



FUYU
CORPORATION
FU YU CORPORATION LIMITED

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

**RESPONSES TO QUESTIONS FROM SHAREHOLDER
RECEIVED ON 28 APRIL 2026**

The Board of Directors (the “**Board**”) of Fu Yu Corporation Limited (“**Fu Yu**” or the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the questions received from a shareholder on 28 April 2026. The following are Company’s responses to the questions.

Financial Performance (FY2021 – FY2025)

Q1. Why and how is it that the company moved into consecutive loss-making positions despite previously strong profitability?

As shareholders are aware, the Group faced persistent headwinds including margin pressures, foreign exchange volatility arising from the Group’s net US Dollar asset position, and challenging demand conditions in certain markets.

Compounding these operational challenges were a series of one-off costs, including professional fees related to corporate investigations and the shareholder requisition process, closure costs from the liquidation of the Zhuhai facility, and provisions for doubtful debts and obsolete inventories, which impacted earnings over this period.

Importantly, the Board wishes to draw shareholders’ attention to the underlying performance of the core manufacturing business, which showed meaningful improvement.

Manufacturing gross profit grew 14.8% year-on-year, with gross profit margins improving to 14.5% in FY2025 from 13.5% in FY2024. The Group also returned to profitability in the second half of FY2025, recording a net profit of S\$1.4 million in 2H25, compared to a net loss of S\$4.6 million in 2H24. The Board views this as an encouraging sign of operational recovery under the new management structure.

The Board is committed to ensuring that the one-off costs that weighed heavily on FY2025 results do not recur, and expects these exceptional items to decline from FY2026 onwards.

Q2. Given that the decline occurred over several years, what assessment has the current board made of management oversight and leadership during this period?

As mentioned in this year’s annual report as well as the Company’s announcement dated 24 April 2026, the Board, together with management, has been conducting an internal review of the Group’s business and operations to strengthen operational efficiency, enhance governance oversight, and improve the Group’s long-term competitiveness.

Several initiatives, aimed at improving operational efficiency and strengthening the Group’s core manufacturing business, have been implemented. These initiatives include improving operational efficiency, reducing material waste and yield loss, optimising processes, lowering operating costs, and streamlining the Group’s manufacturing footprint.

The Board will continue to assess the Group's strategies and operations on an ongoing basis to ensure that the Group remains well-positioned to respond to industry developments and create sustainable long-term value for shareholders.

Q3. How has the Board sought to bring the Company forward amidst its consecutive loss-making position over the past three years?

Please refer to the Company's response to question 2.

GCEO

Q4. Why was the former GCEO so highly remunerated with equity incentives despite the company's consecutive loss-making positions?

The remuneration arrangements were put in place by the prior Remuneration Committee ("RC").

Following the reconstitution of the Board, the Independent Directors commenced an internal review and engaged independent financial auditors, corporate advisors, and external legal counsel to examine these arrangements.

As investigations are ongoing, the Company is not at liberty to disclose further details at this juncture, but will update shareholders at the appropriate time.

Q5. How did the Restricted Share Plan work and were its targets genuinely performance-based (i.e. were they truly incentives)? [refer to 6 November 2025 SGX Announcement]

With reference to the Company's announcement dated 6 November 2025, the Restricted Share Plan was governed by a Letter of Award dated 14 November 2022, issued by the then-Chairman of the RC and accepted by Mr. Seow. It comprised two categories of shares:

- Annex A granted Mr. Seow 5 million shares and S\$1,012,500 in cash in lieu of a further 5 million shares, ostensibly in recognition of past contributions and performance. This was in addition to his basic salary and performance bonuses for 2022, 2023, and 2024.
- Annex B was structured as a forward-looking incentive, with shares vesting upon the satisfaction of specific revenue and profit-before-tax targets.

Q6. The company previously announced that the current board discovered that the GCEO's vestment of 4 million shares was "guaranteed" notwithstanding the company's consecutive loss-making positions. Why didn't the company claw back those shares from the former GCEO?

As disclosed in the 6 November 2025 announcement, the Letter of Award contained no provision enabling or entitling the Company to claw back shares in the event that vesting conditions for a subsequent year were not met.

Accordingly, the Company was not in a contractual position to recover the Annex B shares vested for 2023. This absence of a claw-back mechanism is itself one of the matters of concern identified by the Independent Directors. Further details will be disclosed at the appropriate time as investigations continue.

Q7. What explanations did the former GCEO give to the current board regarding the vestment of the shares?

Mr. Seow's explanation was that the Letter of Award had been duly reviewed and approved by the Remuneration Committee.

Q8. Is it true that the former GCEO and other senior executives had contractual guarantees of employment and/or income for five years, and if so, what is the justification and/or rationale for this?

As disclosed in the 6 November 2025 announcement, the then-RC introduced a five-year lock-in clause by way of an addendum to Mr Seow's service agreement.

Under this clause, if the Company elected to terminate Mr. Seow's employment before 15 December 2027, Mr. Seow would be entitled to his salary for the remainder of that five-year period. Mr. Seow subsequently extended the same clause to two other senior management personnel in their respective employment agreements.

When asked to justify this arrangement, Mr. Seow's explanation was that the clause had been duly reviewed and approved by the RC.

Q9. Further, why did the company instead consistently inform shareholders in the company's annual reports that there were no post-employment benefits to the GCEO and other senior executives?

As disclosed in the 6 November 2025 announcement, the Annual Reports for 2022, 2023, and 2024 (which were published under the previous Board) that apart from the remuneration / compensation of key management personnel disclosed in the financial statements to the Annual Reports, "the Company does not provide any other termination, retirement and post-employment benefits to the Directors, the GCEO and CEO and key management personnel".

This matter forms part of the ongoing investigations, and the Company will update shareholders with further details at the appropriate time.

Q10. What steps have been taken by the GCEO against the company and vice-versa?

Following the termination of Mr. Seow's employment, the Company received two letters of demand from Mr. Seow's solicitors:

1. A letter dated 4 November 2025 alleging wrongful termination of employment and demanding payment of S\$1,853,548.39, representing his salary of S\$65,000 per month for the period from 31 October 2025 to 15 December 2027, plus S\$195,000 in annual wage supplements for 2025, 2026, and 2027.
2. A letter dated 5 November 2025 addressed to the Company, the Independent Directors, and the corporate secretary, alleging defamation and demanding: (i) retraction of the 1 November 2025 announcement; (ii) a signed apology to be published on SGXNet; and (iii) damages of S\$200,000, among other things.

The Company is seeking legal advice in respect of both letters and will respond appropriately in due course. The Board has stated that it views these matters as not affecting the continued business operations of the Company. As these matters are subject to ongoing legal processes, the Company will update shareholders when there are material developments.

Maxwellisation and Settlement

Q11. Given the outcome of the Maxwellisation process and the current board's conclusion that it was not in the company's best interest to pursue the matter further, why did the previous board and GCEO make prior announcements of claims by FYSCS against Victor Lim and various other individuals?

The decision to investigate and announce claims against the relevant individuals was made by the previous Board and management. The current Board, following its reconstitution, has taken a fresh and independent approach to all outstanding matters, including the FYSCS investigations, based on its own review of the facts and legal advice obtained.

As disclosed in the Company's announcement dated 6 November 2025, the current Board also made the deliberate decision to continue engaging Nine Yards Chambers LLC, the same legal

counsel who had advised the previous Board and issued letters of demand on its instructions, to ensure continuity and familiarity with the subject matter, and to pursue action if wrongdoing could be established. Following a thorough review of all available materials, the current Board found no good grounds to disagree with Nine Yards Chambers LLC's advice and opinion, and accordingly considered the FYSCS matter closed prior to the settlements announced on 29 January 2026.

The Board wishes to reaffirm its commitment to transparency, sound corporate governance, and acting at all times in the best interests of all shareholders.

Q12. Why did the company enter into settlement agreements and how were these in the interest of shareholders and the company?

As disclosed in the Company's announcement dated 29 January 2026, the decision to settle was made after due deliberation and having carefully considered legal advice received in relation to the Investigations. The Board was of the view that it was prudent to do so in order to bring closure to these matters and to avoid any future disputes arising from the same.

The settlement agreements are not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2026.

The Board wishes to assure shareholders that this decision was taken in good faith, on the basis of independent legal advice, and with the interests of the Company firmly in mind. In the interests of transparency, the Board proactively disclosed this development to shareholders via SGXNet, notwithstanding that it is not expected to be financially material.

As the settlement agreements contain confidential terms, the Company is not in a position to disclose further specifics at this juncture. Should there be any further material developments, the Company will update shareholders accordingly.

By Order of the Board
FU YU CORPORATION LIMITED

Gilbert L. Rodrigues
Independent Non-Executive Chairman
30 April 2026