



NEWS RELEASE

## **Fu Yu's 1H22 net profit increases 23.4% to S\$10.9 million; Proposes interim dividend of 0.4 cent per share**

- Group revenue jumps 73.0% to S\$121.8 million in 1H22
- Manufacturing business remained resilient with increased sales and net profit in 1H22
- Group's bottom line further boosted by contribution from supply chain management services
- Sound financial position with net cash of S\$70.8 million

**Singapore, 12 August 2022** – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, today reported a 23.4% increase in its net profit to S\$10.9 million for the six months ended 30 June 2022 (“1H22”), from S\$8.9 million in 1H21.

The growth in net profit was achieved on the back of a 73.0% jump in Group revenue to S\$121.8 million in 1H22 compared to S\$70.4 million in 1H21. Revenue in 1H22 was lifted by a moderate increase in sales from the Group's manufacturing business and new revenue stream from its business in supply chain management services.

Notwithstanding prevailing headwinds in the operating environment, the Group's manufacturing business chalked up revenue of S\$72.0 million in 1H22, up 2.3% from S\$70.4 million previously. Net profit of this business segment also gained 10.2% to S\$9.7 million in 1H22 compared to S\$8.9 million in 1H21. The supply chain management services division contributed revenue of S\$49.8 million derived from physical commodities trading activities, and net profit of S\$1.2 million in 1H22.

For 1H22, revenue of the manufacturing business was buoyed by higher sales of its Singapore and Malaysia operations which counterbalanced softer sales from the China segment. Revenue of the Singapore operations increased 4.7% to S\$26.9 million while sales from the Malaysia segment rose 4.9% to S\$18.3 million in 1H22. The improvement in sales was lifted mainly by higher demand from customers in the medical and consumer segments.

In China, the implementation of COVID-induced lockdown measures from April 2022 resulted in manpower constraints, delivery logistics issues and delays in shipment of raw materials. While this had an impact on the Group's operations in China during the April-to-June quarter, sales of its China segment in 1H22 dipped

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only marginally by 1.6% to S\$26.8 million. Higher demand of medical products partially buffered a decline in sales of networking & communications products in 1H22.

Group Managing Director of Fu Yu, Mr David Seow said, “The operating and macroeconomic environment remained difficult in the face of geopolitical uncertainty, supply chain and raw material constraints, as well as rising inflationary pressures.

Additionally, the recent COVID-related shutdowns and mobility restrictions in China caused some degree of business disruption, particularly for our factory in Suzhou. However, thanks to our well-established procedures that were put in place over the last two years, we were able to respond swiftly to the manpower shortage at our Suzhou plant in April. Presently, our factories in Suzhou, Dongguan and Zhuhai remain fully operational.

Amid these headwinds, we believe the Group’s manufacturing business displayed a resilient performance in 1H22 by achieving increased revenue and net profit. Our bottom line in 1H22 was also given a further boost by the Group’s supply chain management services business. To reward our shareholders for their support of Fu Yu, the Group has declared an interim dividend of 0.4 cent per share for 1H22, which is the same as the ordinary interim dividend paid for 1H21.”

At the end of June 2022, the Group maintained a robust financial position with net cash of S\$70.8 million. Shareholders’ equity stood at S\$154.6 million, equivalent to net asset value of 20.5 cents per share which included net cash of around 9.4 cents per share.

Said Mr Seow, “We believe our sound balance sheet places the Group in a better position to navigate this challenging and unpredictable business environment. Geopolitical tensions coupled with the fluid state of the COVID-19 situation and restrictions, may continue to exert stress on supply chains as well as drive up costs and interest rates. These factors will adversely affect businesses and add uncertainty to the global economic outlook.

Nevertheless, we will stay the course and continue with our initiatives set out in FY2022 to rejuvenate Fu Yu and elevate the Group’s profile as an advanced solutions provider in the high precision plastics manufacturing industry. We are executing our business development and capabilities expansion plans judiciously to enhance the long term growth potential of our core manufacturing business.”

Indeed, the Group’s ongoing redevelopment project in Singapore to build a new “smart factory” is close to completion and expected to be ready during the third quarter of 2022. With the adoption of the Industry 4.0 standards, this new “smart factory” will serve as a showcase of the Group’s advanced manufacturing competencies that include higher precision capabilities and increased automation. It will also feature an efficient layout which enables a seamless workflow across its tooling, moulding and assembly operations.

The capital expenditure for this redevelopment project is expected to be S\$20.1 million in total, which will be partly defrayed by the assignment of another premise of the Group in Singapore.

The upcoming launch of this new factory will also help to drive the Group's rebranding efforts and complement its business development initiatives to acquire new customers and raise penetration rates of existing customers in target market segments. At the same time, the Group is working on expanding the breadth of services of its manufacturing business. To this end, its new division – Corporate Development – is working with research institutes in Singapore and other partners regionally to explore R&D programs and identify commercially-viable technologies that could augment the Group's manufacturing services.

The supply chain management services business will continue to seek opportunities to generate additional revenue streams, while assessing avenues to reap potential cost savings in the procurement and logistics management of raw materials for the Group's manufacturing business. Besides organic initiatives, the Group will also explore opportunities for joint ventures, partnerships, and/or strategic mergers or acquisitions that could enhance the potential of its businesses, as Fu Yu continues to pursue its goal of sustainable and profitable growth over the long term.

*This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 12 August 2022.*

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### **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 commodities.

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