



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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A Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30 Jun 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Non-current assets					
Property, plant and equipment	3	52,631	51,758	22,161	19,858
Investment property	4	7,465	7,675	–	–
Subsidiaries	5	–	–	20,972	20,972
Amount due from subsidiary companies	6	–	–	28,659	28,030
Deferred tax assets		1,000	972	–	–
		<u>61,096</u>	<u>60,405</u>	<u>71,792</u>	<u>68,860</u>
Current assets					
Inventories		15,507	13,252	3,974	3,339
Contract assets		1,515	1,723	656	588
Trade and other receivables	6	37,347	41,020	11,840	11,244
Amount due from subsidiary companies	6	–	–	1,848	3,940
Tax recoverable		1	3	–	–
Cash and cash equivalents		100,154	106,561	60,848	59,616
		<u>154,524</u>	<u>162,559</u>	<u>79,166</u>	<u>78,727</u>
Total assets		<u>215,620</u>	<u>222,964</u>	<u>150,958</u>	<u>147,587</u>
Equity attributable to equity holders of the Company					
Share capital	7	102,158	102,158	102,158	102,158
Reserves		70,014	70,131	32,534	26,470
Total equity		<u>172,172</u>	<u>172,289</u>	<u>134,692</u>	<u>128,628</u>
Non-current liabilities					
Lease liabilities		6,292	6,554	5,200	5,284
Deferred tax liabilities		1,509	1,263	640	367
		<u>7,801</u>	<u>7,817</u>	<u>5,840</u>	<u>5,651</u>
Current liabilities					
Trade and other payables		30,771	38,011	8,985	11,661
Amount due to subsidiary companies		–	–	135	45
Contract liabilities		433	389	49	71
Lease liabilities		591	589	166	163
Tax payable		3,852	3,869	1,091	1,368
		<u>35,647</u>	<u>42,858</u>	<u>10,426</u>	<u>13,308</u>
Total liabilities		<u>43,448</u>	<u>50,675</u>	<u>16,266</u>	<u>18,959</u>
Total equity and liabilities		<u>215,620</u>	<u>222,964</u>	<u>150,958</u>	<u>147,587</u>

**B (i) Condensed interim consolidated income statement
For the Six Months Ended 30 June 2021**

	Note	Group		Change %
		Six Months Ended 30 June 2021 \$'000	2020 \$'000	
Revenue	9	70,389	71,583	(1.7)
Cost of sales		(53,633)	(56,267)	(4.7)
Gross profit		16,756	15,316	9.4
Other income		2,286	4,486	(49.0)
Selling and administrative expenses		(9,366)	(12,630)	(25.8)
Other operating income, net		1,045	1,974	(47.1)
Reversal of impairment loss/(Impairment loss) on trade receivables		27	(32)	NM
Results from operating activities		10,748	9,114	17.9
Finance costs		(139)	(176)	(21.0)
Share of loss of joint venture (net of tax)		–	(11)	NM
Profit before income tax	10	10,609	8,927	18.8
Tax expense	11	(1,746)	(1,550)	12.6
Profit for the period attributable to owners of the Company		8,863	7,377	20.1
Earnings per share				
Basic and diluted earnings per share (cents)		1.18	0.98	20.1

NM denotes Not Meaningful

**B (ii) Condensed interim consolidated statement of comprehensive income
For the Six Months Ended 30 June 2021**

	Group		Change %
	Six Months Ended 30 June		
	2021 \$'000	2020 \$'000	
Profit for the period	8,863	7,377	20.1
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for foreign operations	305	433	(29.6)
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	127	–	NM
Other comprehensive income for the period (net of tax)	432	433	(0.2)
Total comprehensive income for the period attributable to owners of the Company	9,295	7,810	19.0

NM denotes Not Meaningful

**C Condensed interim statements of changes in equity
For the Six Months Ended 30 June 2021 (Group)**

		Attributable to equity holders of the Company						
		Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
	At 1 January 2021	102,158	(415)	8,705	789	(21,113)	82,165	172,289
Total comprehensive income for the period								
	Profit for the period	–	–	–	–	–	8,863	8,863
Other comprehensive income								
	- Foreign currency translation differences	–	–	–	–	432	–	432
	- Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss	–	–	–	–	127	–	127
	Total comprehensive income for the period	–	–	–	–	432	8,863	9,295
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
	Dividend paid to owners of the company	–	–	–	–	–	(9,412)	(9,412)
	Total transactions with owners	–	–	–	–	–	(9,412)	(9,412)
Transfer between reserves								
	Transfer to statutory reserves	–	–	263	–	–	(263)	–
	At 30 June 2021	102,158	(415)	8,968	789	(20,681)	81,353	172,172

		Attributable to equity holders of the Company						
Group	Note	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2020		102,158	(415)	8,490	789	(23,018)	75,630	163,634
Total comprehensive income for the period								
Profit for the period		–	–	–	–	–	7,377	7,377
Other comprehensive income		–	–	–	–	433	–	433
- Foreign currency translation differences		–	–	–	–	433	–	433
Total comprehensive income for the period		–	–	–	–	433	7,377	7,810
Transaction with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividend declared and approved to owners of the company	15	–	–	–	–	–	(7,530)	(7,530)
Total transactions with owners		–	–	–	–	–	(7,530)	(7,530)
Transfer between reserves								
Transfer to statutory reserves		–	–	209	–	–	(209)	–
At 30 June 2020		102,158	(415)	8,699	789	(22,585)	75,268	163,914

For the Six Months Ended 30 June 2021 (Company)

Note	Share capital \$'000	Revaluation reserve \$'000	Merger reserve \$'000	Retained earnings \$'000	Total equity \$'000
Company					
At 1 January 2021	102,158	789	(1,425)	27,106	128,628
Total comprehensive income for the period					
Profit for the period	–	–	–	15,476	15,476
Total comprehensive income for the period	–	–	–	15,476	15,476
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividend paid to owners of the company	15	–	–	(9,412)	(9,412)
Total transactions with owners	–	–	–	(9,412)	(9,412)
At 30 June 2021	102,158	789	(1,425)	33,170	134,692
	Share capital	Revaluation	Merger reserve	Retained	Total equity
	\$'000	reserve	\$'000	earnings	\$'000
		\$'000		\$'000	
At 1 January 2020	102,158	789	(1,425)	15,053	116,575
Total comprehensive income for the period					
Profit for the period	–	–	–	7,263	7,263
Total comprehensive income for the period	–	–	–	7,263	7,263
Transaction with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividend declared and approved to owners of the company	15	–	–	(7,530)	(7,530)
Total transactions with owners	–	–	–	(7,530)	(7,530)
At 30 June 2020	102,158	789	(1,425)	14,786	116,308

**D Condensed interim consolidation statement of cash flows
For the Six Months Ended 30 June 2021**

	Note	Group	
		Six Months Ended 30 June	
		2021	2020
		\$'000	\$'000
Cash flows from operating activities			
Profit before income tax		10,609	8,927
Adjustments for:			
Depreciation of property, plant and equipment and investment property		3,835	5,200
Loss on liquidation of a subsidiary		108	–
Finance costs		139	176
Interest income		(292)	(655)
Gain on disposal of property, plant and equipment		(358)	(143)
Property, plant and equipment written off		34	175
Share of loss of joint venture (net of tax)		–	11
Unrealised foreign exchange gain		(372)	(11)
		13,703	13,680
Changes in working capital:			
Inventories		(2,138)	385
Trade and other receivables		4,168	8,288
Contract assets		223	216
Trade and other payables		(6,881)	(4,293)
Contract liabilities		37	(132)
Cash generated from operating activities		9,112	18,144
Tax paid		(1,539)	(926)
Net cash from operating activities		7,573	17,218
Cash flows from investing activities			
Interest income received		292	655
Proceeds from disposal of property, plant and equipment		523	408
Purchase of property, plant and equipment		(5,294)	(3,351)
Net cash used in investing activities		(4,479)	(2,288)
Cash flows from financing activities			
Repayment of lease liabilities		(453)	(1,768)
Dividends paid to owners of the Company	15	(9,412)	–
Deposits pledged		(1)	(42)
Net cash used in financing activities		(9,866)	(1,810)
Net (decrease)/increase in cash and cash equivalents		(6,772)	13,120
Cash and cash equivalents at beginning of financial period		106,485	85,068
Effect of exchange rate fluctuations on cash held		366	2
Cash and cash equivalents at end of financial period		100,079	98,190
For the purpose of the condensed interim consolidated statement of cash flow, cash and cash equivalents comprise:			
Cash at bank and in hand		54,733	44,530
Deposits with banks		45,421	57,052
Cash and cash equivalents in the condensed interim statements of financial position		100,154	101,582
Deposits pledged		(75)	(3,392)
Cash and cash equivalents in the condensed interim consolidation statement of cash flows		100,079	98,190

E Selected notes to the condensed interim financial statements

1. Corporate Information

Fu Yu Corporation Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies and investment holding. The principal activities of the Company's subsidiaries consist of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies, trading, provision of management services and investment holding.

The condensed interim financial statements relate to the Company and its subsidiaries and the Group's interests in a joint venture. In FY2020, the Group has liquidated the joint venture, Berry Plastics Sdn Bhd with no gain or loss of liquidation.

2. Basis of Preparation

2.1. Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.5.

2.2. Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value or amortised cost.

2.3. Functional and presentation currency

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4. Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim financial statements is included in the following note:

- Note 6 – measurement of expected credit losses (ECL) allowance for trade and other receivables, and contract assets

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 4 – classification of investment property

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2.5. New and amended standards adopted by the Group

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2
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The application of the above amendments to standards and interpretations is not expected to have a material effect on the consolidated financial statements of the Group and of the Company for the year ending 31 December 2021.

3. Property, Plant and Equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$4,599,000 (30 June 2020: \$3,602,000) of which \$4,000 (30 June 2020: \$7,000) relates to right-of-use assets and disposed of assets amounting to \$165,000 (30 June 2020: \$265,000).

4. Investment Properties

	Group
	\$'000
Cost	
At 1 January 2020	10,175
Currency realignment	(6)
At 31 December 2020	<u>10,169</u>
At 1 January 2021	10,169
Currency realignment	(164)
At 30 June 2021	<u>10,005</u>
Accumulated depreciation	
At 1 January 2020	2,320
Depreciation for the year	175
Currency realignment	(1)
At 31 December 2020	<u>2,494</u>
At 1 January 2021	2,494
Depreciation for the period	87
Currency realignment	(41)
At 31 June 2021	<u>2,540</u>
Carrying amounts	
At 1 January 2020	<u>7,855</u>
At 31 December 2020	<u>7,675</u>
At 30 June 2021	<u>7,465</u>

The buildings are leased to a third party.

The fair value of the investment property (fair value hierarchy of level 3) as at 30 June 2021 amounts to approximately \$9,695,000 (2020: \$9,854,000) and has been determined based on valuations performed by accredited independent valuers with recent experience in the location and category of investment properties being valued. The valuations are based on comparison method and the depreciated replacement cost method. The depreciated replacement cost method makes reference to the cost of replacing the buildings as new and allowing for depreciation. Key unobservable inputs correspond to replacement costs having regard to asset life, physical deterioration, functional and economic obsolescence. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the best use of its properties does not differ from their current use.

The Group has certain leasehold land held to earn rental income and also for own production or supply of goods and administrative purposes. If a portion of the property cannot be sold or leased out separately under a finance lease, the entire property is classified as investment property only if the portion of the property held for own use is insignificant. Judgement is involved in determining the allocation of investment property and property, plant and equipment.

5. Subsidiaries

	Company	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Equity investments, at cost #	88,855	88,855
Forgiveness of amounts due from subsidiaries	10,072	10,072
	98,927	98,927
Impairment losses	(77,955)	(77,955)
	20,972	20,972

Fu Yu Trading Limited was liquidated on 11 June 2021. Fu Yu Ventures Pte Ltd, a wholly owned subsidiary was incorporated on 14 June 2021. The cost of investment of the liquidated subsidiary and incorporated subsidiary was less than \$1,000.

6. Trade and Other Receivables

	Group		Company	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Trade receivables	34,787	38,107	11,105	10,663
Allowance for impairment of doubtful receivables	(3)	(43)	-	-
Net trade receivables	34,784	38,064	11,105	10,663
Other receivables	651	1,126	33	271
Amounts due from subsidiaries	-	-	30,507	31,970
Deposits	318	405	84	8
	35,753	39,595	41,729	42,912
Prepayments	535	517	215	92
Advances to suppliers	1,059	908	403	210
	37,347	41,020	42,347	43,214
Non-current	-	-	28,659	28,030
Current	37,347	41,020	13,688	15,184
	37,347	41,020	42,347	43,214

Expected credit loss (“ECL”) assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables and other receivables and contract assets which comprise a large number of small balances.

Loss rates are estimated based on actual credit loss experience over the past five years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

There have been no significant changes to the movement in the allowance for impairment loss in respect of trade and other receivables, and contract assets during the period.

7. Share Capital

	<u>Group and Company</u>	
	2021	2020
	No. of shares	
Fully paid ordinary shares, with no par value:		
On issue at 1 January and 30 June/31 December	<u>752,994,775</u>	<u>752,994,775</u>

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

8. Borrowings and Debt Securities

The Group has no borrowings and debts securities as at 30 June 2021 and 31 December 2020.

9. Revenue

(i) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 12).

	← Reportable segments →							
	Singapore		China		Malaysia		Total	
Six Months Ended 30 June	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Group								
Major products/ service line								
Sales of goods	22,986	19,603	26,423	32,014	16,890	15,372	66,299	66,989
Revenue from tooling contracts	2,675	1,792	869	1,548	546	1,254	4,090	4,594
	<u>25,661</u>	<u>21,395</u>	<u>27,292</u>	<u>33,562</u>	<u>17,436</u>	<u>16,626</u>	<u>70,389</u>	<u>71,583</u>
Timing of revenue recognition								
Products transferred at a point in time	22,986	19,603	26,423	32,014	16,890	15,372	66,299	66,989
Services transferred over time	2,675	1,792	869	1,548	546	1,254	4,090	4,594
	<u>25,661</u>	<u>21,395</u>	<u>27,292</u>	<u>33,562</u>	<u>17,436</u>	<u>16,626</u>	<u>70,389</u>	<u>71,583</u>

(ii) **Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

10. Profit before Income Tax

Significant items

	Group	
	Six Months Ended 30 June	
	2021	2020
	\$'000	\$'000
A. Profit before income tax is arrived at after charging/(crediting) the following:		
Interest income	(292)	(655)
Gain on disposal of property, plant and equipment	(358)	(143)
Foreign exchange gain, net	(1,187)	(2,149)
Property, plant and equipment written off	34	175
(Reversal of impairment loss)/Impairment loss on trade receivables	(27)	32
Depreciation of property, plant and equipment and investment property	3,835	5,200
Interest expenses on lease liabilities	139	176
Allowance for inventory obsolescence, net and inventories written off	265	93
B. Income tax expenses		
Adjustments for overprovision of income tax in respects of prior year	(162)	(52)

11. Tax Expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

	Group	
	Six Months Ended 30 June	
	2021	2020
	\$'000	\$'000
Current tax expense		
Current year	1,569	1,605
Withholding taxes	79	101
Over provision in prior years	(162)	(52)
	1,486	1,654
Deferred tax expense		
Movements in temporary differences	260	(104)
	260	(104)
Tax expense	1,746	1,550

12. Operating Segment

The Group has three reportable segments which are geographical segments and are based on the location of assets, namely Singapore, Malaysia and China. These geographical segments are managed separately because they require different marketing strategies and bear different financial and business risks. The location of the Group's customers is not significantly different from the location of the Group's assets. In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Performance is measured based on profit before income tax, depreciation of property, plant and equipment and investment property, finance cost and net foreign exchange gain/(loss) as included in internal management reports that are reviewed by the Group's chief operating decision maker. Such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the Group's industry. Inter-segment pricing is based on terms agreed by the counterparties.

Reportable Segments

Six Months Ended 30 June	Singapore		China		Malaysia		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue and expenses												
Total external revenue	25,661	21,395	27,292	33,562	17,436	16,626	70,389	71,583	–	–	70,389	71,583
Inter-segment revenue	17	150	–	–	199	41	216	191	(216)	(191)	–	–
Segment profit before income tax*	16,645	6,064	2,348	2,194	4,575	5,782	23,568	14,040	(10,172)	(1,875)	13,396	12,165
Depreciation of property, plant and equipment and investment property	(1,033)	(1,117)	(1,878)	(2,065)	(1,099)	(2,104)	(4,010)	(5,286)	175	86	(3,835)	(5,200)
Finance cost	(101)	(106)	(37)	(53)	(1)	(17)	(139)	(176)	–	–	(139)	(176)
Foreign exchange gain/(loss) (net)	1,903	2,920	197	(88)	105	191	2,205	3,023	(1,018)	(874)	1,187	2,149
	17,414	7,761	630	(12)	3,580	3,852	21,624	11,601	(11,015)	(2,663)	10,609	8,938
Share of loss of joint venture (net of tax)	–	–	–	–	–	(11)	–	(11)	–	–	–	(11)
Profit before income tax											10,609	8,927
Tax expense											(1,746)	(1,550)
Net profit for the period											8,863	7,377
Other segment information												
Non-current assets	70,573	66,949	13,753	15,577	24,376	25,609	108,702	108,135	(48,606)	(47,700)	60,096	60,435
Unallocated assets											1,000	182
Total non-current assets											61,096	60,617
Capital expenditure**	3,502	1,640	567	759	526	1,196	4,595	3,595	–	–	4,595	3,595
Interest income	63	362	65	35	164	258	292	655	–	–	292	655
Segment reporting assets	149,780	140,289	63,835	67,877	51,591	63,147	265,206	271,313	(50,587)	(49,261)	214,619	222,052
Unallocated assets											1,001	185
Total assets											215,620	222,237
Segment reporting liabilities	14,545	23,548	21,900	25,905	6,580	8,085	43,025	57,538	(4,938)	(4,269)	38,087	53,269
Unallocated liabilities											5,361	5,054
Total liabilities											43,448	58,323

* After excluding share of results of joint venture, finance cost, foreign exchange gain/(loss) (net) and depreciation.

** Excluding addition of right-of-use assets.

13. Financial Risk Management

Accounting classification and fair values

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or re-pricing. Further, the fair value disclosure of lease liabilities is also not required.

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2021 and 31 December 2020:

	Designated at FVTPL \$'000	Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
Group				
30 June 2021				
Trade and other receivables ⁺	–	35,753	–	35,753
Cash and cash equivalents	–	100,154	–	100,154
Trade and other payables [#]	–	–	(30,640)	(30,640)
	–	135,907	(30,640)	105,267

31 December 2020				
Trade and other receivables ⁺	–	39,595	–	39,595
Cash and cash equivalents	–	106,561	–	106,561
Trade and other payables [#]	–	–	(37,577)	(37,577)
	–	146,156	(37,577)	108,579

	Amortised costs \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
Company			
30 June 2021			
Trade and other receivables ⁺	41,729	–	41,729
Cash and cash equivalents	60,848	–	60,848
Trade and other payables [#]	–	(8,989)	(8,989)
	102,577	(8,989)	93,588

31 December 2020			
Trade and other receivables ⁺	42,912	–	42,912
Cash and cash equivalents	59,616	–	59,616
Trade and other payables [#]	–	(11,272)	(11,272)
	102,528	(11,272)	91,256

+ Excludes prepayments and advances to suppliers

Includes amount due to subsidiary companies and excludes advance billings

14. Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

15. Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	Six Months Ended 30 Jun	
	2021	2020 *
	\$'000	\$'000
Paid by the Company to owners of the Company		
Final dividend of 1.25 cents per qualifying ordinary share	9,412	–
	<u>9,412</u>	<u>–</u>

* The final tax exempt (one-tier) dividend (“Final Dividend”) of 1.0 Singapore cent per ordinary share in the capital of the Company for financial year ended 31 December 2019 was approved at the Annual General Meeting held on 24 June 2020. The Final Dividend of S\$7,530,000 was paid on 15 July 2020.

16. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

On 16 July 2021, the Group’s wholly-owned subsidiary in Singapore, Fu Yu Ventures Pte Ltd, entered into a Sale and Purchase Agreement (“SPA”) to acquire 100% of the ordinary shares in Avantgarde Enterprise Pte Ltd (“AGE”) for cash consideration of approximately S\$6,050,000 (US\$4,500,000).

AGE is engaged in the business in providing supply chain management services for commodities and trading in exchange-traded financial futures. The acquisition of AGE was completed on 28 July 2021.

Based on unaudited financial statements, the net identifiable assets of AGE at the date of SPA was approximately S\$71,000 (US\$53,000). The purchase price allocation (“PPA”) exercise on the acquisition is still ongoing as at the date of this report. The fair value of the net identifiable assets of AGE and purchased goodwill will be determined after the completion of PPA exercise.

The financial effects of the above transaction have not been included in this set of condensed interim financial statements for the six months ended 30 June 2021. The operating results, and assets and liabilities of AGE shall be reflected in the second half and full year financial statements for year ending 31 December 2021.

F Other information required by Listing Rule Appendix 7.2

- 1(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Nil.

- 1(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

The total number of issued ordinary shares excluding treasury shares as at 30 June 2021 was 752,994,775 (31 December 2020: 752,994,775).

- 1(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The condensed interim statements of financial position of Fu Yu Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated income statement and statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-months ended 30 June 2021 and selected explanatory notes have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 30 June 2021 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2020.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>Group</u>	
	<u>Six Months Ended 30 June</u>	
	2021	2020
Earnings per share		
-Basic and diluted (cents)	1.18	0.98

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 752,994,775 (2019: 752,994,775).

There was no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 30 June 2021 and 31 December 2020.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	30 Jun 21	31 Dec 20	30 Jun 21	31 Dec 20
Net asset value (S\$'000)	172,172	172,289	134,692	128,628
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	22.86	22.88	17.89	17.08

8. Review of performance of the Group

OVERVIEW

Fu Yu Corporation Limited provides vertically-integrated services for the manufacture of precision plastic components, parts and sub-assemblies, as well as the fabrication of precision moulds and dies. With manufacturing facilities located in Singapore, Malaysia and China, the Group has a large footprint in Asia to serve a broad and diversified customer base in the printing and imaging, networking and communications, consumer, medical, automotive and power tools sectors.

INCOME STATEMENT

Revenue

For the six months ended 30 June 2021 ("1H21"), the Group recorded relatively stable revenue of S\$70.4 million compared to S\$71.6 million in 1H20. This was attributed mainly to higher sales from the Group's manufacturing operations in Singapore and Malaysia, which offset the decline in sales from the China segment.

Sales from the Singapore operations in 1H21 grew 20.1% to S\$25.7 million from S\$21.4 million in 1H20. This was driven mainly by higher demand from the medical segment. Sales of the Malaysia

segment increased slightly by 4.8% to S\$17.4 million in 1H21 from S\$16.6 million in 1H20. While orders of consumer products decreased in 1H21, this was counterbalanced mainly by higher sales of printing & imaging products and power tools, as well as incremental revenue from new industrial products.

On the other hand, sales from the China operations declined 18.8% to S\$27.3 million in 1H21 from S\$33.6 million in 1H20. This was attributed mainly to reduced sales from the printing & imaging segment as a result of lower orders and the cessation of the Group's factory operations in Chongqing ("Fu Yu Chongqing") in the last quarter of FY2020.

Excluding Fu Yu Chongqing, the Group would have registered growth in its top line in 1H21 compared to 1H20.

The revenue contribution from Singapore segment expanded to 36.5% in 1H21 (1H20: 29.9%). Malaysia segment's revenue contribution also increased to 24.7% (1H20: 23.2%) while the China operations accounted for a lower 38.8% (1H20: 46.9%) of Group revenue in 1H21.

Gross Profit

The Group recorded higher gross profit of S\$16.8 million in 1H21 compared to S\$15.3 million in 1H20. Correspondingly, gross profit margin in 1H21 widened to 23.8% from 21.4% in 1H20. This increase was attributed mainly to the change in revenue mix, a reduction in headcount resulting mainly from the closure of Fu Yu Chongqing, as well as the Group's ongoing initiatives to improve cost management and raise operational efficiencies.

Other Income

Other income decreased 49.0% to S\$2.3 million in 1H21 from S\$4.5 million in 1H20. The decrease was due mainly to lower interest income, a decline in rental income following the end of a sale-and-lease back arrangement for a property in Malaysia ("Leased Property"), as well as a reduction in the amount of grants received under government schemes to support businesses amid the Covid-19 pandemic ("government grants"). The government grants received in 1H21 amounted to S\$0.4 million compared to S\$1.3 million in 1H20.

Selling and Administrative Expenses

Selling and administrative expenses fell 25.8% to S\$9.4 million in 1H21 from S\$12.6 million in 1H20. The decrease was attributed mainly to reduced depreciation expenses in relation to the Leased Property in Malaysia; as well as lower headcount and the Group's ongoing cost control measures.

Other Operating Income

The Group recorded other operating income of S\$1.0 million in 1H21, a decline of 47.1% from S\$2.0 million 1H20. This was due mainly to lower foreign exchange gain in 1H21 compared to 1H20.

The Group recognises foreign exchange gains or losses as a result of transactions denominated in foreign currencies, and the translation of receivables, cash and payables denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. As the Group is in net US Dollar assets position, the appreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed to the foreign exchange gain.

Finance Costs

In line with the adoption of SFRS(I) 16, the Group's operating leases are recognised as Right-Of-Use assets and lease liabilities on its balance sheet. With these lease liabilities, an interest expense has been charged accordingly. Hence, the Group recorded non-cash finance costs of S\$0.1 million in 1H21.

Profit before Income Tax

Notwithstanding lower other income and other operating income, the Group's profit before tax in 1H21 climbed 18.8% to S\$10.6 million from S\$8.9 million in 1H20. Profit before tax excluding foreign exchange impact and share of results of joint venture ("operating profit") gained 38.8% to S\$9.4 million in 1H21 from S\$6.8 million in 1H20.

Tax Expense

The Group incurred tax expense of S\$1.7 million for 1H21 which translated to an effective tax rate of 16.5%. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rate would be 15.7% for 1H21. The Group's effective tax rate is lower than Singapore's statutory tax rate of 17% due mainly to the utilisation of unabsorbed tax losses brought forward previously, and non-taxable income that was recognised in 1H21.

Net Profit Attributable to Owners of the Company

The Group's net profit attributable to owners of the Company ("net profit") increased 20.1% to S\$8.9 million in 1H21 from S\$7.4 million in 1H20.

	1H21 (S\$ million)	1H20 (S\$ million)	Change
Operating profit	9.4	6.8	38.8%
Net profit	8.9	7.4	20.1%

On a segmental basis, the Group's operations in Singapore posted higher segment profit (excluding dividend income from Malaysia and China subsidiaries) of S\$7.4 million in 1H21 compared to S\$6.0 million in 1H20. Malaysia segment's profit decreased marginally to S\$3.6 million in 1H21 from S\$3.9 million in 1H20, while China segment reversed the loss in 1H20 to record a profit of S\$0.6 million in 1H21.

Dividend

The Board of Directors has declared an interim ordinary dividend of 0.40 cent per share and a special dividend of 3.30 cents per share for 1H21. Hence, the total interim dividends for 1H21 shall be 3.70 cents per share compared to 0.35 cent per share for 1H20.

BALANCE SHEET

As at 30 June 2021, the Group remained in a sound financial position with a cash balance of S\$100.2 million and zero borrowings. Shareholders' equity stood at S\$172.2 million, equivalent to net asset value of 22.86 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which included cash and cash equivalents of around 13.3 cents per share.

Total assets as at 30 June 2021 decreased to S\$215.6 million from S\$223.0 million as at 31 December 2020. This was attributed mainly to decreases in trade and other receivables, and cash and cash equivalents, which were offset partially by higher inventories.

The Group's total liabilities as at 30 June 2021 decreased to S\$43.4 million from S\$50.7 million as at 31 December 2020, due mainly to a decline in trade and other payables.

CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$7.6 million in 1H21. This was attributed mainly to operating profit before working capital changes of around S\$13.7 million, as well as reduction in trade and other receivables. These were offset partially by higher inventories, a decrease in trade and other payables as well as higher income tax payments.

Net cash used in investing activities amounted to S\$4.5 million during 1H21. The Group incurred capital expenditure of S\$5.3 million which was offset partially by interest income and proceeds from disposal of property, plant and equipment. Net cash used in financing activities totalled S\$9.9 million in 1H21, attributed mainly to the payment of dividends to shareholders of the Company and repayment of lease liabilities.

As a result of the above, the Group's cash and cash equivalents decreased to S\$100.2 million (including cash deposits pledged of S\$0.1 million) at the end of 1H21 as compared to S\$106.6 million as at 31 December 2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The global business landscape remains shrouded by the persistent social and economic uncertainties associated with the Covid-19 pandemic. Although the rate of vaccinations has been steadily increasing since the start of 2021, the emergence of new and highly transmittable Covid-19 variants, coupled with renewed lockdown measures or government restrictions in various countries, will continue to dampen the global economic outlook and hamper business activities from recovering to pre-pandemic levels.

Excluding Fu Yu Chongqing, the Group would have registered growth in revenue in 1H21 compared to 1H20 despite experiencing difficult operating conditions. This can be attributed to growth in sales with existing customers from certain sectors such as the medical and power tools segments, and the Group's business development efforts to secure new customers. The diversity of the Group's product portfolio has helped to offset lower demand for certain products. As a result, the Group's operations in Singapore and Malaysia posted higher sales which counterbalanced lower sales in China during 1H21.

At the bottom line, the Group reported a double-digit increase in net profit in 1H21. To demonstrate Fu Yu's appreciation to shareholders for their long term support, the Board has declared an interim

dividend payment of 0.40 cents per share and a special dividend of 3.30 cents per share for 1H21, as compared to the interim dividend of 0.35 cents per share for 1H20.

Looking to the second half of FY2021, the Group anticipates the operating environment will remain challenging. In addition to possible repercussions from the Covid-19 pandemic, the Group's operations and financial performance could also be affected by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

To ensure business resilience and stability, the Group will continue its strategy to maintain a diversified customer mix and product portfolio. The Group will also focus on its ongoing initiatives to optimise cost structure and improve operational efficiencies. The Group's redevelopment project in Singapore is part of these initiatives and scheduled for completion by the end of 2021, barring any unforeseen circumstances including but not limited to changes in government measures due to the Covid-19 situation. The Group will continue to review its capital structure to optimise resources for long term growth while also ensuring it maintains a healthy financial position to overcome business challenges.

To diversify its business beyond the core manufacturing business, the Group recently formed a new business arm by acquiring 100% equity interest in Avantgarde Enterprise Pte Ltd ("AGE") which is engaged in the business of providing supply chain management services for commodities and trading in exchange-traded financial futures. The Board expects the acquisition of AGE, which was completed on 28 July 2021, to help to provide additional and recurrent revenue streams for the Group and provide shareholders with diversified returns and long term growth. Going forward, the Group may also enter into joint ventures, partnerships and/or strategic alliances with third parties to build AGE's expertise and capabilities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Interim Dividend

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.40 cent per ordinary share
Tax rate	One-tier tax exempt

Special Dividend

Name of Dividend	Special
Dividend Type	Cash
Dividend Rate	3.30 cent per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.35 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders for IPTs.

There were no IPTs for the period ended 30 June 2021.

14. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Seow Jun Hao David and Hew Lien Lee, being two directors of Fu Yu Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to attention of the Board of Directors of the Company which may render the condensed interim financial statement for the six months ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Seow Jun Hao David
Executive Director
Group Managing Director

Hew Lien Lee
Executive Director
Chief Executive Officer

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Kong Wei Fung
Company Secretary
Singapore, 11 August 2021