was not negotiated as a term of settlement.

Mr Lim's application to be appointed to the Board had already been received by the Nominating Committee and publicly disclosed on 22 December 2025, well before the settlement agreements were announced on 29 January 2026.

The 1 February 2026 appointment and reconstitution announcements state that the Board considered the Nominating Committee's recommendation, Mr Lim's qualifications, experience and contributions to the Group.

(12) It is stated in the announcement of 1 February 2026 on reconstitution of the board, that Mr Gilbert L. Rodrigues ("Mr Rodrigues") is the "Non-Executive Chairman". Please clarify if Mr Rodrigues remains an Independent Director (which he was appointed as) or has been redesignated as an NED. If he is no longer considered independent, please explain when the change took place and the rationale for such a change.

As disclosed in the announcements dated 20 June 2025 and 29 June 2025, ACA was of the view that nothing has come to their attention that Mr Rodrigues may not be deemed suitable to be appointed as independent non-executive director of the Company. Mr Rodrigues has not been redesignated and remains an Independent Director of the Company.

(13) On 4 February 2026, the Company released 2 replacement announcements on Appointment of Victor as MD, as well as disclosure of interest of CEO. What were the changes compared to the initial announcements released on 1 February 2026?

The replacement announcements on 4 February 2026 were made to supplement and rectify the disclosures made in the initial announcements released on 1 February 2026 in relation to Mr Lim's shareholding, by disclosing Mr Lim's interest in 17,400 shares held in a custodian account.

BY ORDER OF THE BOARD
FU YU CORPORATION LIMITED

Gilbert L. Rodrigues
Independent Non-Executive Chairman
7 August 2026