



NEWS RELEASE

Fu Yu posts higher net profit of S\$17.6 million in FY2021; Proposes final dividend of 1.25 cents per share

- Group revenue jumps 27.4% to S\$195.5 million in FY2021
- New supply chain management services business contributes to the Group's top and bottom lines
- Total dividend per share for FY2021 triples to 4.95 cents compared to 1.6 cents for FY2020
- Shifting manufacturing operations into higher gear as the Group's new smart factory in Singapore will commence operations in the third quarter of 2022
- Sound financial position with net cash of S\$78.3 million

Singapore, 25 February 2022 – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, today reported its financial results for the 12 months ended 31 December 2021 (“FY2021”).

Notwithstanding the strong headwinds that afflicted businesses worldwide during the year, the Group posted a 4% increase in net profit to S\$17.6 million in FY2021 on the back of revenue growth of 27.4% to S\$195.5 million. The Group's new business arm, Fu Yu Supply Chain Solutions Pte Ltd (“FYSCS”) which provides supply chain management services for commodity raw materials, made its maiden contribution to both the Group's top and bottom lines in FY2021.

FYSCS recorded revenue of S\$51.9 million in FY2021. This helped to counterbalance a 6.4% revenue decline in the Group's manufacturing business to S\$143.6 million which was due mainly to the cessation of its factory operations in Chongqing (“Fu Yu Chongqing”) in the last quarter of FY2020. Excluding Fu Yu Chongqing, revenue of the manufacturing business in FY2021 would have remained relatively stable compared to FY2020.

Sales from the Singapore manufacturing operations rose 3.9% to S\$49.9 million in FY2021, buoyed mainly by higher demand from the medical segment which offset softer sales of automotive and consumer products. The Malaysia segment registered a marginal sales decrease to S\$35.5 million in FY2021. Lower sales of consumer products were counterbalanced mainly by higher sales of printing & imaging products and power tools, as well as incremental revenue from new industrial products. The China segment's sales decreased 15.9% to S\$58.2 million in FY2021, attributed largely to cessation of Fu Yu Chongqing.

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Group Managing Director of Fu Yu, Mr David Seow said, “On top of prevailing business uncertainties caused by the COVID-19 pandemic, there was also intensifying challenges in the operating landscape during the second half of FY2021 as a result of bottlenecks in global supply chains. This was due to delays in shipping schedules, disruptions in raw material production and shortages of semiconductors.

Despite these strong headwinds, the Group still delivered a commendable financial performance in FY2021 with higher profit and revenue. In particular, we are pleased with the maiden contribution from FYSCS which was formed to broaden the Group’s revenue base beyond our core manufacturing business. FYSCS will continue to focus on supply chain management services for commodity raw materials to reap cost savings for the Group while seeking opportunities to provide additional revenue streams.”

As a demonstration of Fu Yu’s appreciation to shareholders for their support and reflection of its confidence in long term sustainability, the Group has proposed to maintain its final tax exempt dividend at 1.25 cents per share for FY2021. Together with the interim dividend and special dividend paid in September 2021, this would bring total dividends in respect of FY2021 to 4.95 cents per share as compared to 1.6 cents per share for FY2020.

Looking ahead, the global business landscape remains mired in uncertainty. Even as countries are moving to reopen their economies, the spread of the highly transmissible Omicron variant could still pose risks and impede global economic growth in 2022. Supply chain and raw material production challenges may also persist.

To mitigate the impact of these challenges, the Group will continue working on initiatives to enhance the long term growth of its core manufacturing business by increasing efforts to drive sales, enhance its capabilities and expand the breadth of its services.

“One of our immediate goals in FY2022 is to improve the utilisation rates of our strategically-located factories in Asia by strengthening our business development team,” said Mr Seow.

In parallel with its strategy to build a diversified product portfolio for business resilience and stability, Fu Yu intends to optimise its business mix to keep pace with current market trends. This will see the Group channeling greater resources towards growing its business in market segments that display longer term stability and growth potential such as medical, automotive, eco-friendly and smart home consumer products.

The Group’s manufacturing operations will also be shifting into higher gear as the redevelopment of its new factory in Singapore is in the final stages of completion and scheduled to begin operations in the third quarter of 2022, barring any unforeseen circumstances.

“With its adoption of Industry 4.0, this new ‘smart factory’ will serve as a showcase of the Group’s advanced manufacturing capabilities. In addition to higher precision manufacturing capabilities and increased automation, our new factory will also feature seamless workflow across its tooling, moulding and assembly operations to achieve higher operational efficiency and reduction of carbon footprint.

We are also in the process of broadening our value-added services to customers. The Group has initiated a new division – Corporate Development – to work with research institutes in Singapore and other partners in the region to explore R&D programs and identify commercially-viable technologies that could augment our manufacturing services,” said Mr Seow.

Fu Yu remains in a healthy financial position to pursue its long term goal of sustainable and profitable growth. As at 31 December 2021, the Group had net cash of S\$78.3 million. Shareholders’ equity stood at S\$153.9 million, equivalent to net asset value of 20.4 cents per share which included net cash of around 10.4 cents per share.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 25 February 2022.

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 commodity raw materials.

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