FUYU
CORPORATION

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Huang Junli, Christopher,
Chairman
Seow Jun Hao David
Hew Lien Lee
Poh Kai Ren, Daniel
Tan Tong Loong Royston

EXECUTIVE DIRECTORS
Seow Jun Hao David
Hew Lien Lee

NON-EXECUTIVE DIRECTORS
Huang Junli, Christopher
Poh Kai Ren, Daniel
Tan Tong Loong Royston

AUDIT COMMITTEE
Poh Kai Ren, Daniel,
Chairman
Huang Junli, Christopher
Tan Tong Loong Royston

NOMINATING COMMITTEE
Tan Tong Loong Royston,
Chairman
Huang Junli, Christopher
Poh Kai Ren, Daniel

REMUNERATION COMMITTEE
Huang Junli, Christopher,
Chairman
Tan Tong Loong Royston
Poh Kai Ren, Daniel

COMPANY SECRETARY
Janet Tan

REGISTERED OFFICE
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EXTERNAL AUDITORS
Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
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Audit Partner: Guo Shuqi
Since financial year 2023

PRINCIPAL BANKERS
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited
Citibank, N.A.,
Singapore Branch

INVESTOR RELATIONS
Fu Yu Corporation Limited
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Daisy Ong
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CORPORATE PROFILE

Fu Yu Corporation Limited ("**Fu Yu**", and together with its subsidiaries, the "**Group**") is Singapore's oldest and one of Asia's largest manufacturers of high-end precision plastic and metal components and products. Established in 1978, Fu Yu has been listed on the Mainboard of the Singapore Exchange (SGX: F13) since 14 June 1995.

Backed by more than 45 years of operating knowledge, Fu Yu provides vertically-integrated manufacturing services to an international, diverse and loyal customer base across the life science, medical, consumer, automotive and industrial sectors.

Headquartered in Singapore, the Group operates 6 strategic manufacturing sites across Singapore, Malaysia, and China, and has more than 1.5 million square feet of production floor capacity.

To enhance its value add to customers and build mutually beneficial long-term partnerships, the Group provides a one-stop solution for its customers' manufacturing needs, including product design, tooling design and fabrication, production, assembly and testing.

In 2023, the Group launched Fu Yu Biomedical, focusing on the development of high-precision devices, life sciences products, and consumables within the Medical Technology and Biotechnology sectors.

The Group's supply chain solutions arm was established in 2021 to provide supply chain management services for its customers.

Fuelled by an unyielding dedication to sustainable practices, Fu Yu's relentless pursuit of excellence ensures precision engineering while fostering a greener, more responsible footprint in every aspect of its operations.

VISION

To be the best in manufacturing through our commitment to quality, operational excellence, and continuous improvement.

MISSION

To redefine the standards of precision engineering for our customers, through innovations and excellence.

5 CORE VALUES

Safety is our top priority. We take all necessary preventive measures to ensure a safe working environment for our employees.

Quality is our focus. We manufacture products of exceptional quality and always strive to exceed our customers' expectations.

Integrity lies at the heart of our company. This guides us to be ethical and honest in all our interactions and decisions.

Sustainability is embedded in our practices and products. We are committed to a better world for our future generations.

Continuous improvement is in our DNA. We strive for operational excellence and are always looking for ways to improve our performance as a team.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

2023 marked a year of profound global challenges, and tested our resilience amid a challenging operating environment. This annual report is of special significance as it outlines the strategic transformation the Group has embarked on to chart a clear direction for sustainable growth. The roadmap takes into account the fresh challenges arising from the pandemic and 5 major initiatives. But first, allow me to outline our performance for the financial year ended 31 December 2023 ("**FY2023**").

FY2023 FINANCIAL PERFORMANCE

As shareholders would be aware, manufacturing companies worldwide were deeply impacted by the movement restrictions and the supply chain disruptions which lingered on even after the pandemic eased. Indeed, the disruptions had led many customers to over-stock components or products. The consequence of this inventory overhang has been slower orders despite the economic recovery.

The Group felt the impact of softer customer demand in the first half of 2023. While the pandemic had abated, new uncertainties arose in the global economy amid geopolitical tensions, in particular the conflict in Ukraine, and elevated interest rates.

Hence, the year under review must be seen against the backdrop of these multiple challenges.

Fu Yu recorded revenue of S$190.4 million in FY2023, a 20.7% decline from S$240.1 million in FY2022. Our manufacturing business generated revenue of S$103.9 million (FY2022: S$140.1 million), while our supply chain management segment reported S$86.5 million (FY2022: S$100.0 million).

Gross profit for FY2023 softened to S$13.3 million from S$37.6 million in FY2022. We recorded lower revenue at a time when operating costs (especially for labour and energy) increased. Gross profit margin for the manufacturing and supply chain management services segments declined to 11.6% and 1.4%, respectively, compared to 24.2% and 3.7%, respectively, a year ago. As a result of the change in revenue mix, overall FY2023 gross profit margin narrowed to 7.0% from 15.7% in FY2022.

The Group incurred a net loss of S$10.1 million in FY2023 compared to a net profit of S$14.6 million in FY2022. Apart from the above factors, Fu Yu also incurred expenses related to developing its Smart Factory in Singapore, a S$2.7 million non-cash impairment of goodwill related to our investment in Fu Yu Supply Chain Solutions Pte. Ltd, loss on liquidation of a subsidiary of S$0.4 million and foreign exchange loss of S$0.1 million.

Mr Christopher Huang
Independent Non-Executive Chairman

Excluding the impairment, liquidation loss and foreign exchange loss, net loss for FY2023 would have been S$6.9 million. Our supply chain management services generated net profit of S$0.3 million in FY2023, compared to S$1.5 million a year ago. Meanwhile, the manufacturing business recorded net loss of S$7.2 million.

We continue to maintain a strong balance sheet with net cash of S$57.0 million and shareholders' equity of S$137.4 million as at 31 December 2023. This robust financial position provides a strong ballast as we embark on a major transformation.

FORWARD STRATEGIES

In November 2023, we undertook a strategic review led by our Group Chief Executive Officer ("**Group CEO**"), Mr David Seow, and unveiled several transformation strategies to propel us to the next stage of growth. The key thrusts are to lay a stronger foundation for a more resilient and competitive Fu Yu which would be more responsive to the changing needs of customers.

The post-pandemic operating environment has undergone significant change. Corporations are seeking reliable manufacturers who can produce higher-precision components, even while reducing costs and shortening time-to-market. Meanwhile, geopolitical uncertainties and supply chain disruptions have led corporations to diversify their manufacturing footprint from China into Southeast Asia. Against this backdrop, the Group intends to offer its more than 45 years of experience to new industries and geographies, and move up the value chain with even higher-precision products.

Let me elaborate on the major strategic initiatives led by Mr David Seow.

The first is to re-focus on mould design and manufacturing. Fu Yu's business is only as good as our tooling capabilities. Hence, we are taking our capabilities to the next level.

A core aspect of this strategy involves our Smart Factory at 9 Tuas Drive 1, Singapore. It features advanced injection moulding, 3D metal printing, and state-of-the-art cooling technologies. High levels of automation mean the manufacturing process from raw materials to finished products will require minimal human intervention. This reduces downtime, and production can continue over the weekend. We can now manufacture components of 2 – 5 micron precision, sharply reduced from 10 – 20 microns previously. I am confident that it is one of the most advanced of its kind in Asia.

Already, we have scored new projects for American, European and Asia customers in the medical and consumer sectors. These higher-precision products command better profit margins. We expect this business to eventually become our core revenue generator in the next 2 years.

The second initiative is to expand our geographical footprint and penetrate the biomedical sector. The pandemic catalysed a major shift in this sector with players reviewing not just their product portfolio but also their business models. This sea of change offers Fu Yu a unique opportunity to showcase our expertise propelled by precision tooling. In February 2023, we established Fu Yu Biomedical Pte. Ltd. to capture the opportunities in the biomedical sector. This wholly-owned subsidiary produces components for higher-precision biomedical devices such as endoscopes, vials, syringes and in-vitro diagnostics devices that require stringent tolerances and highly complex designs.

We are constructing new cleanroom facilities and expect to have 7 Class-100,000 cleanrooms and 1 Class-10,000 cleanroom within our manufacturing locations across Singapore, Malaysia and China, with add-on bio-laboratories in Singapore.

Our re-focus on back-to-basics excellence in tooling opens new opportunities for us to export to our high-precision moulds. Demand for advanced manufacturing capabilities inevitably increases alongside the development of new technologies, particularly in sectors such as electric vehicles, and new medical devices, pharmaceuticals and consumable goods. To capture this higher-margin export tooling business, we have established an advanced automated toolroom for customers, and have already secured several orders; moving forward, we expect revenue contribution from this segment to continue growing.

We have also established partnerships with other leading manufacturers who complement the Group's business, unlock adjacent opportunities, and tap into new markets.

The third initiative relates to sustainability. In line with our commitment to reduce Scope 2 emissions by 30% by 2030 and optimise energy consumption, we are installing photovoltaic solar panels across the rooftops of our Singapore and Malaysia facilities to power in-house operations. We are investing in electrically-powered machinery which will progressively replace our hydraulic ones that rely on oil consumption. We have also added 3D printing and additive manufacturing technologies, which minimise waste materials, as they use only the exact amount of materials required.

We have also transitioned to an integrated cloud-based platform, allowing us to go completely paperless in the mould-making process. In terms of new materials, we are working closely with our partners to offer biodegradable bio-resin which can be used to produce disposables, consumables and packaging caps.

Finally, to help our partners achieve sustainability, our Smart Factory has been fitted out with sensors and hardware to allow customers to track their carbon footprint across the entire process. This allows them to showcase hard metrics and strong green credentials.

To move up the value chain, our fourth strategy involves a fresh approach to achieve early-state customer engagement. Even before starting mass production, our New Product Introduction team offers bespoke product design to ensure the process is optimised. This also reduces scrap rates, improves product yields, and accelerates time-to-market. Early-stage engagement will also provide more opportunities for collaboration and new business, which in turn expands our customer base and increases "stickiness".

As we embark on this transformation our fifth strategy is to raise our international profile and investor awareness. I am also pleased to share that Fu Yu has been selected as 1 of 12 companies to participate in Enterprise Singapore's Scale-Up Programme. Offered to companies will strong growth potential, the programme will allow us to enhance our expansion strategies and extend the brand of Singapore manufacturing to the broader Asia market.

We continue to look out for opportunities for collaboration and partnerships and explore M&A opportunities to complement our core capabilities and long-term vision.

CONCLUSION AND OUTLOOK

Our strategic investments and transformation efforts are already starting to bear fruit, with new revenue streams from our export tooling and biomedical businesses. We expect revenue to increase as our Smart Factory accelerates production activities. Our strong balance sheet gives us the flexibility to invest in growth opportunities while also managing the uncertainties in the operating environment. FY2024 will be a better year.

Throughout the years, Fu Yu has overcome various challenges and emerged stronger. We will continue to innovate and remain committed to providing value to our customers and shareholders, and persevere through the challenges ahead. Such is the DNA of Fu Yu, and we will work hard to implement our transformation strategies.

APPRECIATION

On behalf of the board of directors (the "**Board**"), I would like to convey our appreciation to our customers and business partners for your loyalty and contributions throughout the year.

I would like to express my gratitude to my fellow Board members for their counsel and commitment, as well as the Fu Yu management team and staff, whose hard work and commitment have been integral to the growth of the Group. In particular, I would like to express my appreciation to our Group CEO Mr David Seow, whose strong leadership and foresight have allowed us to make progress in our transformation, even as we navigate through the challenging operating environment.

I would also like to thank our General Manager Mr Ong Kang Lye, and Chief Executive Officer and Executive Director Mr Elson Hew for their contributions to the Group, and wish them all the best in their future endeavours.

We also warmly welcome new additions to our management team.

Ms Daisy Ong joined us as Chief Financial Officer in January 2023, bringing over 18 years of audit, accounting, investments and finance experience will be instrumental as we leverage our balance sheet to capture new market opportunities.

In February 2023, Mr Jason Lim and Mr Adriel Low joined us as Chief Operating Officer and Deputy Chief Operating Officer, respectively, to spearhead our efforts to enhance operations and produce higher-precision products. I am confident their skills and contributions will propel Fu Yu to the next level of growth, and look forward to working alongside them.

Last but not least, thank you, our shareholders, for your continued support and faith in our long-term vision. Together, we look forward to seizing new opportunities and building upon our achievement to further enhance shareholder value.

Mr Christopher Huang
Independent Non-Executive Chairman

OPERATIONS REVIEW

REVENUE

For the year ended 31 December 2023 ("**FY2023**"), the Group recorded revenue of S$190.4 million, a 20.7% decline from S$240.1 million in FY2022, mainly due to softer customer demand during the first half of 2023 amid heightened economic uncertainty, geopolitical tensions and elevated interest rates.

For FY2023, the Group's manufacturing division and supply chain management division reported lower revenue contributions of S$103.9 million and S$86.5 million, respectively, compared to S$140.1 million and S$100.0 million, respectively, in FY2022.

GROSS PROFIT AND GROSS PROFIT MARGIN

Group-wide gross profit declined to S$13.3 million in FY2023 from S$37.6 million in FY2022, while overall gross profit margin narrowed to 7.0% for FY2023 from 15.7% in FY2022 due to changes in revenue mix for the manufacturing division and higher operating costs.

Gross profit for the manufacturing segment declined 64.3% to S$12.1 million in FY2023 (FY2022: S$33.9 million); gross profit margin for the segment stood at 11.6% compared to 24.2% in FY2022. Meanwhile, supply chain management services generated gross profit of S$1.2 million in FY2023 compared to S$3.7 million in FY2022, while gross profit margin softened to 1.4% from 3.7% a year ago.

OTHER INCOME

Other income increased 48.2% to S$3.7 million from S$2.5 million a year ago, mainly due to higher income from interest income and rental income, as well as higher sales of scrap and raw materials.

SELLING AND ADMINISTRATIVE EXPENSES

The Group's selling and administrative expenses in FY2023 increased by 2.4% to S$23.5 million from S$22.9 million a year ago. This increase was attributed mainly to higher energy costs, depreciation related to the Group's Smart Factory, and higher employee remuneration as the Group strengthened its engineering resources and in-house tooling capabilities to increase market exposure to the biomedical segment.

OTHER OPERATING (EXPENSE)/INCOME

The Group recorded other operating expenses of S$3.2 million in FY2023, as opposed to other operating income of S$0.6 million in FY2022. The difference is due to provision for impairment of goodwill of S$2.7 million, loss on liquidation of a subsidiary of S$0.4 million and foreign exchange loss of S$0.1 million in FY2023, compared to a S$0.7 million foreign exchange gain in FY2022.

The Group recognises foreign exchange gain or loss as a result of transactions denominated in foreign currencies, and the revaluation 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 a net US Dollar assets position, the depreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed to the foreign exchange loss in FY2023.

PROFITABILITY

For FY2023, the Group recorded a loss before income tax of S$10.6 million, compared to a profit before tax of S$17.4 million in FY2022, mainly due to lower revenue, a S$2.7 million non-cash impairment of goodwill in connection with its investment in Fu Yu Supply Chain Solutions Pte Ltd., loss in liquidation of a subsidiary of S$0.4 million and foreign exchange loss of S$0.1 million. Excluding the non-cash impairment of goodwill, loss on liquidation of a subsidiary and foreign exchange loss, FY2023 loss before tax would have been S$6.9 million compared to a profit of S$16.7 million a year ago.

Fu Yu's manufacturing business recorded net loss of S$7.2 million in FY2023 compared to net profit of S$12.4 million in FY2022, while the Group's supply chain management services contributed net profit of S$0.3 million in FY2023 (FY2022: S$1.5 million).

FINANCIAL POSITION

Fu Yu's financial position remains robust, with net cash of S$57.0 million as at 31 December 2023. Cash and bank balances stood at S$60.3 million, while total bank loans amounted to S$3.3 million as at 31 December 2023.

Shareholders' equity stood at S$137.4 million, equivalent to net asset value of 18.16 cents per share (based on the total number of issued shares of approximately 757.0 million shares) which includes net cash of approximately 7.53 cents per share.

As at 31 December 2023, total assets declined to S$176.2 million, compared to S$207.2 million a year ago, mainly due to lower cash and bank balances, decrease in assets related to trade and other receivables, inventories, property, plant and equipment, as well as an impairment of goodwill.

The Group's total liabilities decreased to S$38.7 million as at 31 December 2023 (31 December 2022: S$52.0 million), mainly due to a reduction in loans and borrowings as well as trade and other payables.

OPERATIONS REVIEW

In FY2023, the Group incurred net operating cash outflows of S$4.5 million compared to net cash inflows from operating activities of S$21.7 million in FY2022, mainly due to the net loss recognised for FY2023, and the repayment of trade and other payables, offset by a reduction in inventories.

Fu Yu also recorded capital expenditure of S$4.0 million, which was mainly used for the purchase of factory equipment, plant and machineries, partially offset by interest income.

Net cash used in financing activities stood at S$7.9 million during the year under review, attributed mainly to the payment of dividends to shareholders of the Company and repayment of bank loans.

Accordingly, the Group's cash and cash equivalents amounted to S$60.3 million, which includes S$0.1 million in cash deposits pledged and cash restricted-in-use of S$5.1 million, as at 31 December 2023, compared to S$79.3 million a year ago.

BUSINESS SEGMENT REVIEW

MANUFACTURING BUSINESS

Revenue from the Group's manufacturing segment declined 25.8% to S$103.9 million in FY2023 from S$140.1 million in FY2022, equivalent to 54.6% of the Group's FY2023 revenue (FY2022: 58.4%). The decline was partially offset by new customers secured in China and higher sales from existing customers in Malaysia and Singapore.

Singapore

Revenue from Singapore operations declined 26.4% to S$38.2 million in FY2023 from S$51.9 million a year ago, mainly due to lower sales in the medical segment, partially mitigated by higher sales from the consumer segment. As a percentage of total sales from the manufacturing business, the Singapore segment's revenue contribution declined marginally to 36.8% in FY2023 from 37.1%.

Excluding dividend income received from subsidiaries in Malaysia and China totalling S$4.8 million, the Singapore segment recorded a loss of S$6.9 million compared to profit before tax of S$10.8 million in FY2022.

China

The China segment generated revenue of S$36.4 million in FY2023 (FY2022: S$54.8 million), which accounted for 35.0% of the manufacturing segment's revenue for FY2023 (FY2022: 39.1%). The decline was mainly due to slower business activities due to a slower-than-expected recovery in the domestic economy.

As a result, the China segment posted a loss before tax of S$3.7 million, which includes the S$0.4 million liquidation loss compared to a profit before tax of S$0.3 million a year ago.

Malaysia

Revenue contribution from Malaysia for FY2023 declined 12.2% to S$29.3 million from S$33.4 million in FY2022, mainly due to slower demand from the medical and power tools segments, partially offset by higher orders of consumer products. Contribution from Malaysia increased to 28.2% of the segment's revenue in FY2023 from 23.8% in FY2022.

The Malaysia segment recorded a profit before tax of S$3.6 million, compared to a profit before tax of S$6.3 million in FY2022.

SUPPLY CHAIN MANAGEMENT SERVICES - FU YU SUPPLY CHAIN SOLUTIONS PTE LTD

For FY2023, the supply chain management services segment generated revenue of $86.5 million from physical commodities trading activities, a 13.6% decline from $100.0 million a year ago. This business made up 45.4% of the Group's total revenue in FY2023 (2022: 41.6%).

The segment recorded net profit of S$0.3 million in FY2023, compared to net profit of S$1.5 million in FY2022.

As the supply chain management services operations are based primarily in Singapore, there is no geographical breakdown for this business.

FINANCIAL HIGHLIGHTS

Financial year ended 31 December

INCOME STATEMENT SUMMARY

(S$ million)	FY2023	FY2022	Change
Revenue	190.4	240.1	(20.7%)
Gross Profit Margin	7.0%	15.7%	(8.7ppt)
(Loss)/Profit Before Tax	(10.6)	17.4	N.M
Operating (Loss)/Profit *	(10.5)	16.7	N.M
Net (Loss)/Profit	(10.1)	14.6	N.M
(Loss)/Earnings Per Share (cents)	(1.34)	1.93	N.M

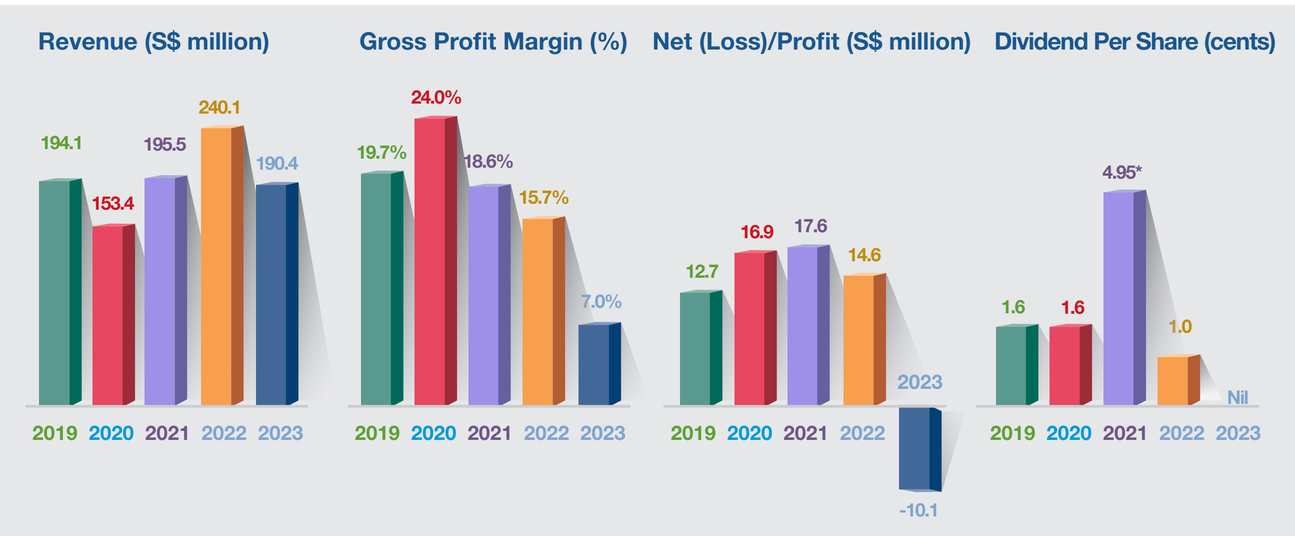
**(Loss)/Profit Before Tax excluding foreign exchange impact*
N.M - Not Meaningful

BALANCE SHEET SUMMARY

(S$ million)	As at 31 Dec 2023	As at 31 Dec 2022
Total Non-Current Assets	68.3	75.9
Total Current Assets	107.9	131.2
Total Non-Current Liabilities	7.9	11.3
Total Current Liabilities	30.9	40.7
Shareholders' Equity	137.4	155.1
Cash and bank balances	60.3	79.3
NAV per share (cents)	18.16	20.60

KEY FINANCIAL RATIOS

	FY2023	FY2022
Gearing	Net Cash	Net Cash
Return on Equity	(7.4%)	9.4%
Dividend Per Share	-	1.0 cent
Dividend Payout	-	52.6%



**Included special dividend of 3.3 cents per share*

GROUP STRUCTURE

FUYU CORPORATION

- Fu Yu Moulding & Tooling (Suzhou) Co., Ltd | 100%
- Fu Yu Moulding & Tooling (Dongguan) Co., Ltd | 100%
- Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd | 100%
- Fu Yu Investment Pte Ltd | 100%
  - LCTH Corporation Sdn Bhd | 100%
    - Classic Advantage Sdn Bhd | 100%
    - Fu Hao Manufacturing (M) Sdn Bhd | 100%
- Fu Yu Ventures Pte Ltd | 100%
  - Fu Yu Supply Chain Solutions Pte Ltd | 100%
- Fu Yu Biomedical Pte Ltd | 100%

BOARD OF DIRECTORS

HUANG JUNLI, CHRISTOPHER

Non-Executive Chairman, Independent Director

Mr. Christopher Huang, 38, was appointed as Independent Non-Executive Director on 19 July 2021 and became Chairman of the Board on 4 October 2021. He was last re-elected on 20 April 2023. Mr. Huang serves as the Chairman of the Remuneration Committee and is a member of the Audit and Nominating Committees.

Currently, Mr. Huang is the managing director of CHP Law LLC, where he advises on various areas of law, specialising in the legal and tax aspects of cross-border commercial transactions, including transfer pricing. Prior to founding CHP Law LLC in April 2019, Mr. Huang led the tax practice group of Colin Ng & Partners LLP and CNP Tax and Advisory Pte. Ltd. He joined Colin Ng & Partners LLP (now known as CNPLaw LLP) in April 2015 and was made Partner in 2018. Mr. Huang began his career as an accountant at Hastings Deering Australia Limited and has held positions such as business manager at Adcomp Technology Pte. Ltd., tax associate in the transfer pricing department of PricewaterhouseCoopers, and tax lawyer at VoskampLawyers.

Mr. Huang holds a dual degree in Law (LL.B.) and Commerce (B.Com) from the University of Queensland (Australia). Additionally, he serves as an independent director of another SGX-ST listed company, Aztech Global Ltd. As of the date of this Annual Report, Mr. Huang does not hold any direct or indirect interest in the Company.

POH KAI REN, DANIEL

Non-Executive Director, Independent Director

Mr. Daniel Poh, 37, was appointed as Independent Non-Executive Director of the Company on 4 October 2021. He was last re-elected on 26 April 2022 and will stand for re-election as a Director in the forthcoming Annual General Meeting (AGM). Mr. Poh serves as the Chairman of the Audit Committee and is a member of the Remuneration and Nominating Committees.

Currently, Mr. Poh is an executive director and investment partner at Hildrics Capital Pte. Ltd., a private equity fund manager registered with the Monetary Authority of Singapore. His focus lies in direct investments into mid-sized and established companies in Singapore, with selective ventures into other South-East Asian countries. He began his career as a Senior Associate at PwC Singapore in 2011, then joined Seavi Advent Private Equity Group in 2013, embarking on his journey in the direct investments sector across regions including Greater China and South-East Asia. He was appointed as an investment partner of Seavi Advent Private Equity Group in 2018.

Mr. Poh holds a Bachelor of Accountancy from Nanyang Technological University.

As of the date of this Annual Report, Mr. Poh does not hold any direct or indirect interest in the Company.

TAN TONG LOONG ROYSTON

Non-Executive Director, Independent Director

Mr. Royston Tan, 49, was appointed as Independent Non-Executive Director of the Company on 31 January 2022. He was last re-elected on 26 April 2022. Mr. Tan serves as the Chairman of the Nominating Committee and is a member of the Audit and Remuneration Committees.

Currently, Mr. Tan is the Director of Business Development (B2B Acceptance) at Mastercard International Inc., overseeing the Asia Pacific region. Previously, he was the General Manager of Singapore at Pine Labs Ltd., a fintech company specialising in launching omni-channel payment solutions for banks and networks across South-East Asia. Prior to that role, he held various leadership positions at American Express International Inc. in Singapore and Malaysia from 2018 to 2021. Mr. Tan brings rich experience in payments services, operations, and customer service. Additionally, Mr. Tan is a member of the Singapore Business Federation's SME Committee (SMEC), where he leads the SME Internationalisation sub-committee. SMEC serves as a key platform for SME engagement on business issues and supports SMEs in building capabilities and accessing markets.

Mr. Tan holds a Bachelor of Business Studies from Nanyang Technological University.

As of the date of this Annual Report, Mr. Tan does not hold any direct or indirect interest in the Company.

SEOW JUN HAO DAVID

Executive Director, Group Chief Executive Officer

Mr. David Seow, 39, was appointed as an Executive Director of the Company on 18 January 2021. He was last re-elected on 20 April 2023.

Mr. Seow was appointed as the Group Managing Director on 2 August 2021 and redesignated as the Group Chief Executive Officer with effect from 16 September 2022. In his current role, Mr. Seow is responsible for developing and formulating the Group's overall direction, goals, and strategies. He leads the senior management to enhance operational efficiency and processes and optimise the financial position of the Group.

Previously, Mr. Seow was a Senior Banker and Vice President of Structured Trade & Commodity Finance at Société Générale's Singapore Branch from February 2011 to March 2020. Mr. Seow holds a Bachelor of Economics with a second major in Finance from Singapore Management University.

As of the date of this Annual Report, Mr. Seow holds a 1.18% direct interest in the Company. He has interests in 16,000,000 ordinary shares of the Company pursuant to share awards granted under the Fu Yu Restricted Share Plan ("**RSP**"). These shares will be released after the relevant vesting periods as determined by the Renumeration Committee or otherwise in accordance with the rules of the RSP.

HEW LIEN LEE

Executive Director, Chief Executive Officer

Mr. Hew, 67, was appointed as Executive Director of the Company on 22 March 2007. He was last re-elected on 26 April 2022. Mr. Hew will be retiring and he is not seeking re-election at the forthcoming Annual General Meeting (AGM).

Mr. Hew has over 40 years of experience in the plastic injection moulding industry and is in charge of the overall strategic direction and management of the Group. After joining Fu Yu in 1984, he was appointed as Managing Director of LCTH Corporation Sdn Bhd and played a key role in the successful expansion of its operations in Malaysia.

Mr. Hew was appointed as the Group's Chief Operating Officer on 22 March 2007, and promoted to acting Chief Executive Officer on 21 May 2014. Since taking the reins as Chief Executive Officer on 26 February 2016, Mr. Hew has been instrumental in the strategic development and growth of the Group's business. Mr. Hew holds a Diploma in Electrical Engineering and is a member of the Singapore Institute of Directors.

As of the date of this Annual Report, Mr. Hew holds a 0.52% direct interest in the Company.

KEY EXECUTIVES

LIM GEOK SIONG, JASON
Chief Operating Officer

Mr. Jason Lim, 51, joined the Group as Chief Operating Officer in February 2023. In this role, he is responsible for overseeing the internal operations of the Group.

With over 25 years of experience in precision engineering and tool fabrication, Mr. Lim brings invaluable expertise to the Group. Prior to joining the Group, he held several senior management roles overseeing the manufacturing operations of high-precision medical products, life science devices and consumer products. His most recent role was as Vice President of Group Tooling Operations at Univac Precision Engineering Pte. Ltd.

Mr. Lim holds a Bachelor of Technology in Mechanical Engineering from the National University of Singapore and a Master of Business Administration from the Singapore Management University. He currently serves on the Manufacturing Standards Committee of the Singapore Manufacturing Federation and is also a member of the Advisory Committee for the School of Mechanical & Aeronautical Engineering at Singapore Polytechnic.

LOW SHENG, ADRIEL
Deputy Chief Operating Officer

Mr. Adriel Low, 38, joined the Group as Deputy Chief Operating Officer in February 2023. He plays an essential role in supporting the Chief Operating Officer with overseeing the internal operations of the Group.

Mr. Low's expertise includes a broad spectrum of financial domains, such as commercial and corporate banking, treasury, capital markets, and structured products. Prior to joining the Group, he held key positions at Citigroup Inc., United Overseas Bank Limited, and Oversea-Chinese Banking Corporation Limited ("**OCBC**"). His most recent role was as Executive Director overseeing Balance Sheet Management and Strategy at OCBC, where he spearheaded global balance sheet strategy across multiple regions, covering operations in Singapore, Malaysia, Indonesia, China, Hong Kong SAR, New York, London, Tokyo, and Sydney.

Mr. Low graduated summa cum laude from the University of Michigan with a Bachelor of Science in Engineering. He majored in Industrial and Operations Engineering and has a minor in Mathematics. Mr. Low recently secured a Global Executive MBA from INSEAD, where he graduated with Distinction.

ONG LIZHEN, DAISY
Chief Financial Officer

Ms. Daisy Ong, 40, joined the Group as Chief Financial Officer in January 2023. She is responsible for overseeing the Group's financial and management accounting, treasury, taxation, risk management, investments, investor relations, and ensuring corporate and regulatory compliance.

Ms. Ong brings over 18 years of experience in audit, accounting, investments, and finance, gained from one of the Big Four accounting firms and several public-listed companies in the construction, real estate, and manufacturing sectors. Prior to joining the Group, she was the Chief Financial Officer at Allied Technologies Limited, a company formerly listed on the Singapore Exchange. She also served as Associate Director of Investment at Centurion Corporation Limited, a company listed on Singapore Exchange, and was the Financial Controller for Terracom Limited's Singapore Operations, which was listed on the Australian Exchange from March 2015 to February 2016. Additionally, she held the role of Financial Controller at Sino Construction Limited, formerly listed on the Singapore Exchange from May 2012 to March 2014. Ms. Ong began her career as an auditor with Ernst & Young LLP, from July 2005 to April 2012.

Ms. Ong holds a Bachelor of Accountancy from Nanyang Technological University and is a Chartered Accountant certified by the Institute of Singapore Chartered Accountants.

TEH TUAN HOCK
General Manager of Fu Hao Penang

Mr. Teh, 64, joined the Group in May 2003 as the Assistant General Manager of Fu Hao Penang, overseeing the entire operations of the subsidiary. He was promoted to General Manager in July 2007. Mr. Teh has been actively involved in developing new customers and diversifying product lines for Fu Hao Penang. He has also improved factory operations through Lean implementation since 2008. With the rollout of the Manufacturing Execution System (MES) under the Industry 4.0 roadmap, all the injection moulding machines at Fu Hao Penang are now linked, paving the way for the next phase: increasing automation, driving IoT, and enhancing digitisation to further improve plant performance and staff development.

Prior to joining the Group, Mr. Teh was the General Manager of Unipipes Malaysia Sdn Bhd, a plastic injection moulding factory in the northern region of Malaysia, for 12 years. He graduated with a Bachelor of Science in Economics, majoring in Industry and Trade, from the London School of Economics, United Kingdom. Mr. Teh also received training in Company-Wide Problem Solving from AOTS Japan.

HOO LIANG HOCK
Country Head of China, General Manager of Fu Yu Dongguan and Zhuhai

Mr. Hoo, 56, joined the Group in June 2019 as General Manager of Fu Yu Dongguan, overseeing the operations of Fu Yu Dongguan. In line with the Group's strategy to rationalise operations in southern China, he has also been overseeing the operations of Fu Yu Zhuhai since June 2020. Mr. Hoo was appointed as the Country Head of China in July 2023 and responsible for overseeing the operations in China.

Prior to joining the Group, Mr. Hoo held the positions of Assistant General Manager and General Manager in several plastic injection moulding companies in China, managing all aspects of operations, including sales and marketing. He brings over 20 years of experience in the plastic injection moulding industry and holds a Diploma in Business Efficiency and Productivity (Supervisory Management) from the National Productivity Board. Mr. Hoo began his career as a shift supervisor at Sunningdale Singapore in 1990 and subsequently worked in companies such as Seagate, Hewlett Packard, and Wyeth Nutritional before relocating to China.

BAI FENG
General Manager of Fu Yu Suzhou

Mr. Bai, 55, joined the Group in July 2021 as General Manager of Fu Yu Suzhou, overseeing the operations of Fu Yu Suzhou.

Prior to joining the Group, Mr. Bai was the Operations Director (Asia) of Berry Global Inc., where he oversaw its plants in China. Mr. Bai has over 20 years of technical experience in the injection moulding industry. He began his career as a project engineer in Tianjin in 1990, and joined Sunningdale Singapore as a project manager in 1999. In 2003, Mr. Bai returned to his hometown in China to join Nolato Mobile Communication Polymers (Beijing) Co., Ltd as Tooling Director. Between 2007 and 2016, Mr. Bai served as general manager in several U.S. companies operating in China, managing overall factory operations.

He holds a Bachelor of Engineering in Mechanical Engineering from Tianjin University, and a Master of Science in Industrial and Systems Engineering from the National University of Singapore.

OUR NETWORK

SINGAPORE

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www.fuyucorp.com

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FU YU SUPPLY CHAIN SOLUTIONS PTE LTD
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www.fuyu-scs.com

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Tel: (607) 599 9980
Fax: (607) 599 9982

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FU YU MOULDING & TOOLING (SUZHOU) CO., LTD
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Development Zone
Suzhou, China 215128
Tel: (86512) 6562 1838

FU YU MOULDING & TOOLING (ZHUHAI) CO., LTD
477 Jinhaian Road, Sanzao Town
Jin Wan District,
Zhuhai Guangdong, China 519040
Tel: (86756) 7761 862

AWARDS AND CERTIFICATIONS

Corporate ISO and QS Certification for Fu Yu Group as at end of Year 2023

COMPANY	ISO 9001:2015	ISO 13485:2016	ISO 14001:2015	IATF 16949:2016	ISO ISCC EU
Fu Yu Corporation Limited	^	^	^	^	
Classic Advantage Sdn Bhd	^		^	^	
Fu Hao Manufacturing (M) Sdn Bhd	^	^	^		
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.	^		^	^	
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.	^	^	^	^	
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.	^	^	^	^	
Fu Yu Supply Chain Solutions Pte. Ltd.					^

SUSTAINABILITY REPORT

1.1 Board Statement

On behalf of the Board of Directors (the “**Board**”) of Fu Yu Corporation Limited (“**Fu Yu**” or the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the Sustainability Report for the financial year ended 31 December 2023 (“**FY2023**”).

As a leading provider of vertically integrated services in the design and manufacturing of precision plastic components and commodities supply chain management services, we acknowledge the significance of measuring, monitoring, and managing the Group’s performance in Economic, Environment, Social, and Governance (“**EESG**”) factors. In our commitment to sustainability, we understand the importance of comprehending and addressing the impacts of climate change. To this end, in FY2023, we conducted the evaluation of our business operations in line with the recommendations of the Taskforce for Climate-related Financial Disclosures (“**TCFD**”).

The Board is firmly committed to sustainable business practices, which are in line with the Group’s mission to redefine the standards of precision engineering for our customers, through innovation and excellence.

In the FY2023 Sustainability Report, we continue to report on the Group’s sustainability efforts on Economic Performance, Protecting the Environment, Developing Our Workforce and Practicing Good Governance. The sustainability report highlights our business principles and approach, and how we are meeting the demand for energy in an economically, environmentally and socially responsible way. While we strive to make continual progress, there are always opportunities for improvement. We will also continue to track the key commitments for each area of our sustainability strategy to ensure that we have a robust sustainability programme in place.

Fu Yu is a member of the Carbon Pricing Leadership Coalition (“**CPLC**”) in Singapore. CPLC brings together leaders from government, private sector, academia, and civil society to share experience working with carbon pricing and to expand the evidence base for the most effective carbon pricing systems and policies.

The Group also recognises the importance of setting targets on material topics to enable us to identify areas of improvement and provide a clear direction for the Group to work towards improving our sustainability efforts. Dedicated to a Science Based Targets Initiative (“**SBTi**”), our organisation is developing our road map to limit global warming to 1.5 degrees Celsius (“**°C**”). Strengthening our sustainability disclosures would increase transparency, enhance stakeholders’ trust and support their sustainability efforts.

Lastly, we wish to confirm that the Board has considered sustainability issues as part of its strategic formulation. The Board has determined and overseen the management in monitoring these material EESG factors.

On behalf of the Board

Mr Christopher Huang
Independent Non-Executive Chairman
27 March 2024

2.1 Our Business

Fu Yu is a strategic hub for advanced precision engineering and technological expertise that has a significant history dating back to 1978. Since its inception, 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. The Group was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 14 June 1995.

The Group offers a One-Stop Solution to customers through its vertically integrated services to build value, enhance customer experience and build mutually beneficial long-term partnerships.

Product Design:

Fu Yu provides New Production Introduction ("**NPI**") and Material Selection services. Our skilled engineers collaborate with customers to propose design enhancements that optimise manufacturability and performance. In addition, we also partner with customers on transition to eco-friendly alternatives, such as low-carbon or bio-natural resins.

Tooling Design & Fabrication:

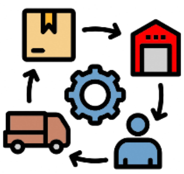
Fu Yu provides Innovative Expertise and Export Tooling services. Our team of experienced engineers leverages decades of tool-making expertise to create customised tools that improve efficiency, quality, and manufacturability. We also empower our customers by providing access to their customised moulds, with an option to purchase.

Production:

- **Plastic Injection Moulding:** Our expertise enables us to expertly mould molten plastic into intricately crafted products across a variety of applications and materials.
- **Metal Injection Moulding:** Our unique capability, suitable for producing high-precision metal components in large volumes, allows us to shape metal into intricately crafted products, delivering top-notch quality, cost-efficiency, and precision-crafted products to our customers.
- **Metal Stamping:** Our process of Progressive Metal Stamping, offers swift and continuous processing of precision metal components, particularly focusing on micro-stamped parts, demonstrating our commitment to efficiency and precision.

Box Build Assembly:

Fu Yu provides comprehensive Secondary Processes and Product Assembly services, tailored to support your complete box-build requirements. Our extensive range of secondary processes is designed to seamlessly integrate with your project, ensuring a complete and efficient assembly solution.



Supply Chain Solutions:

Fu Yu Supply Chain Solutions Pte Ltd, a wholly-owned subsidiary of the Company, is engaged in the business of providing supply chain management services for commodity raw materials. The primary activities involve sourcing, shipping, and supplying commodities not only within the Fu Yu Group but also to customers across the region.

3.1 About the Report

Scope of the Report

The scope of this report is inclusive of the sustainability aspects related to Fu Yu, emphasising non-financial performance and the associated management approach disclosures. The reporting period covers the timeframe from 1 January 2023 to 31 December 2023, with any exceptions specified. We have included the historical data for FY2021 and FY2022 for comparison where available. The report is strategically crafted to provide a thorough response to stakeholders' concerns regarding sustainability issues stemming from the Group's business operations, which collectively constitute 100% of the Group's revenue. This report describes the Group's commitments, goals, programmes, performance, and challenges across a broad range of global sustainability issues. It includes our headquarters in Singapore, the manufacturing entities in Singapore, Malaysia, and China and the supply chain management services entity in Singapore.

The Group's business operations include the following:

1. Fu Yu Corporation Limited ("**FYC**")
2. Fu Yu Supply Chain Solutions Pte Ltd ("**FYSCS**")
3. Classic Advantage Sdn Bhd ("**CA**")
4. Fu Hao Manufacturing (M) Sdn Bhd ("**FHM**")
5. Fu Yu Moulding & Tooling (Dongguan) Co., Ltd ("**FYDG**")
6. Fu Yu Moulding & Tooling (Suzhou) Co., Ltd ("**FYSZ**")
7. Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd ("**FYZH**")

For a comprehensive list of entities included in this report, please refer to **Appendix A**.

Reporting Standards

The report is prepared in compliance with the SGX-ST Section B: Rules of the Mainboard Listing Rule 711A and 711B ("**Mainboard Rules**") which draws on the guidance set out by the SGX-ST Practice Note 7.6 Sustainability Reporting Guide (the "**SR Guide**").

In addition to complying with the relevant listing rules, this report is also meticulously crafted with reference to the Global Reporting Initiative ("**GRI**") Standards which is recognised as a comprehensive and globally accepted framework for sustainability reporting. Our report adheres to the GRI's principles for determining report content and ensuring report quality. This involves a thorough consideration of the Group's activities, their associated impacts, and the significant expectations and interests of our stakeholders. Please refer to **Appendix B** for the GRI content index.

Furthermore, this report is prepared in accordance with the recommendations of the TCFD. We have adopted a phased approach in alignment with the recommendations in SGX-ST Practice Note 7.6 Sustainability Reporting Guide, focusing on specific areas of climate-related financial disclosures in our reporting. This approach enables us to address key aspects of climate risk and opportunities within the context of our operations and business activities. Please refer to **Appendix C** for the TCFD content index.

Restatements

No restatements were made from the previous report.

Independent Verification

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

Sustainability Contact

The electronic version of this report can be accessed on the Company's website (https://www.fuyucorp.com/) under the section "Sustainability".

We welcome your views and feedback on our sustainability practices and reporting, please contact sustainability@fuyucorp.com.

4.1 Highlights of Achievements

Our Performance

Environment

- **32,356 MWh of electricity consumed, indicating a 4.0% decrease compared to FY2022.**
- **97,986 m^3 of water consumed, indicating a 14.1% decrease compared to FY2022.**
- **4.3% reduction in hazardous waste produced.**

Social

- **Zero forced labour or child labour.**
- **Zero workplace fatalities.**
- **1:1 ratio of male and female employees.**

Governance

- **Zero confirmed incidents of corruption.**
- **Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions.**
- **Zero incidents of non-compliance with data protection laws.**

Our Business Memberships

Region	Entities	Membership
Singapore	FYC	• Singapore Institute of Directors • Singapore Chinese Chamber of Commerce & Industry • Singapore National Employers Federation • Singapore Business Federation • Singapore Precision Engineering and Technology Association • SIMTech Innovation Factory
Malaysia	FHM	• Federation of Malaysian Manufacturers • Malaysian Plastics Manufacturers Association
Malaysia	CA	• Federation of Malaysian Manufacturers
China	FYSZ	• Chengnan Street, Wuzhong District, Suzhou Chamber of Commerce

United Nations Development Goals ("UNSDG")

Fu Yu's support for UNSDG underscores its commitment to addressing global challenges. By aligning with these goals, we actively contribute to sustainable development efforts.

UNSDGs	How we support
3 GOOD HEALTH AND WELL-BEING	We contribute to **UNSDG Goal 3 – Good Health and Well-being** by prioritising the welfare of individuals within our premises through rigorous health and safety practices. Our commitment extends to emphasising the overall well-being of our employees and fostering a workplace culture that supports physical and mental health.
5 GENDER EQUALITY	We support **UNSDG Goal 5 – Gender Equality** by eliminating discrimination in our recruitment process and offering equitable promotion opportunities to all genders.
8 DECENT WORK AND ECONOMIC GROWTH	We contribute to the achievement of **UNSDG Goal 8 – Decent Work and Economic Growth** by generating economic value, resulting in the creation of high-quality job opportunities that offer competitive remuneration. This, in turn, supports the overall economic well-being of our society at the national level.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	We contribute to the achievement of **UNSDG Goal 9 – Industry, Innovation and Infrastructure** by consistently investing in innovative manufacturing methods. Our Industry 4.0 Smart Factory is equipped with cutting-edge automation which innovatively improves our production efficiency. Additionally, the integration of 3D printing and additive manufacturing technologies ensures the precise utilisation of materials, minimising waste and concurrently enhancing efficiency.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We contribute to the achievement of **UNSDG Goal 12 – Responsible Consumption and Production** by collaborating with both customers and suppliers, we facilitate the transition of our products to bio-based materials, aiming to minimise environmental impact. Additionally, we proactively explore automation opportunities in our processes to enhance productivity and efficiency.
13 CLIMATE ACTION	We contribute to **UNSDG Goal 13 – Climate Action** by actively mitigating climate change through initiatives such as reducing fuel and electricity consumption, investing in the installation of solar panels to harvest renewable energy, and committing to set science-based targets for a more sustainable and eco-friendly business model.

SUSTAINABILITY REPORT

5.1 Sustainability Strategy

Sustainability Governance Structure

Incorporating sustainability into our corporate strategy and core values is essential for attaining long-term growth. The values we generate for our stakeholders—our people, the environment, and society at large—significantly impact our financial performance. To align with our sustainability goals and values more effectively, we have established an organisational structure dedicated to advancing these initiatives.

Board

The Board provides strategic direction and incorporates sustainability as part of the Group's strategic formulation, including the approval and management of material EESG factors.

Sustainability Steering Committee ("SSC")

Led by the senior management team, the SSC is responsible for developing sustainability objectives and strategies, as well as managing the overall sustainability performance, on behalf of the Board.

Sustainability Task Force ("STF")

The STF is pivotal in driving sustainability initiatives throughout the organisation. It including employees from various departments, ensuring a wide-ranging perspective and expertise in driving sustainability programs.

Material EESG Factors

Fu Yu recognises and prioritises EESG factors that are crucial to both the Group and its stakeholders. The following material factors play a significant role in shaping the Group's strategy and decision-making processes:

Economic Performance

- Direct economic value generated and distributed

Protecting the Environment

- Energy
- Water
- Effluents and Waste

Developing Our Workforce

- Employment and Talent Retention
- Diversity & Equal Opportunity
- Training and Education
- Occupational Health & Safety
- Forced or Compulsory Labour
- Child Labour

Practising Good Governance

- Anti-corruption
- Environmental Compliance
- Protection of Confidential Information

Materiality Assessment Approach

In 2016, the Group initiated its inaugural formal materiality assessment to examine, prioritise, and validate the EESG issues that significantly impact business operations and are of interest to key stakeholders. This assessment process is an ongoing endeavour, with an annual review conducted using a four-step approach to ensure the continued relevance and importance of identified factors.

Upon completing the latest review, it was determined that the EESG factors reported in FY2022 retained their relevance in FY2023. The Group's materiality assessment approach for EESG factors is outlined below:

Identify Material EESG Factors
Relevant EESG factors were indentified by taking reference to GRI Standards Materiality Principles.

Pioritise Materials EESG Factors
Relevant EESG factors are prioritised by evaluating the EESG impact, based on the importance to the Group and its stakeholders.

Integrate and Validate Materials EESG Factors
Validation of the EESG factors was conducted by the SSC and STF.

Review Materials EESG Factors
The EESG factors are continually reviewed for importance and relevance.

Stakeholder Engagement

Fu Yu diligently considers the key concerns of its stakeholders when defining the reporting context. The table below provides a concise summary of these stakeholders' primary interests and outlines our strategies for engagement with them.

Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Investors	• Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and the Company's website • Regular results briefing • Annual General Meeting ("**AGM**") • Extraordinary General Meeting ("**EGM**")	• Throughout the year • At least twice a year • Annually • When required	• Sustain profitability and enhance shareholder returns • Transparent reporting • Sound corporate governance practices • Active portfolio management	• Sustained growth in profit • Periodic and transparent communication of financial and non-financial information • Prompt response to feedback and queries
Customers	• Customer satisfaction surveys/feedback • Regular meetings and discussions with respective Project Managers • Business review / Quality score review • Regular visits to customers by management • Regular after-sales follow-up	• Annually • Throughout the year • Annually • Throughout the year • Throughout the year	• Delivery of affordable, quality products and services • Compliance with environmental laws and regulations • Responsiveness to customers' requests and feedback • Compliance with EESG material factors along the supply chain • Protection of confidential information (includes the Personal Data Protection Act)	• Yearly assessment by the third-party certification body to achieve certification for the quality standards (i.e. ISO14001, ISO9001, IATF16949, ISO13485, ISCC EU) • Project Managers respond to their customers promptly and meet their needs and quality standards • Committed to providing the best quality promptly • Conduct quality audits on customers' products

Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Employees	• Induction programme for new employees • Training and development programmes • Career development performance appraisals • Recreational and wellness activities such as dinner and dance, Corporate Social Responsibility (“**CSR**”) activities • Regular e-mailers and meetings • Site visits by senior and middle management to observe the work environment • Employee satisfaction surveys	• Throughout the year • Throughout the year • Annually • Annually • Throughout the year • Throughout the year • Annually	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Employee development and well-being include career development and training opportunities • Update on the Group’s latest strategic developments • Employee empowerment • To maintain a work-life balance • Labour and human rights	• Employees’ concerns will be discussed by the management and improvement plans will be implemented • Assimilate new hires into the Group’s culture • Foster corporate conscience, corporate citizenship or responsible business • Biennially review of training needs analysis and competency framework across all job levels/ category • Foster teamwork and social interaction among employees
Communities	• Corporate volunteering includes CSR activities such as blood donation and cash donation to charitable organisations • Open feedback channels	• Annually • Throughout the year	• Contributions to communities of operations • Responsible and ethical business practices • Engagement with local communities	• Continue to render support to charitable organisations • Outreach community activities to serve the local community needs

Stakeholders	Engagement Methods	Frequency	Key Topics of Interest	Responses
Government and regulators	• Meetings and dialogue sessions • Membership in industry associations	• Throughout the year • Throughout the year	• Compliance with, and keeping abreast of ever-changing laws and regulations • Tax contribution • Government business support schemes	• Keep all relevant employees abreast with changes to statutory requirements • Comply with all applicable laws and regulations • Focus on building good relationships with the government and industry associations
Suppliers	• Regular dialogue sessions with key suppliers and service providers • Establish channels of communication • Quality score review • Quality on-company audits • Supplier performance feedback	• Throughout the year • Throughout the year • Annually • Annually • Throughout the year	• Equitable treatment of suppliers • Regular and punctual payment upon engagement of services • Collaborative partnership for mutual growth • Streamline procurement workflows and clearly defining expectations • Good working relationship	• Comply with contractual terms and ensure punctual payment for goods and services rendered

Performance Monitoring

To assess our EESG performance, we have defined metrics and targets for the material EESG factors outlined in our EESG structure. We continue to exclude FYSCS's revenue and environmental data from the computation of environmental metrics. This is because FYSCS's trading business activities have minimal environmental impacts. To maintain alignment with our dynamic strategy, we regularly introduce new metrics and update targets, fostering a culture of continual improvement. Our dedication to sustainability is evident in the meticulous annual tracking and review of our program, conducted collaboratively with the Board. This thorough assessment, held at least once a year, underscores our commitment to transparency and accountability.

For comprehensive details on our EESG metrics, please refer to the attached Sustainability Scorecard in **Appendix D.** For the methodologies for the measurement of our metrics, please refer to the appended Methodologies and Data Boundaries in **Appendix E**.

6.1 Economic Performance

The Group recognises that our economic contributions play a crucial role in supporting the broader community where we operate. This support is demonstrated through the payment of taxes to governments, investments in the community, sourcing goods locally from suppliers and generating both direct and indirect employment through our operations. We are dedicated to achieving strong financial performance to ensure the delivery of sustainable value and to contribute positively to the overall economy.

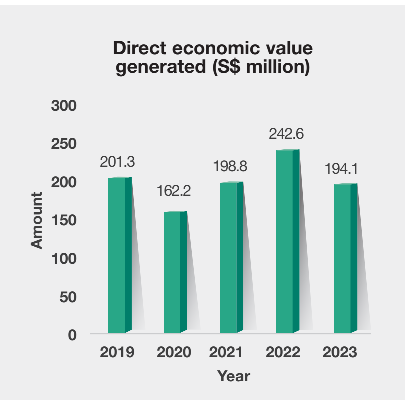
During FY2023, the Group faced challenges in the business environment, leading to a 20.7% decrease in revenue from S$240.1 million in FY2022 to S$190.4 million in FY2023. Consequently, the Group shifted from a net profit of S$14.6 million in FY2022 to a net loss of S$10.1 million in FY2023. This notable shift was primarily due to a decline in direct economic value generated as well as the increase in impairments and depreciations of our assets. Apart from the above factors, Fu Yu also incurred expenses related to developing its Smart Factory in Singapore.

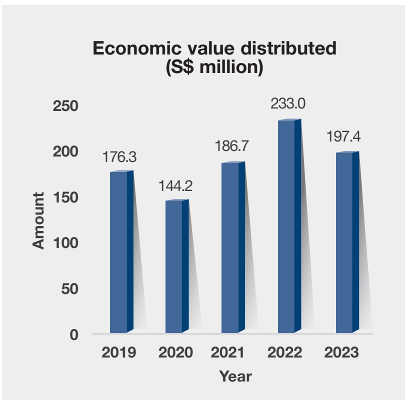
The table below details the direct economic value generated by the Group through our operations, and the distribution of this value to our stakeholders including suppliers and contractors, employees, shareholders, government authorities and local communities. For FY2023, the Group generated a direct economic value of S$194.1 million. The total economic value distributed during FY2023 amounted to S$197.4 million. Purchases of goods and services contributed to S$154.3 million, approximately 78.2% of the total distribution; employee salaries and benefits contributed to S$37.6 million, approximately 19.0% of the total distribution.

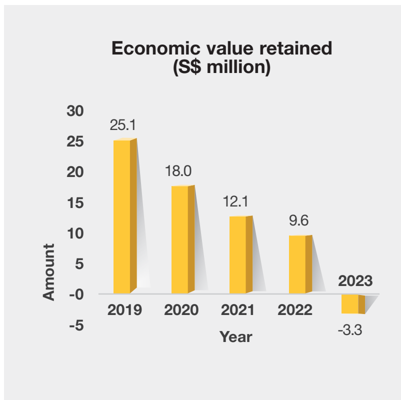
Economic Value Generated and Distributed (S$ million)

	FY2023	FY2022	FY2021	FY2020	FY2019
Direct economic value generated	**194.1**	**242.6**	**198.8**	**162.2**	**201.3**
Revenue	190.4	240.1	195.5	153.4	194.1
Other income	3.7	2.5	3.3	8.8	7.2
Economic value distributed	**197.4**	**233.0**	**186.7**	**144.2**	**176.3**
Purchases of goods and services	154.3	179.3	132.7	90.2	121.9
Employee salaries and benefits	37.6	38.3	38.1	39.6	39.6
Payments to providers of capital	5.5	12.8	12.8	10.6	12.5
Payments to government	–*	2.6	3.1	3.7	2.3
Community investments/ donations	–*	–*	–*	0.2	–*
Economic value retained	**(3.3)**	**9.6**	**12.1**	**18.0**	**25.1**
Net (Loss)/Profit	**(10.1)**	**14.6**	**17.6**	**16.9**	**12.7**

* Amount less than S$100,000







7.1 Protecting Our Environment

FY2023 Key Performance

Zero incidents of significant chemical spillage in production facilities

Reduced GHG emissions to 22,286 tCO2e, a 6.5% decrease compared to FY2022

Reduced electricity consumption to 32,356 MWh, a 4.0% decrease compared to FY2022

Reduced water consumption to 97,986 m^3, a 14.1% decrease compared to FY2022

Decreased hazardous waste production by 4.3%

Climate Change Resiliency

Recognising that climate change is an imminent challenge, we are unwaveringly dedicated to collaborating with our stakeholders to mitigate its impacts on the environment and society. Our commitment extends to actively managing the risks associated with climate change on our business operations, all while maintaining our commitment to environmentally responsible practices. The TCFD report serves as a tangible manifestation of our commitment to combating climate change. We firmly believe that the disclosures provided in this report are crucial for our stakeholders to comprehend our approach to handling climate-related risks and identifying opportunities in our operations.

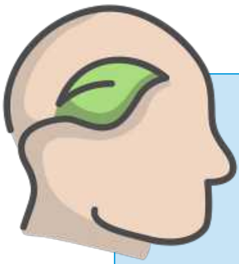
Governance

In our pursuit of long-term growth, sustainability plays a pivotal role in our corporate strategy and core values. The value we generate for our stakeholders, encompassing our people, the environment, and society, profoundly influences our financial performance. To champion this commitment to sustainability, our dedicated SSC actively fosters a culture of sustainability within Fu Yu while effectively managing and overseeing the overall sustainability performance on behalf of the Board. Meanwhile, the STF executes various sustainability initiatives across the Group's operations.

Strategy

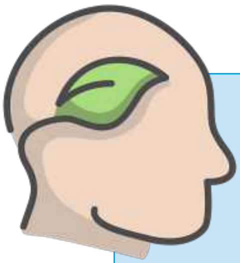
In FY2023, we conducted a comprehensive re-assessment of climate-related risks and opportunities in collaboration with the management teams of our various business units. This assessment involves a thorough evaluation that considers both the likelihood and potential impact of climate risks and opportunities on our business. These risks and opportunities are categorised into three distinct time horizons, which include **Short-term (≤ 5 years), Medium-term (5 to 15 years) and Long-term (> 15 years)**.

The following are the key climate-related risks and opportunities identified:



Transitional Risk

Heightened regulatory oversight and reporting obligations		
Category	**Significancy**	**Timeline**
Policy and Legal	**Medium**	**Short-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
We are currently navigating the dynamic business landscape, characterised by increased regulatory oversight from SGX-ST, particularly regarding sustainability reporting.	Enhanced sustainability reporting requirements may lead to higher compliance costs. In addition, the cost of acquiring raw materials that have lower greenhouse gas emissions or eco-friendly, like certain plastics may also increase.	We closely monitor changes in regulatory requirements through collaboration with our dedicated SSC, STF and external consultants. This proactive approach ensures that we stay aligned with evolving regulations and maintain a strong commitment to sustainability. We are committed to Science Based Targets Initiative ("**SBTi**") and are currently in the midst of developing our road map to limit global warming to 1.5°C. We prioritise sustainability by embracing innovative practices and technologies, ensuring our actions align with the latest scientific principles. Furthermore, in FY2023 we initiated a trial run of Scope 3 greenhouse gas emissions GHG inventory accounting. By embarking on this accounting endeavour, we aim to gain valuable insights that will form our future sustainability strategies and contribute to our ongoing efforts in environmental stewardship.



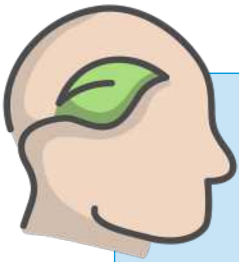
Transitional Risk

Increasing energy prices

Category	Significancy	Timeline
Policy and Legal	**Medium**	**Short-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
Electricity rates in Singapore has seen a notable increase, primarily influenced by the incorporation of carbon taxes into the energy prices. This shift has been compounded by China's ongoing transition away from coal as part of its commitment to cleaner energy sources. The combined impact of these factors has led to a surge in energy prices, posing challenges for consumers and businesses alike.	Operational expenses may increase due to a surge in electricity prices.	We plan to complete the installation of solar panel at our Singapore facilities in the second quarter of FY2024. In addition, we are actively planning to expand our solar panels projects to other locations, aiming to mitigate the impact of rising energy costs on our operations.

Disruption caused by sustainable technologies

Category	Significancy	Timeline
Technology	**Low**	**Medium-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
Sustainable innovations, such as bio-based materials, biodegradable plastics, and advanced recycling techniques, have the potential to significantly reshape traditional market dynamics. As these sustainable solutions gain traction, businesses and industries accustomed to conventional practices may face challenges in adapting to these emerging technologies.	Investing in the development of new technologies impact cash flows, and there may be a need for write-offs or early retirement of existing assets or technologies that become obsolete. However, adopting new technologies can lead to reduced operational cost through reduced energy dependency.	The Group is progressively replacing hydraulic machinery with electric alternatives to enhance operational efficiency and reduce oil consumption. In addition, the incorporation of 3D printing and additive manufacturing technologies ensures precise material usage, and helps to minimise waste and improve cost efficiency.



Transitional Risk

Shift in customer preferences towards eco-friendly products

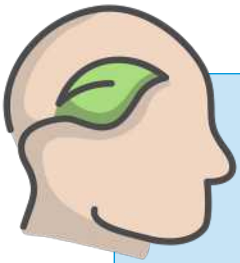
Category	Significancy	Timeline
Market and Reputation	**Low**	**Long-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
Growing market trends and shifting consumer preferences towards sustainable and eco-friendly products may lead to a decrease in demand for traditional plastics, potentially favouring alternative materials.	Revenue fluctuations resulting from shifts in consumer preferences towards more environmentally friendly products.	The Group is currently engaging in discussions with both its suppliers and customers regarding the utilisation of biodegradable bio-resin as a material for manufacturing disposables, consumables, and packaging caps.

Negative perceptions among stakeholders

Category	Significancy	Timeline
Reputation	**Low**	**Short-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
Failure to proactively address climate risks could lead to negative perceptions among stakeholders, impacting the Group's reputation.	The potential for decreased revenue due to loss of customers from reputational damage highlights the financial risks of negative public perception. In addition, cost of manpower may increase due to poor employee attraction and retention. Furthermore, reduction in capital availability from investors may occur, as a consequence of these negative perceptions.	We prioritise open communication with our stakeholders, keeping them well-informed about the Group's commitment to sustainability. This includes regular updates on our sustainability initiatives, aiming to build trust and transparency.

	Extreme weather event - floods, heatwave and typhoons		
	Category	**Significancy**	**Timeline**
	Acute or Chronic	**Medium**	**Medium-term**
	Description of Risks and Opportunities	**Impact**	**Our Strategy**
Physical Risk	Singapore faces exposure to climate change, characterised by more extreme precipitation, rising sea levels, and significant temperature increases, leading to increased risk of flooding and heatwaves. Extreme weather events can disrupt the supply chain by causing damage to infrastructure, leading to delays in both production and delivery, and shortening of business hours. Such events also result in damage to the Group's assets, including factory buildings and production equipment, resulting in decreased valuation and higher insurance costs. Furthermore, these conditions can result in casualties, including injuries or fatalities among the workforce.	Supply chain disruptions caused by extreme weather events present a broad range of operational challenges. These include reduced production output and consequent revenue loss – direct results disruptions to the production process. The financial implications are compounded by the costs associated with the repair and replacement of damaged assets. In addition, there will likely be an increase in medical and insurance expenses, as the organisation grapples with the aftermath of such events, addressing potential injuries or health issues among employees. The cumulative impact of these challenges underscores the critical need for comprehensive risk management strategies to enhance resilience and mitigate potential adverse effects on both operational efficiency and financial health.	While our facilities are not within the flood zones, we have nonetheless established a comprehensive emergency response plan. This plan is vital for ensuring our organisation's preparedness and resilience, facilitating swift and effective responses in crisis situations to safeguard both assets and personnel. In addition, to fortify our supply chain resilience and reduce the risks associated with regional disruptions, we are actively diversifying our suppliers globally.

Physical Risk	**Water stress due to diminishing of water resources**		
	Category	**Significancy**	**Timeline**
	Chronic	**Low**	**Medium-term**
	Description of Risks and Opportunities	**Impact**	**Our Strategy**
	Singapore's limited domestic water sources pose a significant risk of water stress, necessitating innovative and comprehensive strategies for sustainability. Singapore has turned to advanced technologies such as NEWater and desalination, alongside extensive water conservation efforts, to address this challenge. Elsewhere, we identified FYSZ facilities located in Suzhou, China, as being in a water-stressed region.	Water scarcity can disrupt water-dependent operations, lead to service suspensions from water rationing, compromise service quality due to water interruptions, and increase water prices due to resource scarcity. These factors can result in potential revenue loss from service disruptions and diminished service quality, alongside increased operational costs due to higher water prices.	To counteract these risks, we are actively enhancing water efficiency across our operations. This includes the installation of water-saving taps and the implementation of real-time water consumption monitoring systems equipped with sensors to quickly detect and address leaks. Additionally, we have adopted rainwater harvesting practices in Singapore for washing of our facilities, reducing dependence on conventional water sources. This approach not only conserves water but also aligns with environmentally friendly practices by utilising a natural and renewable resource. For water-saving initiatives in other regions, please refer to the section on water consumption.



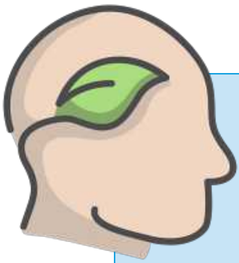
Transitional Opportunity

Increasing government support for sustainability-related projects

Category	Significancy	Timeline
Policy and Legal	**Medium**	**Short-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
To address potential financial hurdles from the implementation of green technologies, companies now have access to an expanding array of government subsidies, grants, and sustainable financing options from banks. These incentives are designed to encourage the adoption of green technologies, and enable businesses to incorporate environmentally sustainable practices more easily.	Sustainability-related projects can benefit significantly from government subsidies and grants, which can greatly reduce the initial costs of investment. This financial support makes it more viable for businesses to undertake projects aimed at improving their environmental footprint.	We are actively exploring opportunities to leverage these incentives for potential and suitable projects that only align with the objectives and criteria of these incentives, but also contribute meaningfully to our sustainability goals. In addition, we are also exploring green financing with banks, specifically green deposits, directing our funds towards projects and initiatives that have a positive impact on the environment.

Innovation in sustainable technologies

Category	Significancy	Timeline
Technology	**Medium**	**Medium-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
The introduction of new technologies aimed at reducing energy consumption and carbon footprint of plastic moulding processes present an opportunity to lower GHG emissions and advocate for more eco-friendly production methods in the plastic moulding industry.	Adopting these technologies could lead to a decrease in operational expenses by reducing energy dependency.	The Group is actively transitioning from hydraulic to electric machinery to enhance operational efficiency and reduce oil consumption. In addition, we are incorporating 3D printing and additive manufacturing technologies, which allow for precise material use, waste minimisation, and enhanced cost efficiency.



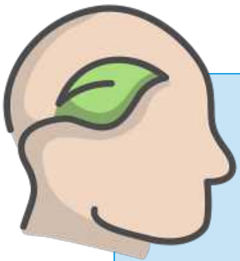
Transitional Opportunity

Use of eco-friendly materials

Category	Significancy	Timeline
Product and Services	**Medium**	**Long-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
The shift towards eco-friendly plastics allows our customers to offer end products that are more environmentally conscious, appealing to a growing segment of consumers interested in sustainability.	Introducing eco-friendly plastic components to the market can lead to an increase in revenue as consumer demand for sustainable products grows.	The Group are in discussions with both suppliers and customers about using biodegradable bio-resin for manufacturing disposables, consumables, and packaging caps, aligning our product offerings with environmental sustainability goals.

Renewable energy integration

Category	Significancy	Timeline
Energy source	**Medium**	**Medium-term**
Description of Risks and Opportunities	**Impact**	**Our Strategy**
The shift towards renewable energy sources, such as solar or wind power, is a strategic response to rising energy costs and reducing carbon footprints.	Initial transition to renewable energy may increase operational costs due to the installation and integration of new energy systems.	We are committed to integrating renewable energy into our operations. The installation of solar panels at our Singapore facilities is scheduled for completion in the second quarter of FY2024. We are actively planning to extend our solar panels projects to other locations.



Transitional Opportunity

Sustainable practices communication		
Category	**Significancy**	**Timeline**
Reputation	Medium	Short-term
Description of Risks and Opportunities	**Impact**	**Our Strategy**
Companies that demonstrate strong climate-related practices not only mitigate environmental impacts but also enjoy improved access to capital, and opportunities for green financing.	Effective communication of sustainable practices leads to increase investor confidence and attract new funding sources.	We prioritise transparent and open communication with our stakeholders, keeping them well-informed about the Group's sustainability practices to foster trust and transparency. This involves providing regular updates on our ongoing sustainable initiatives.

Risk Management

Fu Yu acknowledges the critical need for a robust strategy and risk management framework to support our sustainability initiatives. With increasing scrutiny from regulatory bodies, investors, and stakeholders on sustainability and climate-related factors, integrating these considerations into our decision-making process has become a priority.

To effectively assess climate risks and opportunities, we have implemented a comprehensive enterprise risk management framework. This framework ensures that climate-related risks are identified, assessed, and managed appropriately. Risks are evaluated through an analysis of the likelihood and impact of each risk.

The impact of these risks is categorised into 3 tiers – **Major, Moderate and Low**. This categorisation helps us prioritise risks and initiatives based on the significance of their impact on our business, allowing us to allocate adequate resources efficiently. Likelihood is assessed as **Unlikely, Medium and Likely**. Based on this assessment, risks are managed through various strategies, including enhancing existing internal controls, or implementing new controls to mitigate and transfer risks. We also develop monitoring mechanisms to review the effectiveness of our strategies.

Recognising the interconnected nature of climate-related risks with other business risks, we integrate climate considerations into our broader risk management strategy. Our risk management framework is applied consistently to both general business risks and climate-related risks, involving the identification, assessment, and ongoing monitoring of these risks and opportunities in line with our enterprise risk management framework.

Greenhouse Gas Emissions

In our steadfast commitment to environmental responsibility and combating climate change, we have conducted an in-depth review of our GHG emissions for FY2023.

Our efforts have been focused on a detailed evaluation of both direct and indirect emissions, i.e. direct Scope 1 emissions, arising from our forklift operations and truck deliveries, and indirect Scope 2 emissions, arising from electricity used in our buildings and manufacturing facilities.

To calculate our GHG emissions, we adopted the Greenhouse Gas Protocol, established by the World Resources Institute and the World Business Council for Sustainable Development as a reference to calculate our GHG emissions. This protocol serves as the benchmark for measuring corporate greenhouse gas emissions.

The following is our GHG emissions profile:

GHG Emissions	Unit	FY2022	FY2023
Total GHG Emissions	tCO2e	23,842.9	22,286.2
GHG Scope-wise Emissions			
Scope 1	tCO2e	162.5	153.6
Scope 2	tCO2e	23,680.4	22,132.6
Percentage (%)			
Scope 1	Proportion	0.7%	0.7%
Scope 2	Proportion	99.3%	99.3%
Intensity			
GHG Emissions Intensity	tCO2e/ S$ million of revenue	170.2	214.4
GHG Scope-wise Intensity			
Scope 1	tCO2e/ S$ million of revenue	1.2	1.5
Scope 2	tCO2e/ S$ million of revenue	169.0	212.9

The GHG emissions of the Group in absolute terms have reduced by 6.5% as compared to last year, due to reduced consumption of fuel and electricity. However, as the revenue in FY2023 has reduced significantly, it has led to arithmetic increase in the intensity values.

GHG Emissions Targets

Fu Yu has been onboarded to SBTi. Governed by a collaborative partnership involving multiple organisations, the SBTi establishes criteria and guidelines for setting science-based emissions reduction targets. Its goal is to help companies define targets for reducing greenhouse gas emissions in line with global climate objectives, thereby contributing to a low-carbon future. We are in the process of setting our long-term GHG emissions targets to support the global effort to limit warming to 1.5°C above pre-industrial levels.

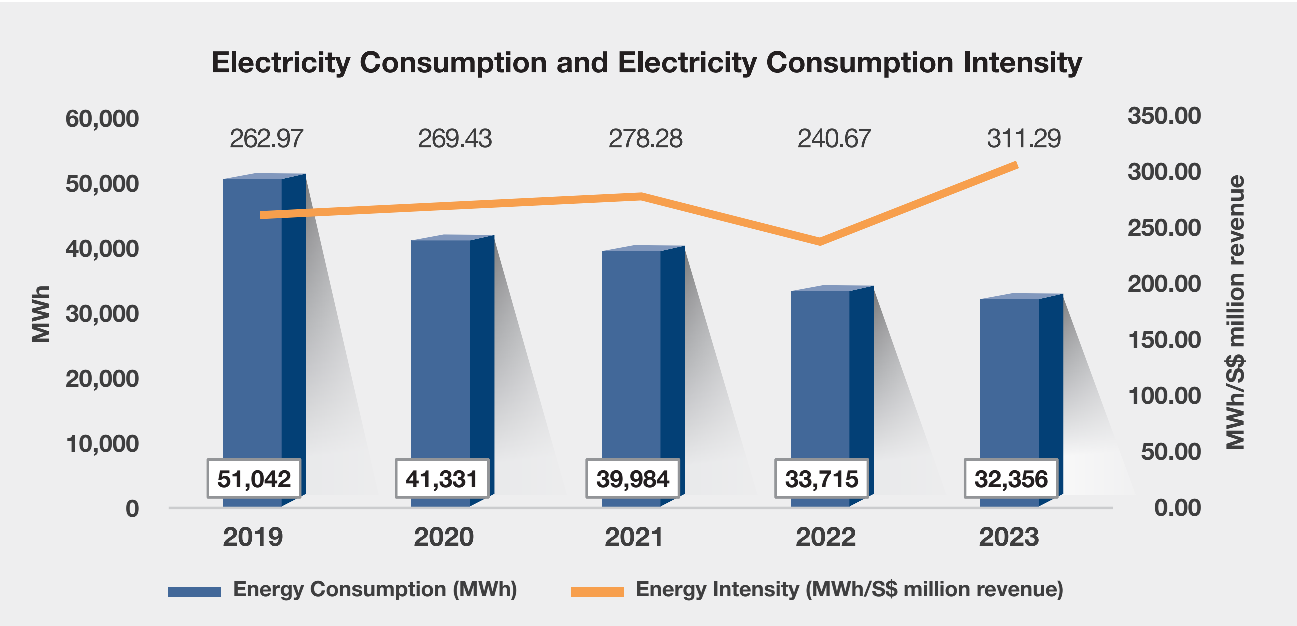
In addition to our long-term goal, we have also set medium and short-term targets to reinforce our commitment to reduce carbon emissions. Our medium-term target is to reduce the Scope 2 overall emissions by 30% by FY2030, using FY2023 as the baseline. Our short-term target is to reduce Scope 2 carbon emissions by 3% in FY2024, using FY2023 as the baseline.

We are also committed to extending our GHG emissions computation beyond the existing Scope 1 and Scope 2 emissions, and include Scope 3 emissions in the future. By comprehensively understanding our GHG emissions performance, we strategically position ourselves to determine the most effective approach to achieving our medium-term target and meaningfully set a long-term target.

Energy Consumption

The Group purchases electricity from the grid, and do not generate our own energy. In FY2023, we consumed 32,356 megawatt-hours ("**MWh**") of purchased electricity, a 4.0% decrease from 33,715 MWh in FY2022. Despite the reduction in electricity usage, electricity consumption intensity was increased 29.3% from 240.67 MWh/S$ million of revenue in FY2022 to 311.29 MWh/S$ million of revenue in FY2023.

The increase in electricity consumption intensity is primarily attributed to a decline in both revenue and electricity consumption, with the reduction in revenue surpassing the decrease in electricity consumption. In FY2024, the Group plans to invest in energy-efficient electric machines to replace older hydraulic machines and upgrade existing lighting with more efficient LED lighting.



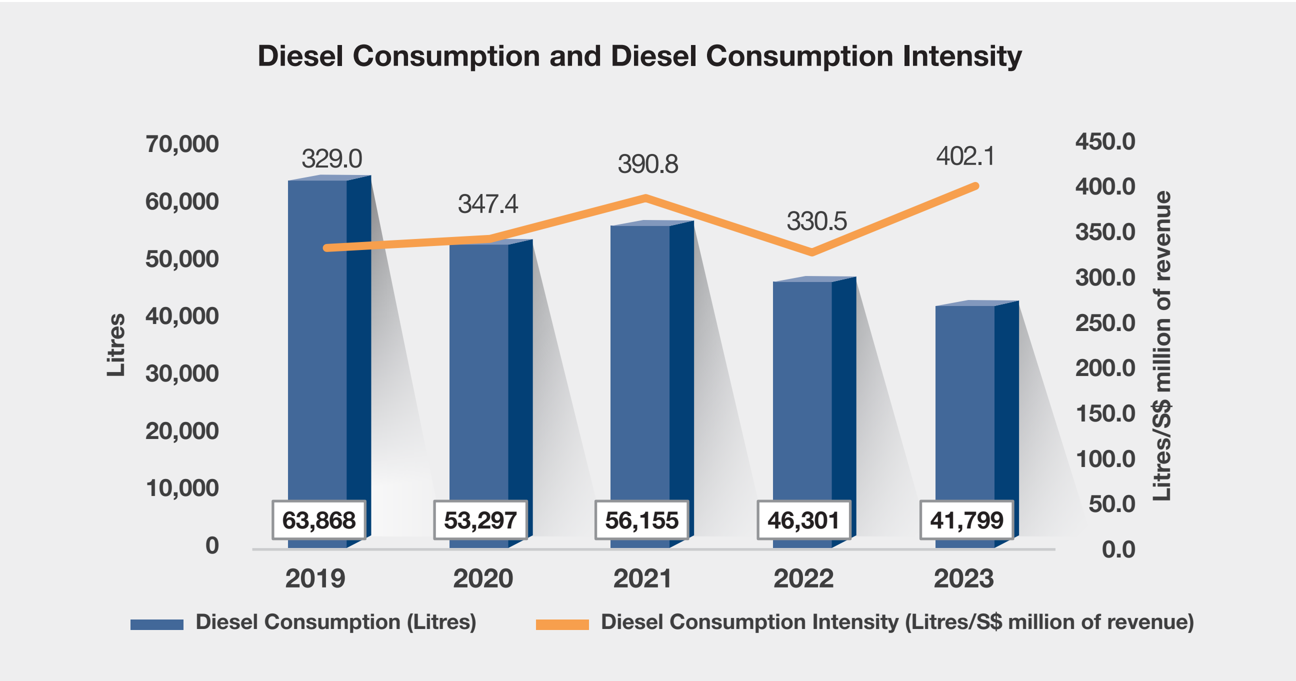
Our proactive measures to reduce energy consumption and enhance efficiency include the installation of energy-efficient LED light fixtures throughout managed properties. Other energy-saving initiatives include:

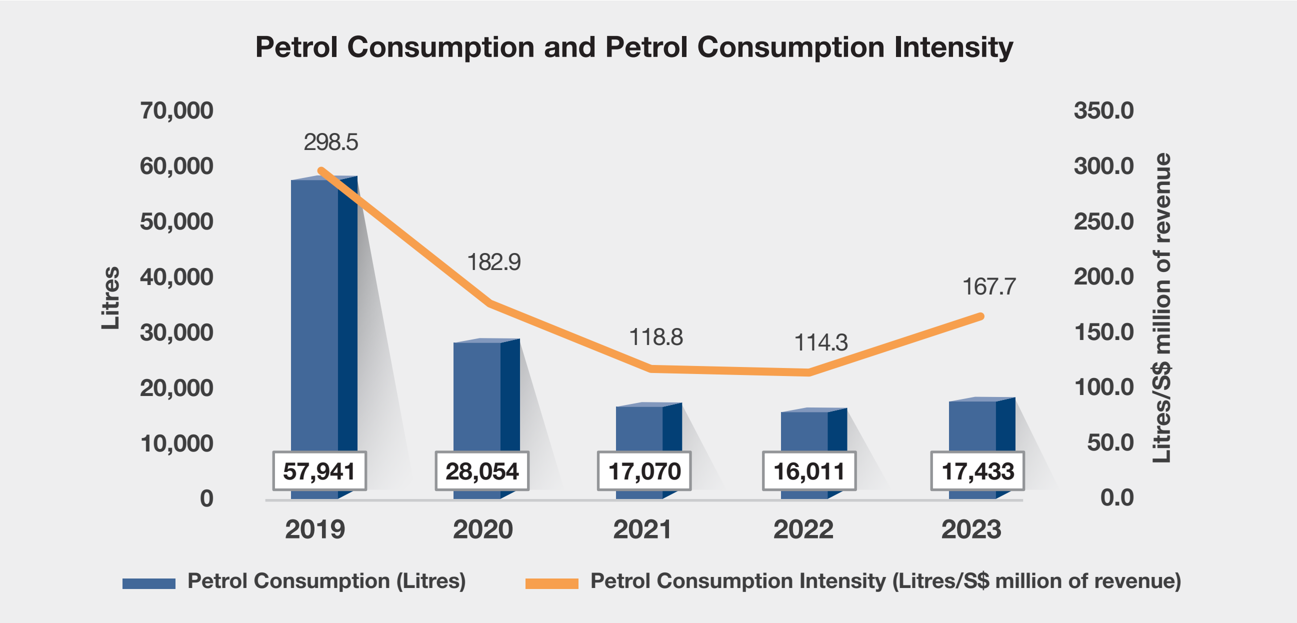
- Optimise production planning to reduce machinery idling time.
- Use of frequency conversion air compressors to reduce power utilisation.
- Transition to renewable energy with solar panel installation in our production facilities.
- Replace older machinery that consumes more energy with newer energy-efficient machinery.
- Replace older air conditioners with energy-saving units and control temperatures to be more energy-efficient.
- Regular maintenance of plant and machinery to improve productivity, prolong useful life span and reduce energy usage.

Besides monitoring electricity consumption, the Group also monitors diesel and petrol consumption, aiming to manage and reduce our GHG emissions.

Diesel is primarily used for forklift operations, truck deliveries and staff canteen activities. In FY2023, our annual diesel consumption decreased by 9.7% from 46,301 litres in FY2022 to 41,799 litres in FY2023. This decrease was mainly attributed to a decrease in production volume during the year. Petrol is primarily used for company cars and vehicles. In FY2023, our annual petrol consumption increased by 8.9% from 16,011 litres in FY2022 to 17,433 litres in FY2023. This increase was driven an expansion of business activities, particularly in the China region following the easing of COVID-19 movement restrictions. This increase was necessary to support and facilitate business development activities during this period. In FY2023, diesel consumption intensity was 402.1 litres/S$ million of revenue and the petrol consumption intensity was 167.7 litres/S$ million of revenue, increased by 21.7% and 46.7% respectively from FY2022 due to a significant revenue decrease in FY2023.

At Fu Yu, our commitment focuses on reducing our energy consumption throughout daily operations. This initiative aligns with our dedication to environmental responsibility while concurrently unlocking significant cost savings for our business.





Water Consumption

In our continuous dedication to sustainability, Fu Yu places high priority on responsible water consumption across our facilities. Recognising water as a precious and limited resource, we are committed to implementing measures that promote water conservation and responsible use.

The Group sources all its water from municipal water supplies, operating in Singapore, Malaysia, and China. Water is primarily used in our operations for cooling towers, cooling for injection moulding and tooling machines during manufacturing, and various cleaning purposes.

We have identified that our FYSZ facility is situated in a water scarce region. As a responsible business, we understand the need to conserve water and reduce water wastage. Sustainable and efficient water usage practices are integral to our manufacturing operations, underscoring our commitment to environment conservation. These practices include:

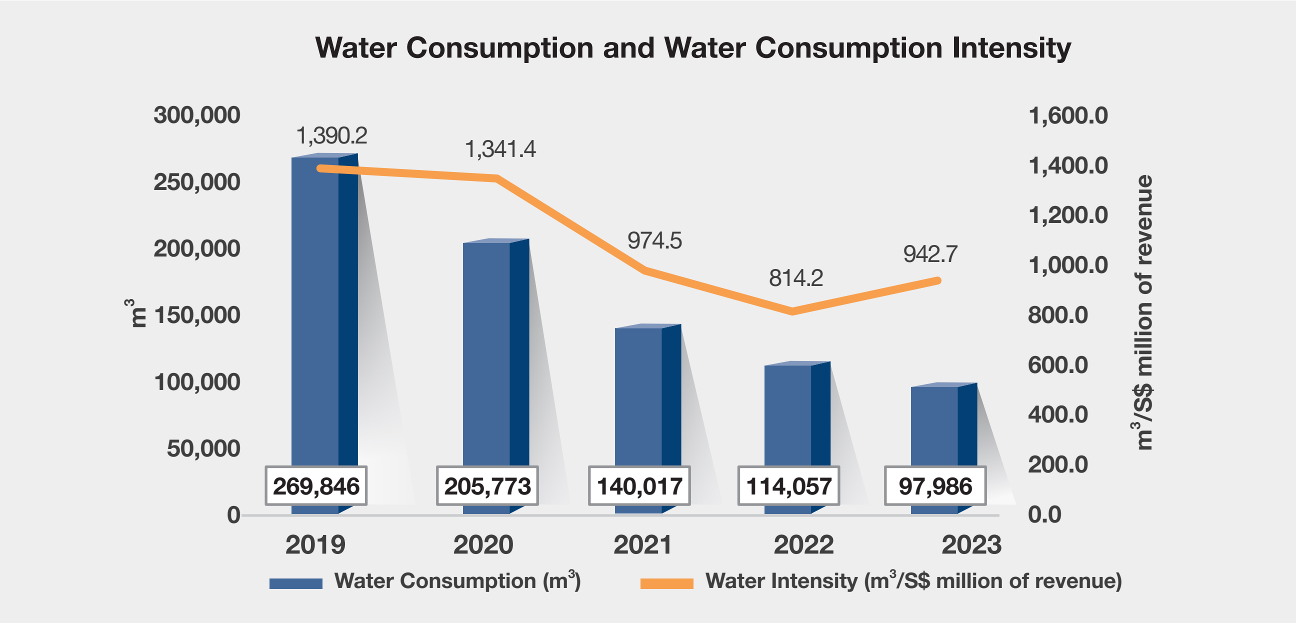
- Record and monitor meter readings and cross-check with water consumption bills monthly.
- Regular maintenance of water fittings and drainage systems to minimise the risk of leakage.
- Educating employees on the importance of water conservation to influence positive behavioural changes.
- Encourage employees to report any observed water leaks to the Human Resources Department.

At our FYSZ facility, we are finalising the adoption of the water recycling system. After undergoing advanced treatment at sewage facilities, wastewater is recycled for use. We have upgraded infrastructure and optimised the treatment processes to improve the efficiency of the water recycling system, enabling the reintroduction of recycled water into various applications.

At our FYDG facility, we are strengthening regular inspections of water pipes to prevent the aging and leakage, ensuring early detection and proactive maintenance. In addition, the timely replacement of older water pipes with modern, more durable materials further reduces the risk of leaks and enhances the overall reliability of the water supply infrastructure.

Elsewhere, we implemented rainwater harvesting for general cleaning tasks. By capturing and storing rainwater through this eco-friendly method, we reduced our dependency on conventional water sources for cleaning, further minimising the environmental impact associated with water consumption.

Fu Yu is committed to doing our part in safeguarding the planet's water resources and ensuring sustainable water management practices.

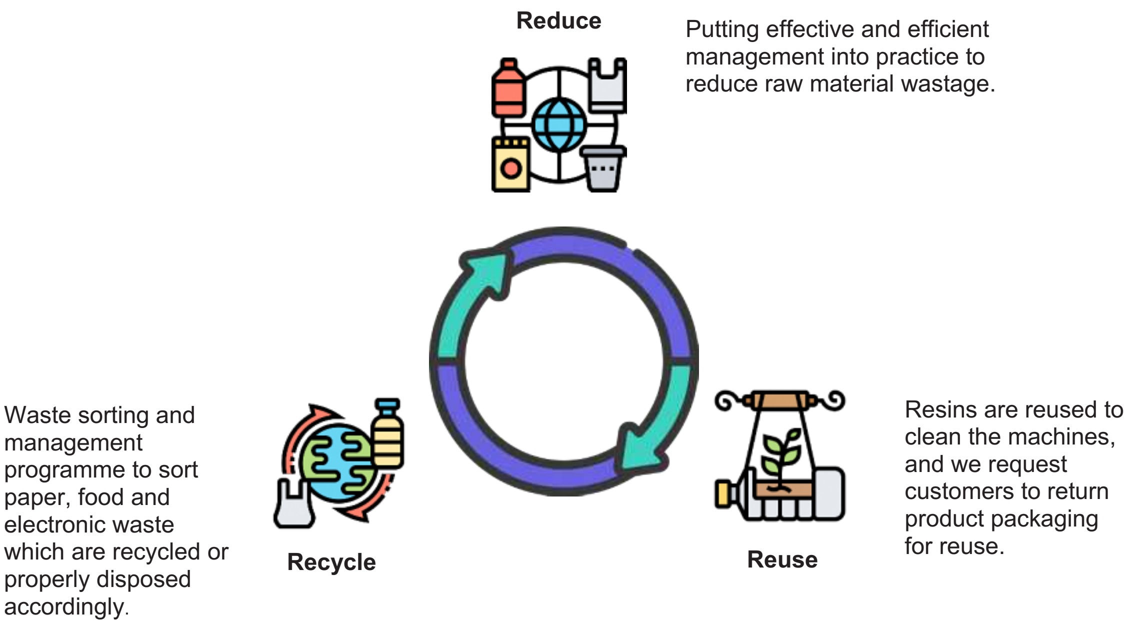


In FY2023, our total water consumption amounted to 97,986 m^3, a 14.1% decrease from 114,057 m^3 in FY2022. Water consumption intensity increased from 814.2 m^3/S$ million of revenue in FY2022 to 942.7 m^3/S$ million of revenue in FY2023. The increase in water consumption intensity is primarily attributed to a decline in both revenue and water consumption, with the reduction in revenue surpassing the decrease in water consumption. Over the years, our Group's water usage has been on the decline, in line with our commitment to minimise water consumption. Moving forward, the Group targets to maintain our water intensity at the current level, continuing our commitment to efficient and responsible water use.

Effluents and Waste

At the heart of the Group's operational philosophy is our commitment to waste management, encapsulated in our "3Rs" approach – "**REDUCE, REUSE AND RECYCLE**".

We believe that proper waste management and effective resource utilisation underpins our responsibility towards the environment and contributes to reduce our overall operating costs. Our comprehensive waste management strategy emphasises "reduction of waste" at the source, followed by "waste reuse on-site" and "material recycling". Through this structured approach, we aim to minimise our environmental footprint and promote sustainability within our operations.



Reduce

Our commitment to sustainable practices includes the responsible procurement of materials, a key aspect of which involves cultivating collaborative relationships with our vendors. In this pursuit, we actively engage with our suppliers to replace harmful substances with environmentally friendly alternatives, aiming to reduce the ecological impact of our operations and products.

Furthermore, in response to growing environmental awareness and customer preferences, we proactively seek out materials that bear accredited green labels. This proactive sourcing strategy emphasises our dedication to environmentally conscious practices, ensuring that the products we manufacture not only meet high-quality standards but also align with environmentally friendly and sustainable principles.

Reuse

We promote the reuse of resins in our manufacturing processes. Resins, often used in various production stages, are systematically recycled to clean machines, contributing to the reduction of waste and minimising the environmental impact associated with their disposal. This initiative not only aligns with our dedication to resource efficiency but also reflects our commitment to a circular economy, where materials are reused and repurposed to extend their lifecycle.

Furthermore, in order to minimise packaging waste, we encourage our customers to participate in our packaging return program. This program encourages customers to send back product packaging for reuse. By doing so, we aim to reduce the overall environmental footprint associated with packaging materials.

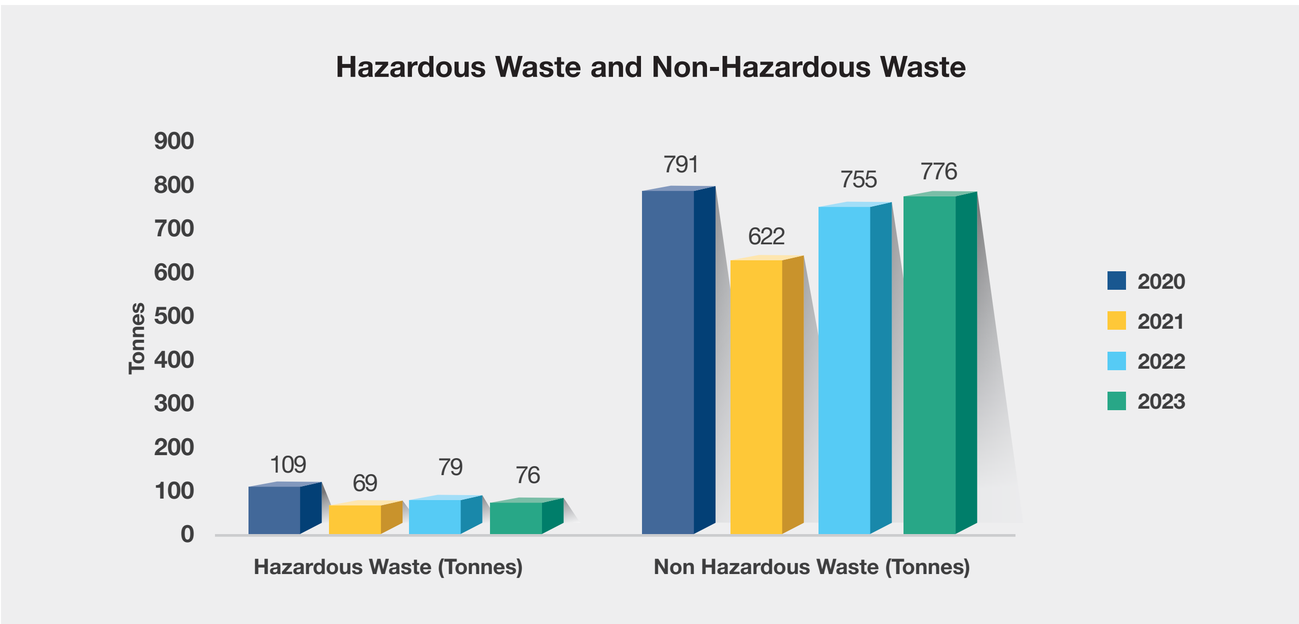
Recycle

We implemented a comprehensive waste sorting and management program that addresses various waste streams, including paper, food, and electronic waste. Through this program, we aim to promote responsible waste handling and minimise our environmental impact.

For paper waste, we prioritise recycling initiatives to ensure that paper materials are diverted from landfills and repurposed. Our commitment to sustainable practices extends to the proper disposal of food waste, where we implement eco-friendly solutions such as composting or other environmentally responsible methods.

For electronic waste, we adhere to specialised disposal practices that align with regulatory guidelines to prevent environmental harm and promote the responsible handling of electronic components.

By incorporating these measures into our waste sorting and management program, we demonstrate our commitment to sustainable and eco-conscious practices throughout our operations.



In FY2023, we generated 76 tonnes of hazardous waste, a 4.3% decrease from 79 tonnes in FY2022. In addition, we generated 776 tonnes of non-hazardous waste in FY2023, a 2.8% increase from 755 tonnes in FY2022. This increase was a result of relocation to a new office in Singapore, accompanied by the disposal of some obsolete items by FYC.

Moving forward, we intend to maintain the current level of our hazardous and non-hazardous waste for the forthcoming year while developing quantitative targets in future.

Disposal of hazardous wastes

The Group places a strong emphasis on proper waste disposal, particularly relating to hazardous waste. To ensure environmentally responsible practices, all hazardous waste is meticulously disposed through licensed collection vendors, significantly minimising its environmental impact. In line with our 3Rs approach, we actively strive to divert waste from disposal wherever feasible.

When recycling is not an option, we employ a systematic approach for handling non-recyclable waste. Such waste is accumulated and stored on-site, adhering to predetermined schedules for disposal as specified by the respective local collection vendors. This comprehensive waste management strategy reflects our commitment to minimising our environmental footprint and upholding responsible waste disposal practices throughout our operations.

Chemical Spillage Control

In the rare incidence of a chemical spillage, our in-house Chemical Spillage Control Team is promptly activated to swiftly mitigate the potential environmental impact of such incidents. We conduct annual refresher training courses to ensure that our team remains well-prepared to effectively manage and remedy any incidents of chemical spillage.

In FY2023, there were no significant incidents of chemical spillage in our production facilities. Looking ahead, our commitment remains firm, with the Group striving for zero significant cases of chemical spillage and improper disposal of waste at our manufacturing facilities in the coming year.

FHM - Chemical Spillage Training

Paper Usage Reduction

Embracing sustainability and digital innovation, our operations have undergone remarkable transformations since 2020. In Singapore, we've replaced paper carton boxes with 7,000 reusable containers, resulting in annual savings of over 300 tonnes of paper. This initiative sets the stage for our commitment to environmental stewardship. Additionally, FHM has embraced paperless documentation through a Manufacturing Execution System ("**MES**") since 2021, enhancing efficiency and reducing our ecological footprint. In line with our digital evolution, CA and FYC have implemented an e-leave system and embraced e-banking in 2022, marking significant strides towards a more sustainable and digitally-driven future.

In FY2023, we continued our efforts to reduce paper usage by adopting packaging specifications designed to minimise the types of packaging in use and reduce paper waste. Notably, the usage of packaging papers at our plants in Malaysia, CA and FHM, decreased by 35.4% and 16.0% respectively compared to FY2022. These ongoing efforts underscore our dedication to sustainable practices and continual improvement in resource efficiency.

Beyond packaging, we also actively reduce our paper usage in our administration processes. These include:

- Usage of e-signature whenever possible.
- Usage of double sides whenever possible.
- Placing signage as a reminder to reduce paper usage.
- Usage of e-banking to reduce the need for cheques and the printing of telegraphic slip.
- Usage of digital solutions to eliminate the use of paper-based documents (e.g. e-leave system).

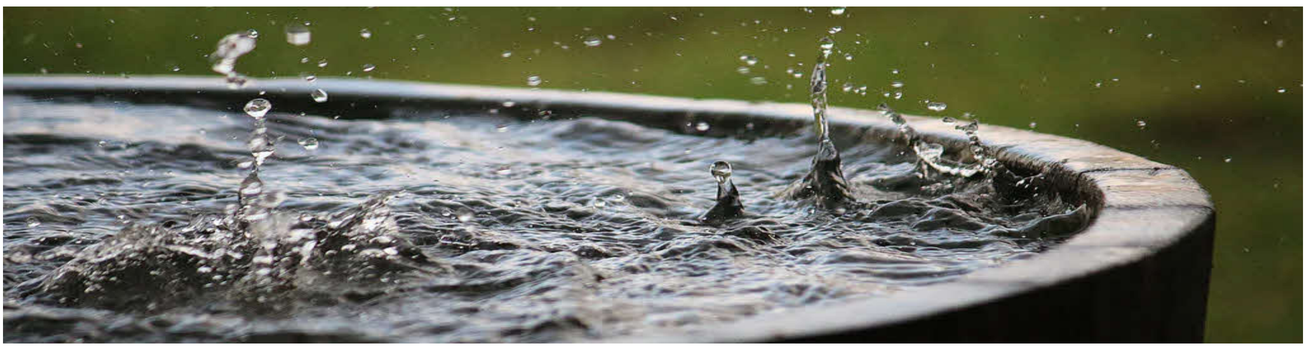
We are committed to actively exploring opportunities to reduce paper usage in both packaging and administrative processes. This includes adopting integrated packaging specifications, sourcing eco-friendly packaging materials and embracing digital solutions to minimise reliance on paper. Our commitment to these initiatives aligns with our goal of promoting sustainability and reducing our environmental impact.

Environmental-friendly Supply Chain

In our ongoing dedication to minimising our environmental impact, we ensure that our suppliers comply with environmental laws and regulations while providing goods and services to our organisation.

Within our supply chain management framework, we conduct annual vendor evaluation assessments to appraise new vendors. Additionally, we consistently measure and monitor the performance of our existing vendors. This proactive approach aids in cost reduction, and risk mitigation, and fosters continuous improvement initiatives directed towards enhancing environmental sustainability. Through these evaluations, we aim to strengthen our partnerships, ensure efficient operations, and align our supply chain with the principles of environmental responsibility.

We prioritise environmental compliance by signing both the Restriction of Hazardous Substance ("**RoHS**") and Registration, Evaluation, Authorisation and Restriction of Chemical ("**REACH**") agreements with all our suppliers, regardless of whether they are longstanding partners or newly onboarded ones. This commitment ensures that all parties involved adhere to the restrictions on hazardous substances and meet the regulatory standards set forth by these agreements.



Our Initiatives

Innovative Production

Outfitted with cutting-edge automation and sensors, the Group's Industry 4.0 Smart Factory not only aids customers in monitoring their carbon footprint across the supply chain but also actively monitors and optimises our electricity usage. This dual functionality underscores our dedication to advancing sustainability for our clients while concurrently mitigating our environmental impact through effective energy management.

Demonstrating our unwavering commitment, the Group is systematically replacing hydraulic machinery with electrically powered alternatives, aiming to improve operational efficiency and reduce oil consumption.

Additionally, the integration of 3D printing and additive manufacturing technologies ensures the precise utilisation of materials, minimising waste and concurrently enhancing cost efficiency.

The Group has recently transitioned to an integrated cloud-based platform, paving the way for completely paperless mould-making. This transition not only eradicates paper consumption, but also streamlines the mould-making process, improved accuracy, efficiency, real-time collaboration, and an overall elevation in the quality and speed of production.

Sustainable Raw Materials

Collaborating actively with partners, the Group is committed to helping our customers transition to eco-friendly resins. It is also in active discussions with a supplier of biodegradable bio-resin sourced from sugar cane fibre. This bio-resin can be used to produce disposables, consumables, and packaging caps. Through close collaboration with customers, their preferences are thoughtfully incorporated, playing a crucial role in shaping product development and seamlessly integrating bio-resins into their offerings. As the demand for environmentally conscious solutions continues to surge, Fu Yu's effective utilisation of bio-resins strategically places it in a market that increasingly values eco-friendly characteristics.

Renewable Energy

Fu Yu is forging a strategic alliance with a solar energy system developer to implement photovoltaic solar panels across the rooftops of our facilities. The generated energy will be utilised to power our in-house operations. FYC will complete the installation of solar panels on four of its buildings in the second quarter of FY2024. The Group is proactively expanding its solar panel initiatives in Malaysia, with a comprehensive plan to install solar panels for CA in FY2024, followed by FHM in the subsequent years.

FYC - Solar panels

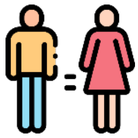
FYC - Solar panels

8.1 Developing Our Workforce

FY2023 Key Performance

Zero forced labour and child labour

Zero workplace fatalities

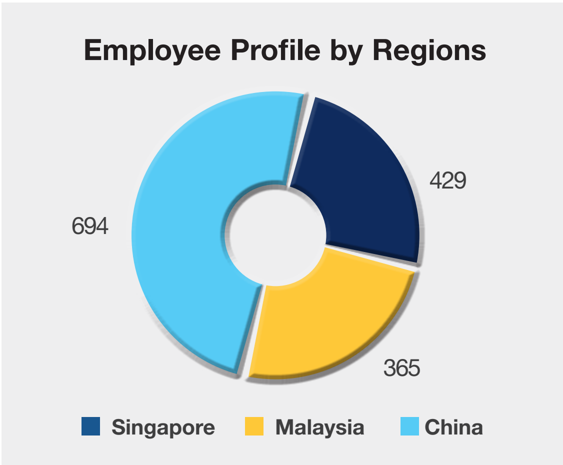


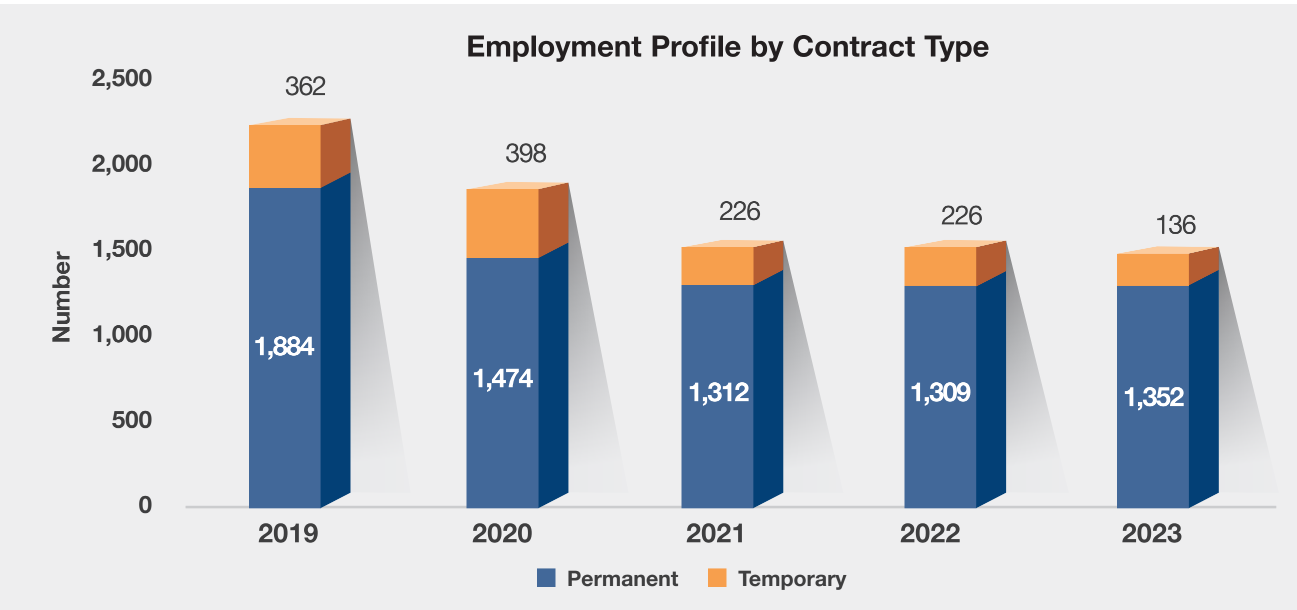
Close to 1:1 ratio of male to female employees

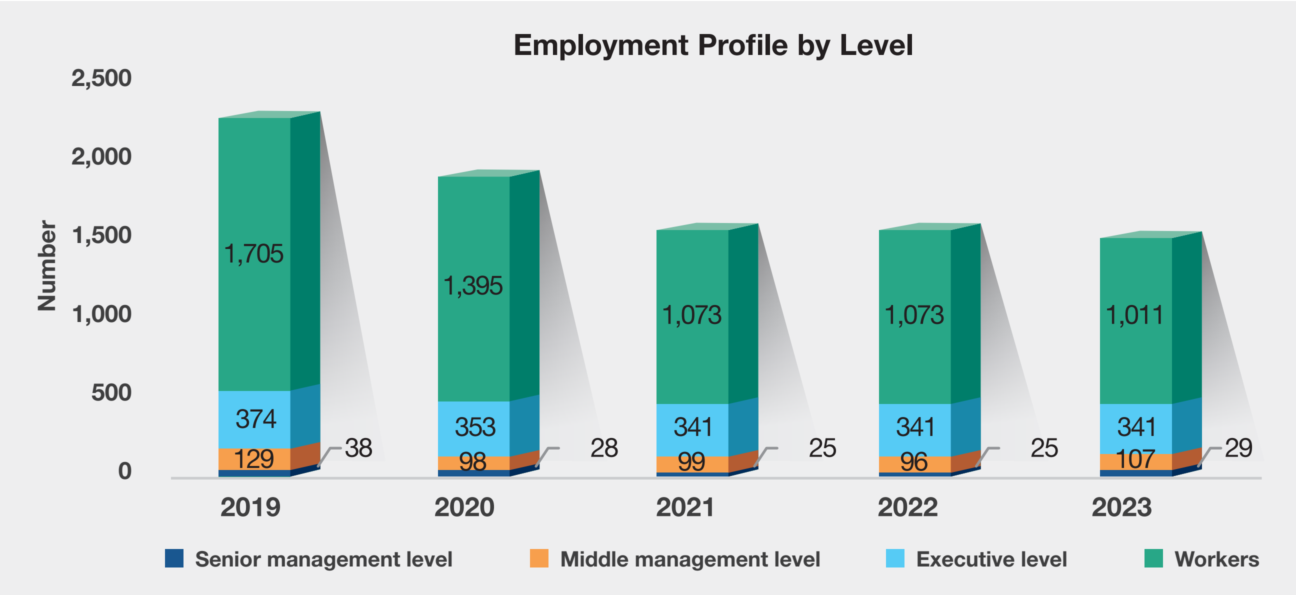
Employment

Our workforce is primarily composed of permanent, full-time employees, who are the cornerstone of our organisational structure. These employees are pivotal to our operations, providing the stability and continuity necessary for our success. To complement our core team and meet the dynamic needs of our operational environment, we also engage temporary employees when necessary. As at the end of FY2023, our workforce comprises 1,352 permanent employees and 136 temporary employees.

The following graphs illustrate our employment profile categorised by regions, contract types and levels.

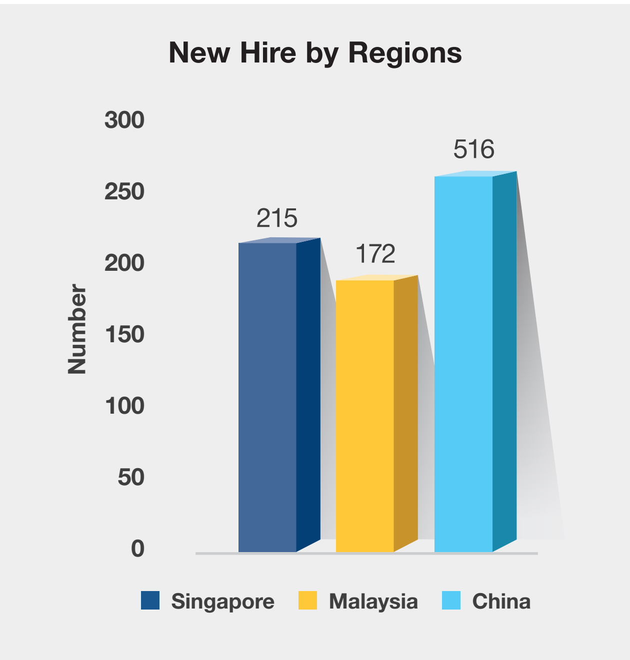






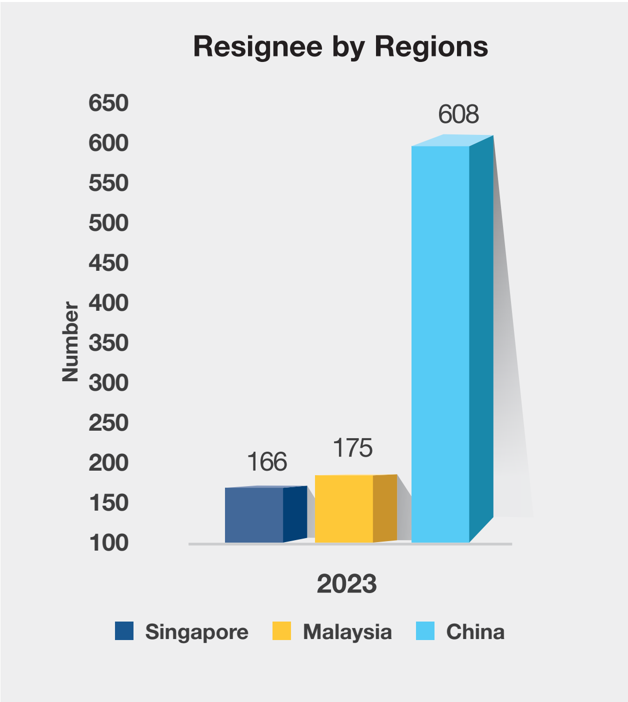
Throughout 2023, we successfully integrated 903 new employees, which includes 458 new permanent employees and 445 new temporary employees into our workforce, making strategic additions to strengthen our team. The new hire rate for FY2023 is reported at 60.7%. This new hire rate encompasses temporary employees, whose recruitment is subject to our operational needs. Excluding temporary employees, the adjusted new hire rate for FY2023 stands at 33.9%.

The following graphs illustrate our new hires by regions and contract types.



However, we also have 413 permanent employees and 536 temporary employees, totaling 949 employees who left us during the year. The turnover rate for FY2023 is reported at 63.8%. Similarily to the new hiring rate, this turnover rate encompasses temporary employees, whose recruitment is subject to our operational needs. Excluding temporary employees, the adjusted turnover rate for FY2023 stands at 30.5% which increase from 24.4% in FY2022. Going forward, our goal is to maintain a turnover rate (exclusive of temporary workers) below 30%.

The following graphs illustrate our turnover by regions and contract types.



Fu Yu understands that our employees are integral to the Group's long-term success. We view it as our duty to facilitate their excellence by ensuring a secure and positive work environment aligned with our core values.

In FY2023, the Group demonstrated a steadfast commitment to the well-being of its employees through a series of initiatives. The provision of free lunches or food vouchers during festive seasons recognises the importance of fostering a sense of celebration and togetherness among the employees. Additionally, the annual employee satisfaction survey serves as a testament to the Group's dedication to understanding and addressing the concerns and preferences of its workforce, ensuring a conducive and supportive work environment.

The Group organised events such as Safety Champion programs, employee gatherings involving activities like bowling and laser tag, and the annual Dinner and Dance. These initiatives not only promote team building and camaraderie but also contribute to the overall mental well-being of employees by offering opportunities for relaxation and enjoyment. Special events like the Durian Feast and Christmas celebrations, complete with gift exchanges and festive buffets, add a touch of joy and festivity to the workplace, reinforcing the Group's commitment to creating a positive and inclusive company culture that prioritises the holistic well-being of its valued employees.

CA has planned to establish an Employee Health Initiative with the introduction of a Fun Room, designated for recreational activities after working hours. The room will feature games like pool/snooker, ping-pong, and dart. The primary goal is to enhance employee health and well-being while fostering a health-conscious culture and a sense of community within CA. The initiative is in progress to be set up, showcasing CA's commitment to promoting a healthy and enjoyable workplace for its employees.

FYZH - Outing Activities

CA - Chinese New Year event

FYC - Durian Feast

FYC - Laser Tag

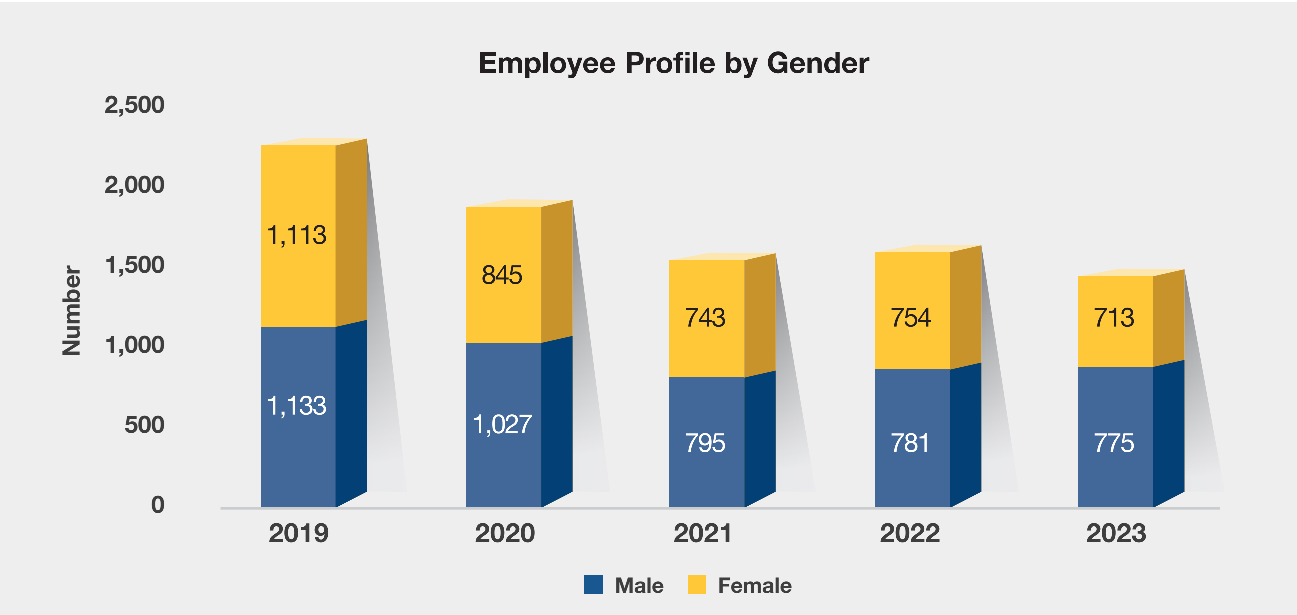
Diversity and Equal Opportunity

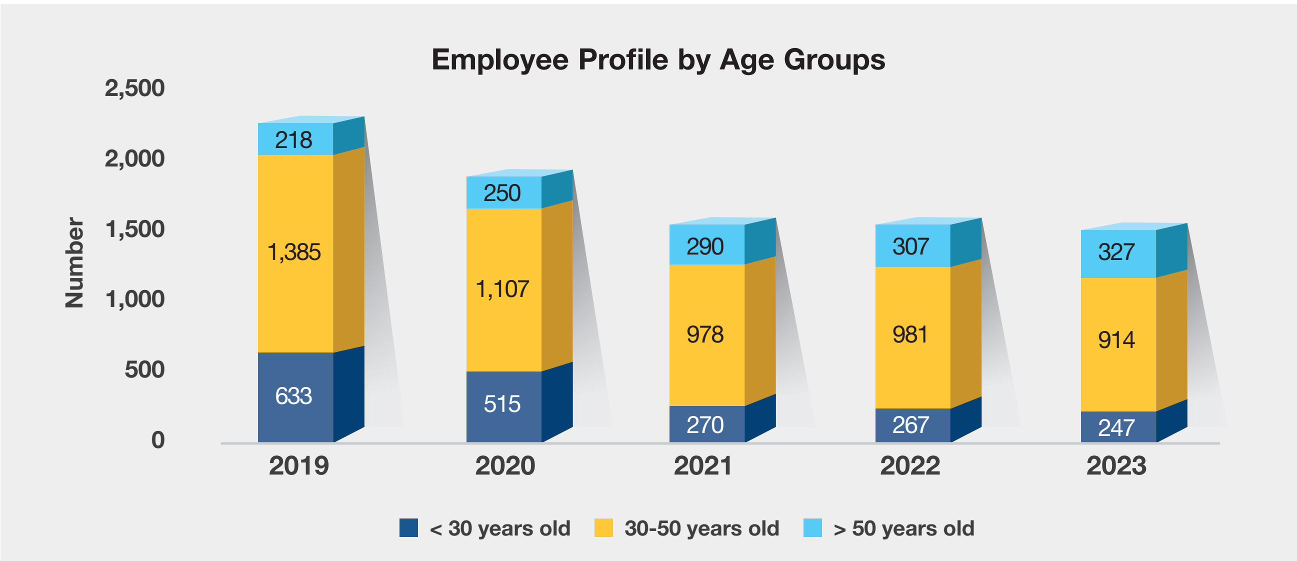
The Group advocates fair and equal opportunities for all our employees regardless of age, race, gender, religion, marital and family status or disability. Our goal is to attract and retain employees' interest in a long-term career with us. We commit to providing equal employment opportunities, prohibit harassment and discrimination in the workplace and align with applicable laws and regulations. Our selection and recruitment criteria focus solely on the skills, experience, and ability of candidates to perform job tasks. We believe that creating a diverse work environment and valuing achievements, capabilities, and equal opportunities, enhance overall productivity in the workplace.

Our organisation is dedicated to promoting gender equality and supporting women's progress within the workplace. We believe that cultivating a diverse and inclusive workforce, where every employee has equal opportunities for success and contribution, is imperative for our business as a socially responsible entity.

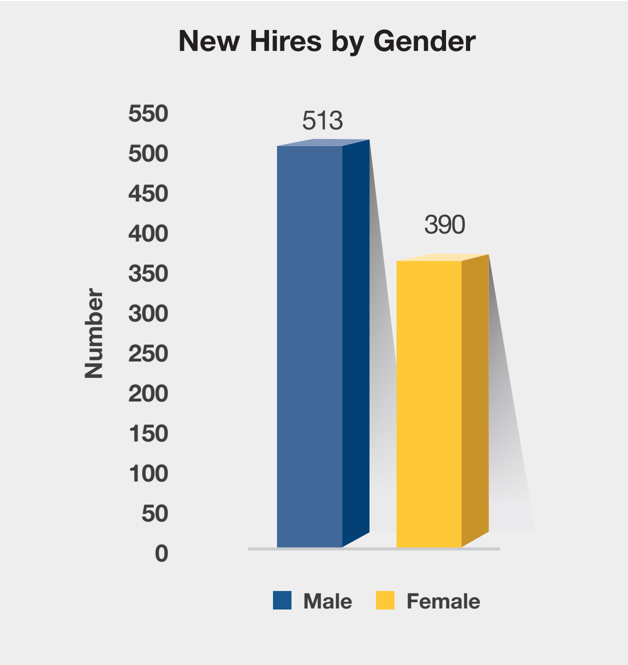
In FY2023, the gender distribution within our workforce remained a close ratio of 1:1 male to female employees. Furthermore, it is noteworthy that the majority of our workforce is aged between 30 to 50 years, which is in line with industry norms.

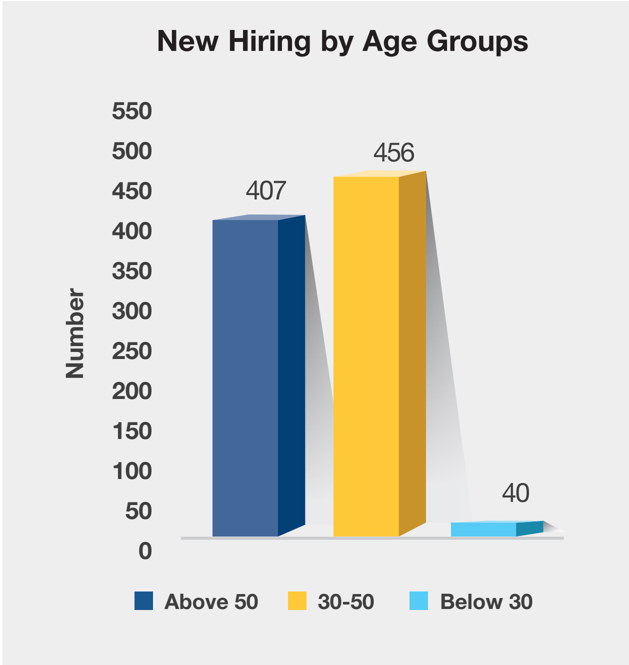
The graphs below illustrate our employment profile categorised by gender and age groups.



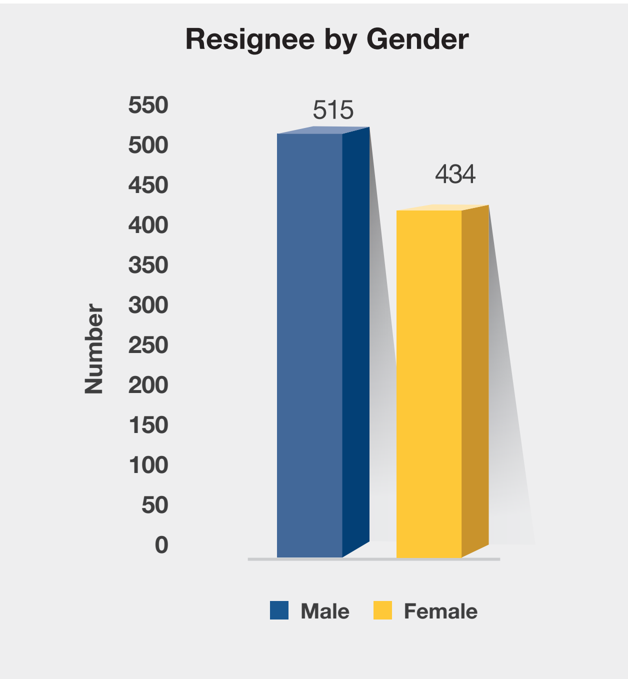


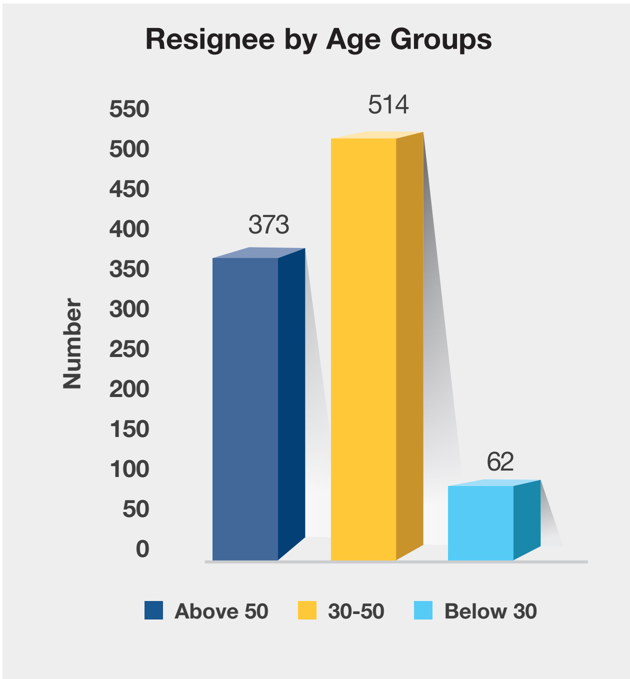
Throughout FY2023, we integrated 390 new female employees, as a result, our female new hire rate is 54.7%. The new hire rates by age group are 124.5% for above 50, 49.9% for 30-50, and 16.2% for below 30.





However, we also have 434 female employees who left us during the year, as a result, our female turnover rate is 60.9%. The turnover rates by age group are 114.1% for above 50, 56.2% for 30-50 and 25.1% for below 30.



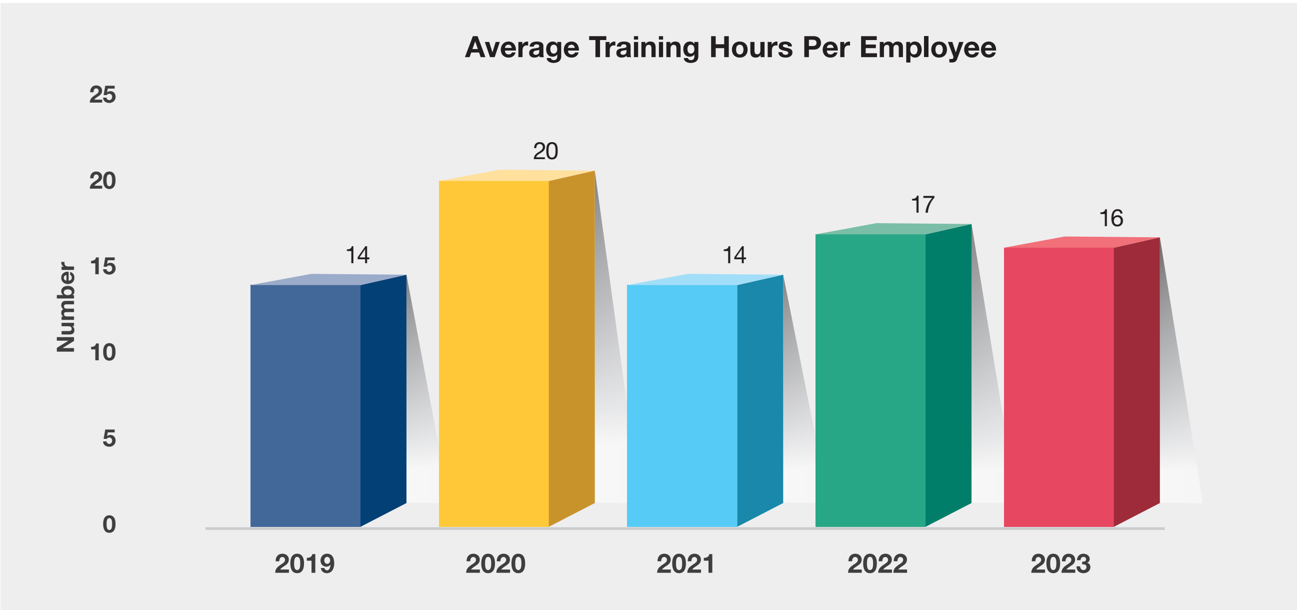


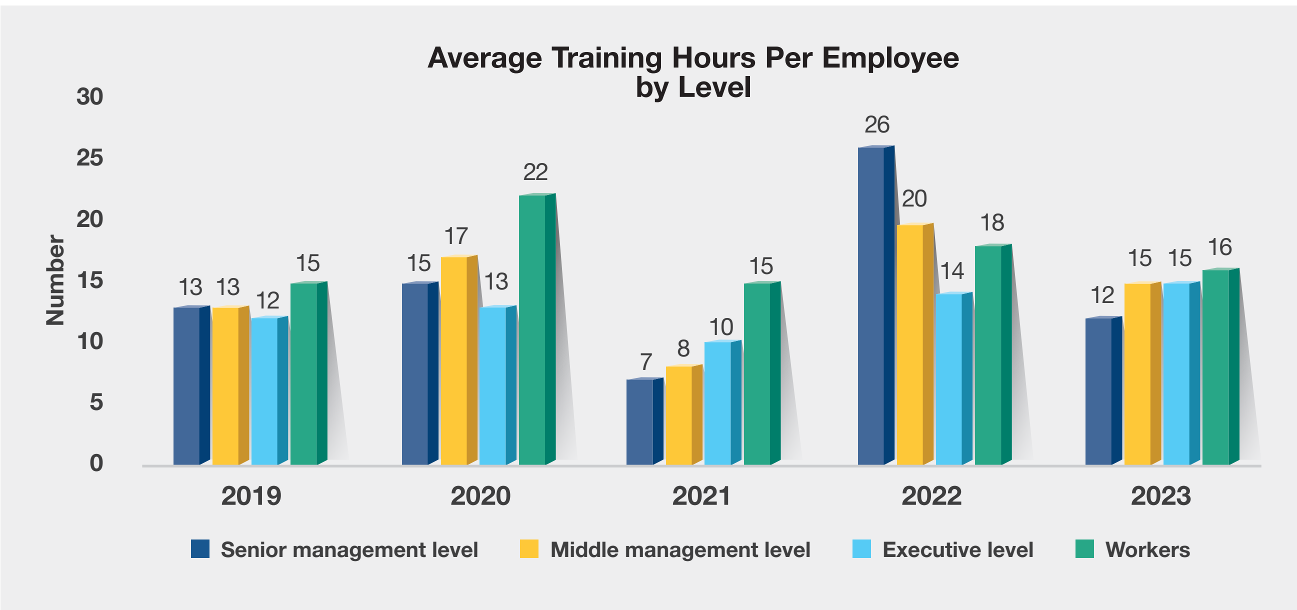
Training and Education

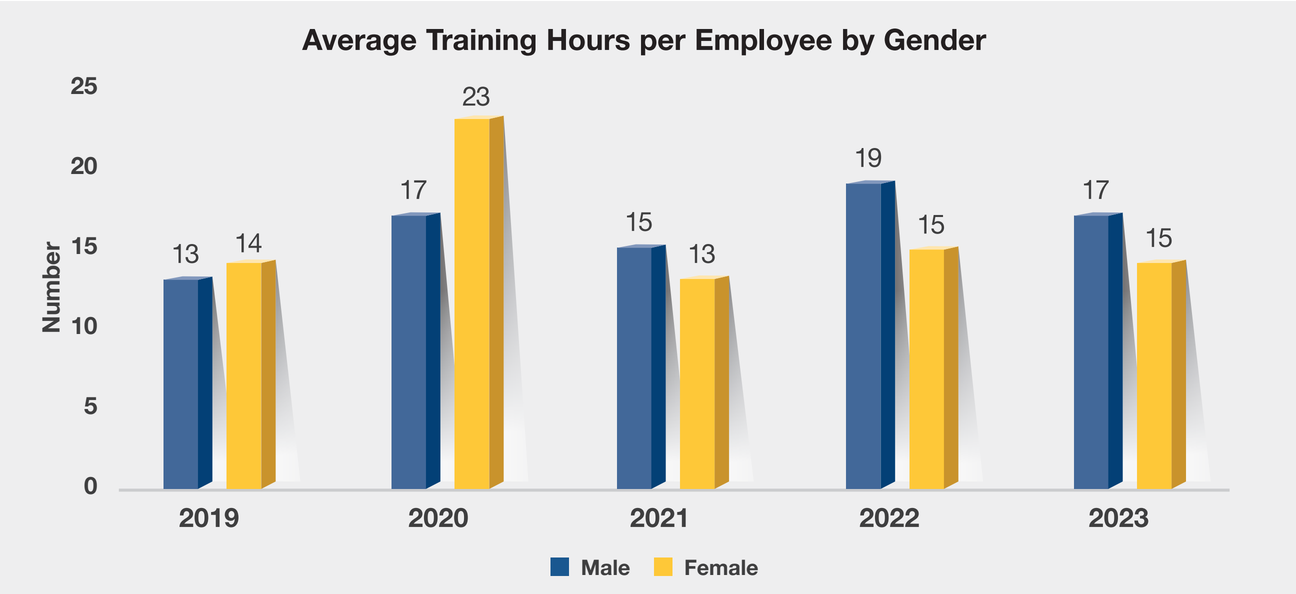
In the current landscape of intense market competition and economic challenges, the strategic recruitment, retention, and development of human capital is of utmost importance. Recognising the critical role of employee training and development in this context, we place great emphasis on enabling our workforce to reach their full potential. The Group firmly believes that enabling employees to enhance their knowledge and skills not only contributes to their individual growth but also strengthens the collective competency of the organisation. By committing to continuous learning and skill enhancement, we aim to strategically position our workforce to meet the dynamic demands of the competitive and challenging economic environment.

In FY2023, our average training hours per employee were slightly decreased from 17 hours to 16 hours. For FY2024, FYC and FHM have established specific targets for total training hours, aiming for 1,800 hours and 5,370 hours respectively. This initiative reflects our ongoing commitment to fostering a culture of continuous professional development and enhancing our team's capabilities to sustain our competitive edge.

The graphs below illustrate our average training per employee categorised by level and gender.







The Group implements training and personal development programs customized to individual strengths and needs of our employees. Concurrently, we conduct an annual employee performance assessment to gauge the effectiveness of these programmes. This strategic approach aims to align organisational objectives with individual skill enhancement, creating a symbiotic relationship where the professional growth of our workforce seamlessly aligns with the Group's overarching goals. Through focused and personalised training initiatives, we aim to maximise employee potential, cultivating a highly skilled and adaptable workforce capable of navigating the dynamic complexities of the modern professional landscape.

Occupational Health and Safety

Fu Yu understands the critical importance of the health and safety of our workforce and is committed, as a responsible employer, to provide a secure and healthy work environment. We have cultivated an organisational culture that prioritise the health and safety of our employees, understanding that this focus is crucial in ensuring operational efficiency and effective value delivery. Recognising the pivotal role of mental wellness, we acknowledge that safeguarding the mental well-being of our employees is instrumental in boosting productivity, thereby enhancing our overall performance and facilitating talent retention. Moving forward, we aim to concentrate on the mental well-being of our employees and embark on a workplace outreach wellness program to ensure the recognition and implementation of their rights to both physical and mental health.

The establishment of a Workplace Safety and Health Committee ("**WSHC**") reflects our systematic approach to health and safety. This committee is tasked with regularly reviewing and monitoring our health and safety practices to ensure compliance with the relevant laws and regulations across the countries where we operate. The WSHC actively develops programs and activities to raise awareness about occupational health and safety ("**OHS**") including compulsory safety briefings as part of our Induction Training for all new hires. During daily operations, it is compulsory for employees to verify the proper implementation of safety measures before commencing work. As part of our assurance process, routine practice sessions are conducted to reinforce OHS requirements, in-house safety regulations, and job-specific safety protocols.

In line with our commitment to employees' safety awareness and resilience training, fire drills are conducted to familiarise employees with proper evacuation routes and practices. This ensures that every employee evacuates safely and in an orderly manner in response to fire alarms. Employees also receive training on the correct and safe use of fire extinguishers, constituting an integral component of our comprehensive health and safety initiatives.

In CA, we held a series of important training sessions to enhance our organisation's preparedness and compliance capabilities, including Emergency Response Team ("**ERT**") training, Waste Handling training, and ISO14001:2015 (EMS) Awareness Training (in-house). In FHM, we have conducted Noise safety training. In FYC, we have weekly safety orientation training, annual refresher training and external mandatory training for respective staff.

In Chinese entities, safety hazard inspections are conducted quarterly to identify and address potential risks. In addition, monthly activities focusing on risk recognition and improvement in hazard inspections are implemented to ensure that equipment and facilities comply with various safety standards. We also undergo its annual occupational health and safety inspections, underscoring the commitment to maintaining a safe and healthy work environment. These systematic evaluations play a crucial role in the proactive management of workplace safety, ensuring alignment with industry standards and regulatory requirements.

FHM - Noise Hazard Training

FYSZ - Fire drill activities

Lost-Time Injury Rate (%)	2019	2020	2021	2022	2023
Group	4.64	4.54	8.97	6.12	3.56

*Lost time Injury Rate (%) = (Number of lost time injury/ Number of manhours) * 1,000,000 to get the injury frequency rate per million hours worked.*

Lost-time injury rate saw a significant decrease from 6.12% in FY2022 to 3.56% in FY2023, a testament to the Group's proactive implementation of enhanced safety procedures and equipment in response to injuries recorded in the previous year. In FY2023, the Group recorded two work-related incidents at the Assembly Department of FYC. The FYC team responded promptly, and the affected employees have fully recovered with no lasting injuries. Following these incidents, we have reiterated safety guidelines to our employees, with a particular focus on safe machine operation practices.

To further enhance safety, there has been an increased focus on employee safety briefings, reinforcing awareness and emphasising the importance of adhering to established safety guidelines and protocols.

In FY2023, the Group continue to adopt the Singapore Ministry of Manpower's ("**MOM**") definition of major injuries, as outlined on the MOM website. This uniform definition is applied consistently across all subsidiaries for disclosure purposes, in line with the GRI standards.

Looking ahead, the Group is committed to achieving a zero-workplace incident rate. Concurrently, we are intensifying our efforts to minimise instances of employee ill health due to work-related causes. A thorough assessment has identified specific work-related hazards associated with elevated risks of injury or ill health. Consequently, various preventive measures have been implemented to mitigate these risks.

Examples of such work-related hazards include:

Work-Related Hazards That Pose a Risk of Ill Health / Injury	Entities	How These Hazards Have Been Determined	Did It Cause / Contribute to Ill Health in FY2023	Action Taken / Underway to Eliminate this Hazard and Minimise Risks Using the Hierarchy of Controls
Chemical Hazards	FYC	GHS (Global Harmonised System of Classification and Labelling of Chemicals)	No	• Signboards have been placed and Material Safety Data Sheet ("**MSDS**") Report are displayed at each chemical storage area for easy access and reference. • Enhance the use of personal protective equipment for employees, including the proper wearing of masks, anti-static gloves, and earplugs. In addition, Volatile Organic Compounds ("**VOC**") environmental purification devices have been introduced to improve workplace air quality. • Departments are provided with safe work procedures based on chemical characteristics outlined on the MSDS labels. • Identify and classify chemical hazards with reference to GHS. • Monitor department monthly usage of chemicals and workers' exposure levels. • Risk control processes and procedures in place • Annual refresher training for spill control team members
	CA	Internal ISO 1400:2015 audits & Purchase data analysis		
	FHM	Environmental Quality Act 1974 (Regulation 2005 Scheduled Waste)		
Noise	FYC	Workplace Safety & Health Act (Noise)	No	• Weekly noise level monitoring using dosimeter to ensure they remain within safe limits. • Enforce wearing of earplugs for areas with noise levels between 86 dB. and 95 dB. For areas exceeding 95 dB, workers are required to wear both earmuffs and earplugs to provide additional protection. • Annual audiometry testing for workers exposed to prolonged noise. • Conduct indoor noise level testing every 5 years.
	CA	Machine sounds testing (within the EMS framework)		
	FHM	OSHA (Occupational Safety and Health Administration) Act 1994 (Regulation 2019 on Noise Monitoring)		

Work-Related Hazards That Pose a Risk of Ill Health / Injury	Entities	How These Hazards Have Been Determined	Did It Cause / Contribute to Ill Health in FY2023	Action Taken / Underway to Eliminate this Hazard and Minimise Risks Using the Hierarchy of Controls
Other	Workplace Safety & Health Act (Occupational Disease) • Silica sand • Spray paint • Repetitive actions		No	• Silica sand and spray paint: o Enforce wearing of anti-dust mask respirators and goggles to carry out work assignments involving silica and spray paint. o Lung examination testing every 3 years. • Repetitive actions over prolonged deployment o Rotation of job duties at 4-hours intervals to reduce strain and fatigue.

In CA, we review hazard identification, risk assessment and risk control for legal compliance. Our commitment to safety and health is evident through our regular dissemination of information via the monthly Environment, Health & Safety ("**EHS**") Bulletin, distributed to CA employees through email. To further enhance awareness, we are planning EHS Toolbox Talks, designed to address a variety of topics tailored to specific areas, focusing on the relevant risks and hazards.

CA have scheduled a fire and evacuation drill in January 2024, in collaboration with the Fire Department in Skudai, Johor. This initiative is part of our ongoing effort to ensure preparedness and safety. Additionally, we are in process of developing EHS induction training material for new CA employees, and refresher training for existing employees, underscoring our steadfast commitment to maintaining a safe and healthy work environment.

In FYC and FHM, we employ key performance indicators ("**KPIs**") to monitor aspects, such as absenteeism, and employee satisfaction survey results. Additionally, we conduct on-site operational risk assessments to establish and maintain robust safe work practices. These measures collectively contribute to our commitment to maintaining a safe and conducive work environment for our employees.

In Chinese entities, the injection moulding workshop has upgraded its VOC air purification system to enhance the air quality within the facility. Additionally, posters on safety operating procedures, risk notification cards, warning signs, and other informational materials are placed at our facilities to ensure that employees are aware of the surrounding hazards and appropriate response measures. Employees in various positions undergo occupational disease health check-ups annually or biennially. Furthermore, protective safety equipment such as masks, gloves, earplugs, and other necessary items are regularly distributed to ensure the safety and well-being of employees.

Forced Or Compulsory Labour

The Group is committed to proactively preventing and eradicating all forms of forced or compulsory labour within the realm of our operations. Our comprehensive policy unequivocally prohibits the utilisation of forced, bonded, or indentured labour, encompassing debt bondage, involuntary prison labour, slavery, and human trafficking. Factory audits are systematically conducted for each of our facilities in Singapore, Malaysia, and China, adhering to the guidelines set forth by the Responsible Business Alliance. This framework comprises standards addressing social, environmental, and ethical issues in the electronics industry supply chain, referencing international norms and standards such as the Universal Declaration of Human Rights; International Labour Standards ("**ILO**") global guidelines set by organisations like the International Labour Organisation to ensure fair and decent working conditions, covering aspects such as freedom of association, collective bargaining, and the elimination of forced labour and child labour; The Organisation for Economic Cooperation and Development ("**OECD**") Guidelines for Multinational Enterprises; ISO and Social Accountability ("**SA**") standards, among others.

Moreover, employment contracts are carefully crafted in local languages that are easily understood by our workers, facilitating their understanding of job responsibilities and departure procedures. In FY2023, no incidents of non-compliance with forced or compulsory labour regulations were reported in our manufacturing facilities. Our ongoing objective is to achieve zero incidents of non-compliance with labour laws about forced or compulsory labour.

In addition, we aspire to attain a rating of "satisfactory" or above in all Responsible Business Alliance factory audits, where applicable. This commitment underscores our dedication to the ethical treatment of workers and continuous improvement in labour practices.

Child Labour

Our commitment to eradicating child labour is diligently implemented through our employment protocols. Our recruitment policy staunchly prohibits the hiring of individuals falling below the minimum age requirements outlined in the Employment Act. We ensure strict adherence to all national labour laws in the jurisdictions where we operate, in alignment with our CSR and Recruitment Policy, which unequivocally prohibits the engagement of child labour in all our activities. Moreover, we actively encourage our customers to conduct audits of our manufacturing facilities using the Responsible Business Alliance Guidelines whenever they deem it necessary.

In FY2023, no incidents of child labour were reported in our manufacturing facilities. This reaffirms our proactive stance in upholding rigorous ethical standards and ensuring the overall well-being of our workforce.

9.1 Practicing Good Governance

Fu Yu is dedicated to upholding rigorous standards of corporate governance and ethical business conduct. Our commitment is centred on preserving market integrity and protecting the interests of stakeholders for the sustained success of the Group. We aim to cultivate an organisational culture that champions the highest levels of integrity and ethical business practices. This involves compliance with applicable laws and regulations, as well as a profound respect for human rights and environmental conservation.

To strengthen our ethical culture and reinforce professional conduct, we conduct training sessions to disseminate the Group's Corporate Business Ethics and Code of Conduct Policy among our employees. This policy offers comprehensive guidelines on the business conduct expected from employees, encompassing the obligation to disclose any direct or indirect interest in or affiliation with, other businesses and organisations where potential conflicts of interest may arise.

FY2023 Key Performance

- Zero confirmed incidents of corruption
- Zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions
- Zero incident non-compliance with data protection law

Anti-corruption

Fu Yu's management takes the lead in fostering a strong corporate governance culture and putting in place policies that promote ethical behaviour. Our anti-corruption practices are governed by various policies including our Fraud Risk Management Framework and Policy, Whistle Blowing Policy. These policies established our principle of "zero tolerance" towards all forms of unethical and corrupt practices.

Fraud Risk Management Framework and Policy guides all employees on anti-fraud measures to minimise the risks of fraud. Our respective plant general managers conduct a fraud risk assessment yearly and report any key fraud risks and anti-fraud mitigation measures to the Audit Committee and the Board.

In addition, we encourage our stakeholders to report any concerns or potential improprieties in good faith. To facilitate this process, our Whistleblowing Policy offers a transparent channel for employees to voice concerns regarding potential fraud, improprieties in financial reporting, and other related matters. This policy ensures that employees can raise such concerns in good faith, providing reassurance that they will be protected from reprisals or victimisation. We underscore the critical importance of maintaining confidentiality throughout this process, assuring stakeholders that their reports will be handled with the utmost discretion. Additionally, we conduct annual refresher training sessions on anti-corruption and whistleblowing policies for all employees at the Group's operating sites.

As a result, there were no confirmed incidents of corruption during the year. Moving forward, the Group targets to maintain zero confirmed incidents of corruption continuously.

Environmental Compliance

We are dedicated in our commitment to adhere to local government laws and regulations, striving to ensure that our operations consistently align with legal requirements. To fortify our commitment, we have implemented a robust monitoring mechanism that oversees our compliance across a spectrum of areas, encompassing Company Act adherence, listing requirements, operational licensing requirements, health and safety standards, and human resources regulations. To this end, we ensure that all the Group's factories are ISO 14001 certified.

In FY2023, there were no incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions. Moving forward, the Group targets to maintain zero incidents of non-compliance with environmental laws and regulations resulting in significant fines or sanctions.

Data Protection Law Compliance

We operate our business in adherence to data protection laws and standards, including the Personal Data Protection Act ("**PDPA**").

Our Group's Personal Data Protection Policy ("**PDPP**") outlines the regulations governing data protection and the legal requirements applicable to the collection, handling, processing, storage, transportation, and disposal of personal data. All employees are urged to acquaint themselves with the PDPP and are expected to manage or handle any personal data in strict accordance with its provisions. The Group values customer privacy, which is crucial for trust and relationships. We communicate our privacy and data security measures. Strict confidentiality is maintained through legal contracts and Non-Disclosure Agreements, safeguarding customer data and intellectual property.

Furthermore, the Group's Information Technology ("**IT**") department implemented a cybersecurity framework throughout its business subsidiaries. This risk assessment-based approach translates into a holistic Cyber Defence Strategy and work plan involving investment into Upgrade of Hardware, Detection of Intrusion Prevention and Response etc across the Group. Additionally, the Group has initiated a cybersecurity awareness training program for both existing and new staff. To enhance preparedness, we conduct annual phishing email simulation tests for all employees.

There were no identified leaks, thefts or losses of customer confidential information in FY2023. Moving forward, the Group targets to maintain zero incidents in the forthcoming year.

Corporate Social Responsibility

Fu Yu is deeply committed to making a positive contribution to our local communities, recognising that such engagement extends beyond mere financial assistance. Our approach to corporate social responsibility ("**CSR**") involves active participation in volunteer efforts, offering our employees with valuable opportunities to directly engage with and support the local communities we serve.

In FY2023, Fu Yu has participated in the "Gift from the Heart" ("**GFTH**") initiative, an annual event organised by the Food, Drinks and Allied Workers Union ("**FDAWU**") and the Chemical Industries Employees Union ("**CIEU**"). This welfare scheme aims to assist eligible lower-wage workers and their families, helping them cope with the rising cost of living through the donation and distribution of essential items, such as food and household necessities.

Furthermore, FHM has contributed to the community by donating to the Tzu Chi Merits Society Malaysia, the Children Protection Home, and the Kidney Dialysis Association. These donations would be used for infrastructure upgrades in schools and parks, as well as providing financial assistance to underprivileged patients requiring kidney dialysis treatment.

FYC – Voluntary work with FDAWU & CIEU

FHM - Donation

Appendix A: List of entities included in this report (√: Yes, N: No)

Regions	Business Segment	Name	Data disclosed in Material Factors			
Entities included in the Sustainability Reporting			Economic Performance	Protecting the Environment	Developing our Workforce	Practising Good Governance
Singapore	Holding Company and manufacturing	Fu Yu Corporation Limited	√	√	√	√
Singapore	Supply Chain Solutions	Fu Yu Supply Chain Solutions Pte Ltd	√	N	√	√
Malaysia	Manufacturing	Classic Advantage Sdn Bhd	√	√	√	√
Malaysia	Manufacturing	Fu Hao Manufacturing (M) Sdn Bhd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Dongguan) Co., Ltd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Suzhou) Co., Ltd	√	√	√	√
China	Manufacturing	Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd	√	√	√	√
Entities not Included in Sustainability Reporting but included in Financial Reporting						
Singapore	Investment Holding Company	Fu Yu Investment Pte Ltd	N	N	N	N
Malaysia	Investment Holding Company	LCTH Corporation Sdn Bhd	N	N	N	N
Singapore	Investment Holding Company	Fu Yu Ventures Pte Ltd	N	N	N	N
Singapore	Manufacturing	Fu Yu Biomedical Pte Ltd	N	N	N	N

Appendix B: GRI content index
GRI Standards Content Index

The GRI Content Index references the Fu Yu's Sustainability Report 2023 ("**SR**"), and the Annual Report 2023 ("**AR**").

Disclosure number		Disclosure title	Reference and remarks
GRI 1: Reporting in accordance with the GRI Standards			
Requirement 1		Apply the reporting principles	SR Reporting Standards, Page 18
Requirement 2		Report the disclosures in GRI 2: General Disclosures 2023	Appendix B, Pages 62 to 64
Requirement 3		Determine material topics	SR Material EESG Factors, Page 23
Requirement 4		Report the disclosures in GRI 3: Material Topics 2023	Appendix B, Pages 62 to 64
Requirement 5		Report disclosures from the GRI Topic Standards for each material topic	Appendix B, Pages 62 to 64
Requirement 6		Provide reasons for the omission of disclosures and requirements that the organisation cannot comply with	Appendix B, Pages 62 to 64
Requirement 7		Publish a GRI content index	Appendix B, Pages 62 to 64
Requirement 8		Provide a statement of use	Appendix B, Pages 62
Requirement 9		Notify GRI	We will notify GRI after publication of SR
GRI 2: General disclosures			
The organisation and its reporting practices	2-1	Organisation details	SR Our Business, Page 17
	2-2	Entities included in the organisation's sustainability reporting	SR Appendix A, Page 61
	2-3	Reporting period, frequency and contact point	SR Scope of the Report, Page 18 SR Sustainability Contact, Page 19
	2-4	Restatements of information	SR Restatements, Page 19
	2-5	External assurance	No external assurance
Activities and workers	2-6	Activities, value chain and other business relationships	AR Business Segment Review, Page 7
	2-7	Employee	SR Employment, Pages 46 to 49
	2-8	Workers who are not an employee	SR Employment, Pages 46 to 49

Disclosure number		Disclosure title	Reference and remarks
Governance	2-9	Governance structure and composition	SR Board Statement, Page 16 Sustainability Governance Structure, Page 22
	2-10	Nomination and selection of the highest governance body	AR Board Matters, Page 73 SR Our Business Memberships, Page 20
	2-11	Chair of the highest governance body	AR Board Matters, Page 73
	2-12	Role of the highest governance body in overseeing the management of impacts	SR Board Statement, Page 16 Sustainability Governance Structure, Page 22
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance Structure, Page 22
	2-14	Role of the highest governance body in sustainability reporting	SR Materiality Assessment Approach, Page 23
	2-15	Conflicts of interest	AR Interested Person Transactions, Page 94
	2-16	Communication of critical concerns	SR Stakeholder Engagement, Pages 24 to 26
	2-17	The collective knowledge of the highest governance body	SR Board Statement, Page 16
	2-18	Evaluation of the performance of the highest governance body	AR Board Matters, Page 73
	2-19	Remuneration policies	AR Remuneration Matters, Page 83 to 84
	2-20	The process to determine the remuneration	AR Remuneration Matters, Page 83 to 84
	2-21	Annual total compensation ratio	AR Key management personnel compensation, Page 160
Strategy, policies and practices	2-22	Statement on sustainable development strategy	SR Scope of report, Page 18
	2-23	Policy commitments	SR Practicing Good Governance, Page 58
	2-24	Embedding policy commitments	SR Practicing Good Governance, Page 58
	2-25	Processes to remediate negative impacts	SR Anti-corruption, Page 58
	2-26	Mechanisms for seeking advice and raising concerns	SR Anti-corruption, Page 58
	2-27	Compliance with laws and regulations	SR Anti-corruption, Page 58 SR Environmental Compliance, Page 59 SR Data Protection Law Compliance, Page 59
	2-28	Membership associations	SR Stakeholder Engagement, Pages 24 to 26

Disclosure number		Disclosure title	Reference and remarks
Stakeholder engagement	2-29	Approach to stakeholder engagement	SR Stakeholder Engagement, Pages 24 to 26
	2-30	Collective bargaining agreements	Fu Yu has collective bargaining agreements in place.
GRI 3: Disclosures on material topics			
Material topics	3-1	The process of determining material topics	SR Materiality Assessment Approach, Page 23
	3-2	List of material topics	SR Material EESG Factors, Page 23
	3-3	Management of material topics	SR Materiality Assessment Approach, Page 23
GRI 200: Economic disclosures			
Anti-corruption	**205-1**	**Operations assessed for risks related to corruption**	SR Anti-corruption, Page 58
	205-2	Communication and training about anti-corruption policies and procedures	SR Anti-corruption, Page 58
	205-3	Confirmed incidents of corruption and actions taken	SR Anti-corruption, Page 58
GRI 300: Environment disclosures			
Energy	302-1	Energy consumption within the organisation	SR Energy Consumption, Pages 38 to 40
	302-3	Energy intensity	SR Energy Consumption, Pages 38 to 40
Water and Effluents	303-1	Interactions with water as a shared resource	SR Water Consumption, Pages 40 to 41
	303-5	Water consumption	SR Water Consumption, Pages 40 to 41
Emissions	305-1	Direct (Scope 1) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
	305-2	Energy indirect (Scope 2) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
	305-3	Other indirect (Scope 3) GHG emissions	SR Greenhouse Gas Emissions, Pages 37
GRI 400: Social disclosures			
Employment	401-1	New employee hires and employee turnover	SR Employment, Pages 46 to 48

Disclosure number		Disclosure title	Reference and remarks
Occupational health and safety	403-1	Occupational health and safety management system	SR Occupational Health and Safety, Pages 53 to 56
	403-2	Hazard identification, risk assessment, and incident investigation	SR Occupational Health and Safety, Pages 53 to 56
	403-3	Occupational health services	SR Occupational Health and Safety, Pages 53 to 56
	403-4	Worker participation, consultation, and communication on occupational health and safety	SR Occupational Health and Safety, Pages 53 to 56
	403-5	Worker training on occupational health and safety	SR Occupational Health and Safety, Pages 53 to 56
	403-6	Promotion of worker health	SR Occupational Health and Safety, Pages 53 to 56
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR Occupational Health and Safety, Pages 53 to 56
	403-8	Workers covered by occupational health and safety management system	SR Occupational Health and Safety, Pages 53 to 56
	403-9	Work-related injuries	SR Occupational Health and Safety, Pages 53 to 56
	403-10	Work-related ill health	SR Occupational Health and Safety, Pages 53 to 56
Training and education	404-1	Average hours of training per year per employee	SR Training and Education, Pages 52 to 53
	404-2	Programs for upgrading employee skills and transition assistance programs	SR Training and Education, Pages 52 to 53
	404-3	Percentage of employees receiving regular performance and career development reviews	SR Training and Education, Pages 52 to 53
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR Employment, Pages 46 to 48
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	SR Diversity and Equal Opportunity, Pages 50 to 51
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	SR Child Labour, Page 57
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR Forced or Compulsory Labour, Page 57
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SR Occupational Health and Safety, Pages 53 to 56
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR Data Protection Law Compliance, Page 59

Appendix C: TCFD recommendations content index

TCFD Recommendations Content Index

The TCFD Recommendation Content Index indicates our current implementation status for climate reporting.

TCFD Thematic Areas	Recommended Disclosures	Reference and Remarks
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities	Governance, Page 28
	Describe management's role in assessing and managing climate-related risks and opportunities	Governance, Page 28
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Strategy, Page 28
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	Strategy, Page 28
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group currently does not employ scenario analysis in identifying climate risks and opportunities. However, there are plans to integrate scenario analysis into our assessment of climate risks and opportunities in the future.
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks	Risk Management, Page 36
	Describe the organisation's processes for managing climate-related risks	Risk Management, Page 36
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Risk Management, Page 36
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 29 to 36
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks	The Group has disclosed Scope 1 and Scope 2 GHG emissions (Page 37). The Group plans to include Scope 3 GHG emissions in the total GHG emissions in the future.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 29 to 36

Appendix D: Sustainability scorecard

Economic

Performance indicators	Units	FY2021	FY2022	FY2023
Direct economic value generated	S$ million	198.8	242.6	194.1
Economic value distributed	S$ million	186.7	233.0	197.4
Economic value retained	S$ million	12.1	9.6	(3.3)
Net Profit/ (Loss)	S$ million	17.6	14.6	(10.1)

Environment

Performance indicators	Units	FY2021	FY2022	FY2023
Electricity usage	MWh	39,984	33,715	32,356
Electricity usage intensity	MWh/S$ million of revenue	278.28	240.67	311.29
GHG emissions	tCO_2e	Not tracked[1]	23,842.9	22,286.2
GHG emissions intensity	tCO_2e/S$ million of revenue	Not tracked[1]	170.2	214.4
Water consumption	M^3	140,017	114,057	97,986
Water consumption intensity	M^3/S$ million of revenue	974.5	814.2	942.7

Social

Performance indicators	Units	FY2021	FY2022	FY2023
Employment				
Total number of employees	Number	1,538	1,535	1,488
New hiring	Number (%)	1,108 (72)	883 (58)	903 (61)
Turnover	Number (%)	1,384 (90)	918 (60)	949 (64)
Total number of employees (exclude temporary employees)	Number	1,312	1,309	1,352
New hiring (exclude temporary employees)	Number (%)	248 (19)	372 (28)	458 (34)
Turnover (exclude temporary employees)	Number (%)	375 (29)	319 (24)	413 (31)
Employee by Categories				
• Senior management level	Number (%)	25 (2)	25 (2)	29 (2)
• Middle management level	Number (%)	99 (6)	96 (6)	107 (7)
• Executive level	Number (%)	341 (22)	341 (22)	341 (23)
• Workers	Number (%)	1073 (70)	1073 (70)	1011 (68)
Employee by Genders				
Female employee	Number (%)	743 (48)	754 (49)	713 (48)
New hiring (Female)	Number (%)	275 (37)	321 (43)	390 (55)
Turnover (Female)	Number (%)	355 (48)	330 (44)	434 (61)

1 This data was not disclosed in FY2021 SR Report.

Performance indicators	Units	FY2021	FY2022	FY2023
Employee by Age Group				
Current employee by age group				
• Above 50	Number (%)	290 (19)	307 (20)	327 (22)
• 30-50	Number (%)	978 (64)	961 (63)	914 (61)
• Below 30	Number (%)	270 (17)	267 (17)	247 (17)
New hiring by age group				
• Above 50	Number (%)	32 (1)	32 (10)	407 (125)
• 30-50	Number (%)	421 (43)	440 (46)	456 (50)
• Below 30	Number (%)	655 (243)	411 (154)	40 (16)
Turnover by age group				
• Above 50	Number (%)	38 (13)	55 (18)	373 (114)
• 30-50	Number (%)	862 (88)	509 (53)	514 (56)
• Below 30	Number (%)	484 (179)	354 (133)	62 (25)
Training				
Total training hours	Hours	21,131	26,448	23,736
Average training hours per employee	Hours	14	17	16
Average training hours per employee (Female)	Hours	13	15	15
Workplace Safety				
Number of Man Hours	Hours	3,788,569	3,756,110	3,648,324
Work-related fatalities	Number	0	0	0
Work-related fatalities rate	Number / Million hours worked	0	0	0
High-consequences work-related injury	Number	0	0	0
High-consequences work-related injury rate	Number / Million hours worked	0	0	0
Number of work-related injuries	Number	34	23	13
Work-related injury rate	Number / Million hours worked	9.0	6.1	3.6
Number of work-related ill health	Number	0	0	0
Work-related ill health rate	Number / Million hours worked	0	0	0
Lost days due to work-related injuries	Days	208	349	368

Governance

Performance indicators	Units	FY2021	FY2022	FY2023
Independent Directors	Number (%)	3 (60)	3 (60)	3 (60)
Female on the Board of Directors	Number (%)	0	0	0

Appendix E: Methodologies and data boundaries

This section details the key definitions, methodologies and data boundaries applied to Fu Yu's Sustainability Report to enhance transparency and facilitate the comparability of the data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

Climate-related Physical Risks

Climate-related physical risks can be event-driven (acute), such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise).

Climate-related Transitional Risks

Climate-related transitional risks can be associated with the transition to a lower-carbon economy, including policy, legal, technology, market, and reputational changes.

Climate-related Opportunities

Climate-related opportunities arise from efforts to mitigate and adapt to climate change, leading to potential positive impacts and benefits such as resource efficiency, cost savings, the adoption and utilisation of low-emissions energy sources, development of new products and services, and building resilience along the supply chain.

GHG Emissions

Scope 1 emissions refer to emissions generated from the direct consumption of fuels. The emissions factors used for calculating GHG emissions are obtained from The United Kingdom Department for Environmental, Food & Rural Affairs ("**UK Defra**").

Scope 2 emissions refer to emissions from the generation of purchased or acquired electricity. The Grid Emissions Factor ("**GEF**") used for calculating GHG emissions are obtained from the following:

- Singapore: National Environmental Agency ("**NEA**").
- Malaysia: Malaysia Energy Commission ("**MEC**").
- China: Ministry of Ecology and Environment of the People's Republic of China ("**MEECN**")

All GHG emissions are expressed in tonnes of carbon dioxide equivalent ("**tCO_2e**"). Data from FYSCS is excluded from this calculation.

GHG Emissions Intensity

This is the ratio of GHG emissions relative to the million-dollar revenue in Singapore Dollars ("**S$**"), expressed in tCO_2e per S$ million of revenue ("**tCO_2e/ S$ million of revenue**"). Data from FYSCS is excluded from this calculation.

Energy Consumption

This represents electricity and fuels consumed. Electricity consumed is expressed in megawatt-hours ("**MWh**") and fuels consumed is expressed in Litres. Data from FYSCS is excluded from this calculation.

Electricity Consumption Intensity

This is the ratio of electricity consumption relative to the revenue in S$. Energy intensity is expressed in MWh per S$ million of revenue ("**MWh/S$ million of revenue**"). Data from FYSCS is excluded from this calculation.

Water Consumption

This represents the total volume of water consumed. Considering the specific context of Fu Yu's business, where water is sourced from a single third-party supplier provided by the municipality, and no discharge monitoring is required, the total amount of water withdrawn is assumed to be equivalent to the amount reflected in the utility bills received by the Group. Water consumption is expressed in cubic meters ("**m^3**"). Data of FYSCS is excluded from this calculation.

Water Intensity

This is the ratio of water consumption relative to the million-dollar revenue in S$. Water consumption intensity is expressed in m^3 per S$ million of revenue ("**m^3/ S$ million of revenue**"). Data from FYSCS is excluded from this calculation.

Employee

Employees are defined as individuals who are in an employment relationship with the Group.

New Hires and Turnover (rates)

New hires are defined as new employees who have joined the Group during the financial year.

Turnover is defined as all employees who have left the Group voluntarily, or due to dismissal, retirement or death in service during the financial year.

New hires/turnover rate is the total number of new hires/employee turnovers in the financial year, relative to the total number of employees recorded at financial year-end.

New hires/turnover rate by region is the total number of new hires/employee turnovers for each region in the financial year, relative to the total number of employees in the respective region recorded at financial year-end.

New hires/turnover rate by age group is the total number of new hires/employee turnovers for each age group in the financial year, relative to the total number of employees in the respective age groups recorded at financial year-end.

New hires/turnover rate by gender is the total number of female/(male) new hires/employee turnovers for each gender in the financial year, relative to the total number of female/(male) employees recorded as at financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as at financial year-end.

Average training hours per female/male employee is the total number of training hours provided to female/male employees, relative to the total number of female/male employees recorded as of financial year-end.

Average training hours per employee category is the total number of training hours provided to each category of employees, relative to the total number of employees in the category recorded as of financial year-end.

Fatalities in workplace (rate)

The number of fatalities as a result of work-related injury during reporting period across the organisation.

The rate of fatalities as a result of work-related injury by employees is the number of employees' fatalities as a result of work-related injury per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

High-consequence injuries in the workplace (rate)

Number of high-consequence work-related injuries (an injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months) excluding fatalities during the reporting period.

The rate of high-consequence injuries as a result of high-consequence injuries by employees is the number of employees' high-consequence injuries as a result of high-consequence injuries per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

Work-related injuries (rate)

The number of work-related injuries during the reporting period.

The rate of work-related injuries as a result of work-related injuries by employees is the number of employees' work-related injuries as a result of work-related injuries per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

Work-related ill health cases (rate)

The number of recordable work-related illnesses or health conditions arising from exposure to hazards at work during the reporting period.

The rate of work-related ill health as a result of work-related ill health by employees is the number of employees' work-related ill health as a result of work-related ill health per million hours worked, relative to the total scheduled hours worked by all employees recorded as at financial year-end.

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Proxy Form

INTRODUCTION

The Board of Directors (the "**Board**") and Management of Fu Yu Corporation Limited (the "**Company**" or "**Fu Yu**") recognise the importance of having in place a set of well-defined and good corporate governance processes to engender investor confidence and achieve long-term sustainable business performance.

This report describes Fu Yu's corporate governance policies and practices that were in place for the financial year ended 31 December 2023 ("**FY2023**"), with specific reference to the principles and provisions as set out in the Singapore Code of Corporate Governance 2018 (the "**Code**") and the accompanying Practice Guidance issued by the Monetary Authority of Singapore.

Pursuant to Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**"), the Company confirms that it has complied with the principles and provisions of the Code and in respect of any deviation from any provisions of the Code, it has explicitly stated the provision from which it has varied, explained the reason for variation, and explained how the practices it had adopted are consistent with the intent of the relevant principle.

The Company will continue to enhance its corporate governance policies and practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the requirements of the Listing Manual.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's roles are to:

1. oversee the business affairs of the Group, monitor and review management performance;
2. approve corporate and strategic direction and policies with considerations for sustainability issues;
3. approve annual budgets, financial reporting, major funding and investment proposals;
4. ensure the Company's compliance with prescribed legislations and regulations that are relevant to the business;
5. establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and Company's assets;
6. set the Company's values and standards (including ethical standards), and ensure obligations to shareholders and other stakeholders are understood and met;
7. identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation; and
8. assume responsibility for corporate governance.

All the Directors exercise due diligence, independent judgment and consider the interests of the Group at all times in making decisions for the Group's affairs. Directors facing any conflicts of interest with the Group will recuse themselves from participating in any discussions and decisions on the transaction or proposed transaction involving the issues of conflict.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company. The Board has a code of conduct and ethics for Directors which assists Directors in the discharge of their duties, requiring them to adhere to the highest standards of integrity and accountability. This code covers key areas such as conflicts of interest, duty of confidentiality, directors' declaration of interest under the Companies Act 1967 of Singapore ("**Companies Act**"), external appointments and dealings in shares.

The Board is supported by three (3) Board Committees to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board Committees include the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"). Each Board Committee is chaired by a Non-Executive and Independent Director. Each Board Committee has its own defined terms of reference which sets out the respective Board Committee's composition, duties, authority, responsibilities, required quorum, conduct of meetings and the accountability of each Board Committee. The key deliberations, recommendations and decisions of each Board Committee are reported to the Board by the Chair of the Board Committee.

The composition and terms of reference of each Board Committee and summary of its activities are detailed later in this report.

The Board meets at least twice a year and ad-hoc Board meetings are convened when circumstances require. The dates of the Board Committee meetings and annual general meeting ("**AGM**") are scheduled in advance in consultation with all Directors. To facilitate the Board's decision-making process, the Company's Constitution allows Directors to participate in Board meetings by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate with one another simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meeting. In between Board meetings, important matters concerning the Group are also put to the Board for its approval by way of Directors' resolutions in writing.

Details of the Directors' attendance at Board and Board Committee meetings as well as at the AGM during the year under review are as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
Name of Director	No. of Meetings Held(#)	No. of Meetings Attended	No. of Meetings Held(#)	No. of Meetings Attended	No. of Meetings Held(#)	No. of Meetings Attended	No. of Meetings Held(#)	No. of Meetings Attended
Hew Lien Lee	2	2	–	2*	–	–	–	–
Seow Jun Hao David	2	2	–	2*	–	1*	–	1*
Huang Junli, Christopher	2	2	2	2	1	1	1	1
Poh Kai Ren, Daniel	2	2	2	2	1	1	1	1
Tan Tong Loong Royston	2	2	2	2	1	1	1	1

(*) By invitation

(#) Represents the number of meetings held as applicable to each individual Director.

Details of the Directors' attendance at the AGM (on 20 April 2023) and the extraordinary general meeting ("**EGM**") (on 20 April 2023) held during the year under review are as follows:

Name of Director	AGM	EGM
Hew Lien Lee	1	1
Seow Jun Hao David	1	1
Huang Junli, Christopher	1	1
Poh Kai Ren, Daniel	1	1
Tan Tong Loong Royston	1	1

The Company has established internal guidelines for matters and types of material transactions that require the Board's approval. These include:

1. allotment and issue of new shares and additional listing applications;
2. banking matters such as opening of bank accounts and acceptance of bank facilities;
3. material acquisition and disposal of subsidiaries and other assets;
4. announcements for public release, quarterly (if applicable), half year and full year results;
5. any major agreements to be entered into whether in the ordinary or outside of the ordinary course of business of the Group;
6. dividend recommendations and payments; and
7. appointments and resignations of Directors.

The Board recognises the importance of appropriate training for its Directors. Newly appointed Directors would be briefed by Management on the business operations of the Group and, where necessary, plant visits would be organised. First-time Directors are also provided training opportunities in areas such as accounting, legal and industry-specific knowledge as appropriate, as well as compliance, regulatory and corporate governance matters. In accordance with the Listing Manual, unless the NC is of the view that training is not required because a director has other relevant experience, any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. All directors are required to undergo a one-time training on sustainability. There was no new Director appointed during the financial year under review.

Routine updates on developments and changes in operating environment, including revisions to accounting standards, laws and regulations affecting the Company and/or the Group are regularly brought to the attention of the Board. During the year, the Board had been briefed and updated on changes or amendments to accounting standards and Listing Manual. Updates on relevant legal, regulatory and technical developments and good corporate governance may be in writing or disseminated by way of briefings, presentations and/or handouts. The Company also encourages Directors to undergo continual professional development each financial year and is prepared to undertake funding for such continuing education.

Access to Information

Directors receive the agendas and complete and adequate meeting materials such as budgets, forecasts and monthly/ quarterly internal financial statements, background or explanatory information in a timely manner in advance of Board and Board Committees meetings to facilitate the effective discharge of their duties. The annual budgets are submitted to the Board for review and approval and actual performance is compared against budgets periodically to monitor the Group's performance.

The Directors have separate and independent access to the Executive Directors, Management, Company Secretary, internal and external auditors at all times, (where necessary) at the expense of the Company, and vice versa. Directors are entitled to request for information from the Management and are provided with such additional information as needed for them to make informed decisions in a timely manner. The Board is informed of all material events and transactions as and when they occur.

The Management also provides all members of the Board with periodic updates that give a balanced summary of the Group's performance and financial position such as monthly financial statements and other management reports. Apart from the regular Board meetings, discussions are conducted via electronic means or ad hoc meetings, as and when required.

The Company Secretary or its nominee attends to the corporate secretarial administration matters, attends all meetings of the Board and Board Committees and assists the Board in ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Board also has access to independent professional advice, where necessary, at the Company's expense to enable them to discharge their duties. The Chief Financial Officer ("**CFO**") also assists the Board in obtaining such advice.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this Annual Report, the Board comprises five (5) Directors of whom two (2) are executive and three (3) are independent and non-executive. The Board notes that there should be a strong and independent element on the Board to exercise objective judgement on corporate affairs independently. The independent and non-executive Directors make up a majority of the Board. Accordingly, the Company has complied Rule 210(5)(c) of the Listing Manual which requires independent directors to make up at least one-third of the Board.

The Board considers an "Independent Director" as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Director is required to complete a 'Confirmation of Director's Independence' form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Rule 210(5)(d) of the Listing Manual, Provision 2.1 of the Code and the Practice Guidance to the Code, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

Under Rule 210(5)(d) of the Listing Manual, a director will not be independent under any of the following circumstances:

(i) if he is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three (3) financial years;

(ii) if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the remuneration committee of the issuer; or

(iii) if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer.

As at the date of this report, none of the Independent Directors:

(i) is or has been employed by the Company or any of its related corporations in the current or any past three (3) financial years;

(ii) has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is or was determined by the RC; and

(iii) have served on the Board for an aggregate period of more than nine (9) years.

Board renewal is a continuing process, and the appropriate composition of the Board is continually under review. The tenure of each Independent Director is monitored so that the process for Board renewal is commenced ahead of any Independent Director reaching the nine-year mark to facilitate a smooth transition and to ensure that the Board continues to have an appropriate level of independence. The NC undertakes the process of reviewing, considering and recommending any changes to the composition of the Board, where appropriate, taking into account the requirements to be met by Independent Directors, including having regard to the circumstances set out under Rule 210(5)(d) of the Listing Manual.

The NC and the Board review the size and composition of the Board and Board Committees annually to ensure alignment with the needs of the Group, taking into account, *inter alia*, the requirements of Rule 710(A) of the Listing Manual and the Code, the scope and nature of the Group's business and operations, and the requirements of the Company's Board Diversity Policy, including but not limited to age, gender, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board consider relevant and applicable from time to time. The evaluation of the suitability of candidates is based on the candidates' competency, knowledge, character, time commitment, integrity and experience in meeting the needs of the Company. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board.

Under the Company's Board Diversity Policy, additional measurable objectives and specific diversity targets may be set and reviewed from time to time to ensure their appropriateness. Such factors will be considered by the Company based on its business model and specific needs and the ultimate decision will be based on merit, value and contribution that the selected candidates will bring to the Board.

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.

The Board has also taken the following steps to maintain or enhance its balance and diversity:

1. Annual review by the NC to assess if the existing attributes and core competencies of the Directors are complementary to one another and will enhance the efficacy of the Board; and

2. Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which the Board is lacking.

Taking into account the scope and nature of the operations of the Group, the Board, in concurrence with the NC, is satisfied that the present size of five (5) Directors, aged between 37 to 67, is appropriate in facilitating effective decision-making.

While the present Board members comprise the necessary mix of nationality, age, experience and competencies such as financial, accounting, business or management experience, legal and industry backgrounds who are able to contribute their area of expertise in leading the Group, the NC believes that the Group will benefit from an additional Board member with expertise in human resources management. The NC will identify and recommend such a suitable director for appointment to the Board within the next few years leading up to 2026.

While the Board does not comprise any female director at the moment, its current composition with appropriate mix of expertise and experience enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board. No individual or group dominates the Board's decision-making process. Nonetheless, one of the objectives of the NC is to identify and recommend suitable female director, preferably with different skills and knowledge from the current Directors, for appointment to the Board within the next few years leading up to 2026 to further diversify its current skill sets and gender at the appropriate time.

As at the date of this Annual Report, two (2) out of the five (5) Directors of the Board are non-independent. They are Mr Seow Jun Hao David and Mr Hew Lien Lee. To ensure greater accountability to shareholders, the Group has established the AC, RC and NC. Membership in each of the Board Committees comprises only Independent Directors.

The Non-Executive and Independent Directors contribute accounting and finance knowledge, legal expertise and business management experience to the Group, and provide the Executive Directors and the Management with diverse and objective perspectives on issues considered by the Board.

The Non-Executive and Independent Directors constructively challenge and assist to develop proposals on the Group's short-term and long-term strategies and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance and operations by the Company as an appropriate check and balance. Management provides the Independent Directors with accurate, complete and timely information. Further, the Independent Directors have unrestricted access to Management to query and request for further information on proposed significant transactions and the development of business strategies. The Non-Executive and Independent Directors meet without the presence of the Executive Directors and Management where necessary, and at least once a year, to facilitate a more effective check on Management. The Non-Executive Directors make up a majority of the Board as required under Provision 2.3 of the Code and the Board believes that there is a strong independent element on the Board as no individual or small group of individuals dominates the Board's decision-making process. Further, the Board has an independent Chairman. The Board is also satisfied that the current board composition reflects an appropriate balance of skills and experience, which the Group may tap for assistance in furthering its business objectives and shaping its business strategies.

The Board is therefore of the view that its size, and that of the Board Committees, and level of independence is appropriate and comprises Directors who as a group, have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge and experience, and diversity of thought, so as to foster constructive and robust debate and avoid "groupthink". Hence, the Board believes that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

Given the experiences of the Independent Directors Mr Huang Junli, Christopher, Mr Poh Kai Ren, Daniel and Mr Tan Tong Loong Royston in the accounting and financial, legal and commercial sectors, the Board believes the Group can tap on their experience, knowledge, and business network to broaden strategic perspectives, drive improvements and facilitate new opportunities to generate shareholder value in future.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, no one individual has unfettered powers of decision-making.

The Group Chief Executive Officer ("**GCEO**"), Mr Seow Jun Hao David oversees both the manufacturing segment as well as the supply chain management services segment of the Group. The Chief Executive Officer ("**CEO**") Mr Hew Lien Lee continues to oversee the manufacturing segment and reports to the GCEO.

The Board recognises the importance of the roles of Chairman and GCEO being held by separate persons; hence the roles of Chairman of the Board and GCEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. No one individual has unfettered powers of decision-making.

Mr Huang Junli, Christopher is the Independent Non-Executive Chairman of the Company and is not part of the management team. The Chairman and the GCEO are not immediate family members.

The division of responsibilities between the Chairman and the GCEO has been demarcated with the concurrence of the Board.

The roles of the Non-Executive Chairman include:

1. leading the Board to ensure its effectiveness in all aspects of its role and setting the meeting agenda;

2. ensuring that Directors receive complete, accurate and timely information on matters relating to the Group;

3. promoting a culture of openness and debate at the Board;

4. encouraging constructive relations within the Board and between the Board and the Management;

5. ensuring effective communication with shareholders; and

6. promoting high standards of corporate governance and compliance with the Listing Manual.

The GCEO is responsible for the Group's day-to-day operations and leads the Management in setting strategies, objectives and missions, as well as executing the Board's decisions and plans and driving the Group's growth and development.

Taking into account the relatively small size of the Board, that the roles of the Chairman and GCEO are separate and that the Company has three Independent Non-Executive Directors, the Board is of the view that there is currently no need to appoint one of them as the Lead Independent Director per Provision 3.3 of the Code. Shareholders can channel any concerns they may have to any of the Independent Non-Executive Directors.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

As at the date of this Annual Report, the NC comprises Mr Huang Junli, Christopher, Mr Poh Kai Ren, Daniel and Mr Tan Tong Loong Royston. The NC is chaired by Tan Tong Loong Royston, who is an Independent Director. All members of the NC are Independent Directors.

The NC meets at least once a year. The NC has written Terms of Reference that describe the operating procedures and responsibilities of its members. The duties of the NC are as follows:

1. reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any adjustments in the structure, size and composition of the Board that are deemed necessary;

2. reviews the succession plans for the Directors and Management;

3. reviews all nominations for the appointments and re-appointment of Directors for the purpose of proposing such nominations to the Board for approval;

4. conducts a review to determine the independence of each Director;

5. reviews the training and professional development programmes for the Directors;

6. decides whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Group, particularly when he has multiple board representations;

7. decides how the Board's and the Board Committees' performance may be evaluated and proposes objective performance criteria;

8. conducts a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and

9. recommends to the Board the maximum number of listed company representations which any Director may hold.

In its annual review, the NC was of the view that Mr Huang Junli, Christopher, Mr Poh Kai Ren, Daniel and Mr Tan Tong Loong Royston are objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and Board Committees. None of these Directors fall under the circumstances described in Rule 210(5)(d) of the Listing Manual. The NC, having considered the provisions set out in the Code, the Practice Guidance and Listing Manual, confirmed all of them are independent. The NC is satisfied that these Directors are able to devote sufficient time and attention to attend to the affairs of the Company and adequately carry out their duties as Directors of the Company. Effective from the Company's annual general meeting for the financial year ending on or after 31 December 2023, Rule 210(5)(d)(iv) of the Listing Manual provides that a director will not be independent if he has been a director for an aggregate period of more than nine years (whether before or after listing). The Company has no Independent Directors that have served on the Board beyond nine (9) years from the dates of their first appointment.

Based on the current and past working experience with the Board members of the Company, the NC is of the view that the appropriate maximum number of the listed company board representations for each Director is four (4). The NC will continue to assess whether this number needs to be revised to ensure the Directors devote sufficient time and attention to the affairs of the Company.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office by rotation every year and each Director shall retire from office at least once every three (3) years. In addition, a Director appointed by the Board to fill a casual vacancy, or appointed as an additional Director, may only hold office until the next AGM, at which time he will be eligible for re-election by shareholders but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. All Directors to be appointed or re-elected have to be assessed and recommended by the NC before submission to the Board for approval.

In recommending a candidate for appointment or re-appointment to the Board, the NC considers his contributions to the Board and his independence, skills and experience and an appropriate mix of core competencies for the Board to fulfil its roles and responsibilities.

Mr Hew Lien Lee will retire by rotation at the forthcoming AGM pursuant to Regulation 110 of the Company's Constitution and will not be seeking for re-election as a Director of the Company.

Mr Poh Kai Ren, Daniel will retire by rotation at the forthcoming AGM pursuant to Regulation 110 of the Company's Constitution and has consented to stand for re-election.

The NC had recommended to the Board the re-election of all the retiring Directors. The NC had considered criteria such as the diversity, composition, progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour). The Board has endorsed the re-elections as recommended by the NC and recommends to the shareholders to approve the re-election of the retiring Directors. The details of the proposed resolutions are stipulated in the Notice of AGM.

The NC takes the lead in identifying, evaluating and selecting candidates for new directorships. In its search and selection process, the NC considers factors such as commitment and ability of prospective candidates to contribute to discussion, deliberations and activities of the Board and Board Committees. The NC also takes into account the existing mix of expertise, skills and attributes of the Directors so as to identify the needed and/or desired competencies to supplement the Board's existing attributes. The NC conducts interviews with potential candidates and recommends short-listed candidates to the Board for consideration. The NC also ensures that new directors are aware of their duties and obligations. Where it deems necessary or appropriate, the NC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting candidates. The Board and NC will also take into consideration whether a candidate/director had previously served on the board of company with adverse track records or a history of irregularities or is or was under investigation by regulators, and seek clarity on the director's involvement therein. The Board and NC also assess whether a director's resignation from the board of any such company would cast any doubt on his qualification and ability to act as a Director of the Company.

There is currently no Alternate Director on the Board. Each member of the NC is also required to abstain from voting on resolutions, making recommendations and/or participating in matters in which he is interested.

Please refer to the 'Board of Directors' section in the Annual Report for key information on the Directors.

Directors' key information

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed companies	Other Principal Commitments
Mr Seow Jun Hao David	18/01/2021	20/04/2023	Executive Director, Group Chief Executive Officer	–	–	–
Mr Hew Lien Lee	22/03/2007	26/04/2022	Executive Director, Chief Executive Officer	–	–	–
Mr Huang Junli, Christopher	19/07/2021	20/04/2023	Independent Non-Executive Chairman	1. Chairman of RC 2. Member of AC and NC	Present: 1. Aztech Global Ltd	Director in: 1. CHP Law LLC 2. DELV Pte. Ltd.
Mr Poh Kai Ren, Daniel	4/10/2021	26/04/2022	Independent Non- Executive Director	1. Chairman of AC 2. Member of RC and NC	–	Director in: 1. Hildrics Capital Pte. Ltd. 2. Hongtu Capital Pte. Ltd. 3. Unidit Pte. Ltd. 4. Hildrics Asia Growth Fund VCC 5. Climagreen Asia Pte. Ltd. 6. HAGF Investment (I) Pte. Ltd. 7. Adera AI Pte. Ltd. 8. Novation Solutions Limited 9. Datapost Pte. Ltd.
Mr Tan Tong Loong Royston	31/01/2022	26/04/2022	Independent Non- Executive Director	1. Chairman of NC 2. Member of AC and RC	–	Other Principal Commitments: 1. Mastercard Asia Pacific Pte. Ltd. 2. Singapore Business Federation – SME Committee. 3. Vita Verification Pte. Ltd.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has implemented a process to assess the performance and effectiveness of the Board as a whole, Board Committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board. The evaluation is carried out on an annual basis without the engagement of an external facilitator.

For assessing the effectiveness of the Board as a whole, and Board Committees, each Director is required to complete a questionnaire which will be submitted to the NC. The NC reviews and assesses the Board's performance based on both quantitative and qualitative criteria. Such criteria include profitability and net assets per share and the achievement of strategic objectives. The completed assessment is compiled into a consolidated report on a no-names basis and reviewed by the NC. The NC also views that the Board's performance will be better reflected and evidenced through proper guidance to the Management, able leadership of the Board and the support that it lends to Management in steering the Group in the appropriate direction.

For evaluating the performance of each Director, a peer and self-assessment of Directors is conducted annually in areas including Director's duties, knowledge of finance, business, industry and the Company, interaction with internal and external parties, attendance and participation at Board and Board Committees meetings, the time and effort dedicated to the Group's business and affairs including management's access to the Directors for guidance or exchange of views as and when necessary. The compiled results of the assessment are reviewed by the NC. The performance of each individual Director is taken into account in recommending his re-election to shareholders for approval.

The NC was of the view that the performance of the Board as a whole and of the Board Committees was satisfactory and that each Director was contributing to the overall effectiveness of the Board and Board Committees and had adequately discharged his duties for the year under review.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

As at the date of this Annual Report, the RC comprises Mr Huang Junli, Christopher, Mr Poh Kai Ren, Daniel and Mr Tan Tong Loong Royston. The RC is chaired by Mr Huang Junli, Christopher, an Independent Director. All members of the RC are Independent Directors.

The RC meets at least once a year. The RC has written Terms of Reference that describe the responsibilities of its members. The primary functions of the RC are as follows:

1. reviews and recommends a general framework of remuneration for the Board and key management personnel (CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company and who are not also Directors and the CEO of the Company);

2. reviews and recommends specific remuneration packages and terms of employment for each Executive Director and key management personnel;

3. reviews all aspects of remuneration, including termination terms, to ensure they are fair;

4. recommends any long-term incentive schemes which are generally encouraged for Executive Directors and key management personnel;

5. ensures that a formal and transparent procedure is in place for fixing the remuneration packages of the Executive Directors as well as key management personnel of the Group;

6. reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service; and

7. reviews and administers the award of shares to Directors and employees under the Fu Yu Restricted Share Plan adopted by the Company.

The RC's recommendations are submitted for endorsement by the entire Board.

The RC has unrestricted access to expert advice within and/or outside of the Company, when required. No remuneration consultants were engaged for the year in review.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting the remuneration package for the Executive Directors and key management personnel, the RC takes into consideration the pay and employment conditions within the industry and comparable companies, the individual's performance and that of the Company and subsidiary companies. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance. As part of its review, the RC ensures that the performance-related elements of remuneration would form a certain proportion of the total remuneration package of Executive Directors and key management personnel. The remuneration for the Executive Directors comprises a base fee, a base salary, an allowance, an annual wage supplement and a profit-sharing bonus. The remuneration for the key management personnel comprises a basic salary, allowances and variable components which are the annual bonus and profit-sharing bonus based on the performance of the Company and subsidiary companies as well as individual contribution and performance which are assessed through performance appraisal that sets out various assessment criteria such as level of achievement of targets and responsibilities, leadership ability, initiative, etc.

For the remuneration of the Non-Executive Directors, the RC has adopted a framework which consists of a base fee as well as fees for chairing Board Committees. The remuneration of Non-Executive and Independent Directors will be appropriate to the level of contribution, taking into consideration the effort and time spent and responsibilities, the prevailing market conditions and referencing Directors' fees against comparable benchmarks, such that Independent Directors are not over-compensated to the extent that their independence may be compromised.

The RC ensures that the remuneration of the Board is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The RC's recommendations are submitted to the Board. No Director is involved in deciding his own remuneration, except in providing information and documents if required by the RC to assist in its deliberations. Directors' fees are recommended by the Board for approval at the Company's AGM.

There are currently no contractual provisions to allow the Company to reclaim the incentive component of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. However, the Company believes that it should be able to seek remedies against the Executive Directors and key management officers via other means if such exceptional circumstances occur.

The Company has implemented the Fu Yu Restricted Share Plan as part of a long-term incentive plan to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate Directors and employees of the Group to achieve desired performance. The Fu Yu Restricted Share Plan was approved and adopted by the shareholders of the Company at an extraordinary general meeting held on 6 September 2022.

The Fu Yu Restricted Share Plan is administered by the RC. The names of the members of the RC are as stated above.

A participant's award under the Fu Yu Restricted Share Plan will be determined at the absolute discretion of the RC. In considering the grant of an award to a participant, the RC may take into account, amongst others, the participant's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the vesting condition may be achieved within the performance period.

Awards granted under the Fu Yu Restricted Share Plan will principally be performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management, aimed at delivering long-term shareholder value. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per share and return on investment.

The aggregate number of shares which may be issued or transferred pursuant to the awards granted under the Fu Yu Restricted Share Plan, when added to (i) the number of shares issued and issuable and/or transferred or transferable in respect of all awards granted under the Fu Yu Restricted Share Plan; and (ii) all shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

During FY2023, 4,000,000 shares have been issued and allotted under the Fu Yu Restricted Share Plan. 5,000,000 shares were vested on 31 December 2023 and have been issued and allotted on 9 January 2024. For further details of the Fu Yu Restricted Share Plan, please refer to the Company's circular to shareholders dated 15 August 2022.

Save for the contributions to defined contribution plans as disclosed in Note 27 of the Audited Financial Statements for FY2023, the Company does not provide any other termination, retirement and post-employment benefits to the Directors, the GCEO and CEO and key management personnel.

During FY2023, the RC had reviewed the remuneration framework and remuneration packages of Executive Directors and the key management personnel to ensure their competitiveness, as well as the Directors' fees for Non-Executive and Independent Directors to ensure that it is appropriate to the level of contribution by the Directors, taking into account factors such as effort and time spent and responsibilities.

Principle 8: Disclosure on Remuneration

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company supports and is aware of the need for transparency. The remuneration policy and the criteria for setting remuneration, as well as the relationships between remuneration, performance and value creation are disclosed in Principle 7: Level and Mix of Remuneration.

A breakdown showing the level and mix of remuneration paid to or accrued for each Director in bands of $50,000 for the year under review is tabulated as follows:

Name of Director	**Fees** **%**	**Salary** **%**	**Bonus** **%**	**Restricted Share Plan** **%**	**Allowances and Benefits** **%**	**Total** **%**
Executive Directors						
S$1,900,000 – S$1,950,000						
Seow Jun Hao David	–	41.0	13.7	41.2	4.1	100.0
S$1,000,000 – S$1,050,000						
Hew Lien Lee	–	64.9	29.1	–	6.0	100.0
Independent Non-Executive Directors						
Below S$100,000						
Huang Junli, Christopher	100.0	–	–	–	–	100.0
Poh Kai Ren, Daniel	100.0	–	–	–	–	100.0
Tan Tong Loong Royston	100.0	–	–	–	–	100.0

The aggregate remuneration paid or payable to the Company's Directors is S$3,149,000 for FY2023.

While the Company has varied from Provision 8.1(a) of the Code which requires companies to disclose the specific remuneration of each director, the Board is of the opinion that full disclosure of the Directors' remuneration may have a negative impact on the Company, taking into consideration the competitive business environment in which the Company operates and the sensitivity and confidential nature of such disclosure. The Company is of the view that its corporate governance practice on this aspect is consistent with the intent of Principle 8. The Company has disclosed remuneration in bands of $50,000 as well as the aggregate remuneration paid or payable to the Company's Directors for FY2023. The Company has also given detailed disclosure on its remuneration policy and criteria for setting remuneration, as well as the relationship between remuneration, performance and value creation (see Principle 7: Level and Mix of Remuneration). The Company therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an adequate understanding of the remuneration of its Directors, GCEO and CEO, consistent with the intent of Principle 8.

A breakdown showing the level and mix of remuneration paid to or accrued for the seven (7) key management personnel (excluding directors, GCEO and CEO) in bands of $250,000 for the year under review is tabulated as follows:

Key Management Personnel	Salary %	Bonus %	Allowances and Benefits %	Total %
S$250,000 – S$499,999				
4	73.2	11.9	14.9	100.0
Below S$250,000				
3	74.9	14.1	11.0	100.0

Due to the competitive nature of the industry that the Group operates in and the importance of ensuring stability and continuity of business operations with a competent management team in place, the Board believes it is unwise to disclose the amount and breakdown of the remuneration of the seven (7) key management personnel and it is in the best interests of the Company not to identify the remuneration band of each key management personnel. The aggregate remuneration paid to the seven (7) key management personnel of the Company is S$2,109,000 for FY2023.

The table below shows the current status of awards under the Fu Yu Restricted Share Plan for the Directors.

Participant	Awards granted during FY2023	Aggregate awards granted since commencement of the Fu Yu Restricted Share Plan to end of FY2023	Aggregate awards vested since commencement of the Fu Yu Restricted Share Plan to end of FY2023	Aggregate awards outstanding as at the end of FY2023
Seow Jun Hao David	Nil	30,000,000 shares	14,000,000 shares	16,000,000 shares

None of the Directors and the key management personnel of the Company has received any termination, retirement and post-employment benefits for FY2023 save for the contributions to defined contribution plans as disclosed in Note 27 of the Audited Financial Statements for FY2023.

Save as disclosed above, the Company confirms that there are no other employees of the Group who are substantial shareholders, or are immediate family members (as defined in the Listing Manual) of the GCEO, CEO or a Director or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2023.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control framework and has implemented a system of internal controls designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Management maintains a sound system of internal controls to safeguard the shareholders' investment and the Company's assets. The adequacy of these controls and systems is subject to review by the AC.

The internal auditor conducts an annual review of the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls. On a yearly basis, the internal auditor prepares an internal audit plan which is approved by the AC. The internal auditor updates the AC on the progress of the approved internal audit plan every half year. The Group's external auditor, Baker Tilly TFW LLP, contributes an independent perspective on certain aspects of the internal controls over financial reporting through its audit and reports the findings to the AC.

Any material findings from both the internal and external auditors together with the improvement recommendations are reported to the AC and made known to the respective subsidiaries for corrective actions to be taken. The internal auditor will monitor if the required corrective measures are properly implemented by the Management.

The AC is assigned to oversee the risk management framework and policies of the Group. In 2023, Crowe Horwath First Trust Risk Advisory Pte Ltd ("**Crowe**") was engaged to conduct a review to further enhance the Group's risk management framework over financial, operational, compliance, information technology and climate risks.

Based on the framework of risk management controls and internal controls established and maintained by the Group, reports and reviews done by the internal and external auditors, including the reviews by the Management and the non-existence of any critical internal control deficiencies, the Board has received assurance from the GCEO, CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, as well as assurance from the GCEO, CEO, Chief Operating Officer ("**COO**"), Deputy Chief Operating Officer ("**DCOO**"), CFO and other key management personnel who are responsible, that the Company's risk management and internal control systems are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance, information technology and climate risks. Accordingly, the Board with the concurrence of the AC is of the opinion that there are adequate internal controls in place within the Group addressing financial, operational, compliance and information technology risks and that the internal controls and risk management systems are adequate and effective as at 31 December 2023. During FY2023, there were no material weaknesses identified in the Company's internal controls or risk management systems.

The Board notes, however, that the system of internal controls and risk management established provides reasonable but not absolute assurance against unforeseeable and foreseeable risks to the Company, as all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities. The review of the Company's internal control systems is a concerted and continuing process.

Principle 10: Audit Committee

The Board has an AC which discharges its duties objectively.

As at the date of this Annual Report, the AC comprises Mr Huang Junli, Christopher, Mr Poh Kai Ren, Daniel and Mr Tan Tong Loong Royston, all of whom are Independent Non-Executive Directors. The Chairman of the AC is Mr Poh Kai Ren, Daniel.

All AC members have experience holding senior positions in the financial, legal and commercial sectors, and have sufficient accounting and financial management knowledge. The Board considers that the AC members are appropriately qualified to discharge AC's functions competently. None of the AC members were previous partners or directors of the Company's external audit firm within the last two (2) years and none of the AC members holds any financial interest in the Company's external audit firm.

Please refer to the 'Board of Directors' section in the Annual Report for the qualifications of the AC members. The AC meets at least two (2) times a year. The AC carries out its functions in accordance with the Companies Act and its written Terms of Reference. In performing those functions, the AC:

1. reviews the audit plans and the findings of the internal and external auditors of the Company and ensures the adequacy and effectiveness of the Company's system of internal controls and risk management and the co-operation given by the Company's Management to the external and internal auditors;

2. reviews the half year and annual financial statements and the auditors' report of the Company before their submission to the Board;

3. reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

4. reviews the assurance from the GCEO, CEO and CFO on the financial records and financial statements;

5. reviews with the Management on the adequacy and effectiveness of the Company's risk management system and internal controls, including financial, operational, compliance and information technology;

6. reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

7. reviews the policy and arrangements by which employees of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions;

8. reviews the cost effectiveness, independence and objectivity of the external auditor;

9. reviews the nature and extent of non-audit services provided by the external auditor;

10. reviews the assistance given by the Company's officers to the internal and external auditors;

11. makes recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

12. approves the hiring, removal, evaluation and compensation of the internal audit function, or the professional firm to which the internal audit function is outsourced; and

13. reviews interested person transactions and improper activities of the Company, if any.

All AC meetings were conducted without the presence of Executive Directors and Management unless invited by the AC to attend. For the year under review, the Executive Directors and Management were invited by the AC to attend the AC meetings. The Independent Directors have full autonomy in the conduct of all AC meetings.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. It has full access to, and co-operation of, the Management and full discretion to invite any Director or members of Management to attend its meetings. The AC has been given reasonable resources for it to discharge its functions properly.

The AC meets with the internal and external auditors without the presence of Management at least once annually, to obtain feedback on the competency and adequacy of the finance function, to review the assistance given by Management to internal and external auditors and to ascertain if there are any material weaknesses or control deficiencies in the Group's financial reporting and operational system.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the Group's business and financial statements, the AC is updated by the external auditor and company secretary of changes to accounting standards, the Listing Manual of the SGX-ST and other regulations when they attend the AC meetings.

The Company's external auditor, Baker Tilly, as part of the annual statutory audit, carries out tests of operating effectiveness over certain internal controls relating to financial reporting processes based on the scope of audit as laid out in its audit plan. Internal control weaknesses noted during the audit and the auditor's recommendations to address such non-compliance and weaknesses, if any, are discussed with Management and reported to the AC.

During the year, the AC conducted a review of the scope and results of audit by Baker Tilly, adequacy of the resources, experience and competence of the engagement partner and key team members in handling the audit and their cost effectiveness, as well as their independence and objectivity. The AC has also undertaken a review of all non-audit services provided by Baker Tilly and noted that the non-audit fees arose primarily from the agreed-upon procedure, to provide separate report in relation to lease extension for factory. The AC is satisfied that neither their independence nor their objectivity was put at risk, and that they were able to meet the audit requirements and statutory obligations of the Company. Baker Tilly has also provided a confirmation of their independence to the AC. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual is complied with and has recommended to the Board, the nomination of the external auditor, Baker Tilly, for re-appointment at the forthcoming AGM.

The audit fees paid/payable to the Baker Tilly and overseas affiliates of Baker Tilly for FY2023 amounted to S$200,000 and S$103,000 respectively. Non-audit fee paid/payable to external auditors amounted to S$7,000 in FY2023.

Other member firms of Baker Tilly are auditors of significant foreign-incorporated subsidiaries for consolidation and statutory reporting purposes. The Board and AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that it is in compliance with Rule 715 of the Listing Manual.

Internal Audit Function

Since the financial year ended 2019, the Company has appointed PricewaterhouseCoopers Risk Services Pte Ltd ("**PwC**") as its internal auditor. The internal auditor reports directly to the AC and would also report administratively to the GCEO. In addition, the internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

To ensure the adequacy of the internal audit function, the AC reviews and approves the yearly internal audit plan before the commencement of an internal audit. PwC carries out the internal audit of all the subsidiaries in the Group. The AC will assess and ensure that the internal auditor meets or exceeds the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor provides adequate staff with relevant experience to conduct the internal audits.

The objective of internal audit review is to assist Management in evaluating and testing the effectiveness of internal controls that are in place. The internal audit review is conducted with a view to identifying control gaps in the current business processes, ensuring that operations are conducted within the policies and procedures laid down and identifying areas for improvements where controls can be strengthened. Internal audit reports are prepared to update the AC on the progress of all audits carried out, the recommendations accepted by Management, and to track the status of outstanding matters and remedial actions taken to date.

The AC, on an annual basis, reviews the adequacy and the effectiveness of the internal audit function by examining the internal auditor's scope of work and its independence and is satisfied that the internal audit function is independent, effective and adequately resourced.

Whistle-blowing Policy

The Company has in place a whistle-blowing Policy. This Policy provides well-defined and accessible channels in the Group through which employees of the Group may raise concerns, any possible improprieties, misconduct or wrongdoing relating to the Group in matters of financial reporting or other matters in confidence and in good faith, without fear of reprisal, to Management and/or the AC Chairman, where applicable. All information received will be treated confidentially and the identity of whistle-blowers will be protected. Details of this Policy and procedures for raising concerns have been disseminated and contact details of the AC Chairman are made available to all employees of the Group. The AC oversees the administration of the policy and ensures that all concerns or complaints raised are independently investigated and appropriate follow-up actions are carried out, and provides assurance that employees will be protected from reprisal within the limits of the law or victimisation for whistle blowing in good faith. Anonymous reporting will also be attended to and anonymity honoured. The whistle-blowing Policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary.

Key Audit Matters

In its review of the financial statements of the Group for FY2023, the AC considered a number of significant matters and discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements and also considered the clarity of key disclosures in the financial statements. The AC also met with the external auditors to discuss the audit findings as well as their audit.

During the audit of the financial statements for FY2023, one key audit matter ("**KAM**") was reported by the external auditors and is set out on pages 104 to 105 of this Annual Report. The AC's commentaries on the reported KAM are set out below.

KAM	**Audit Committee's Comments**
Impairment assessment on non-current assets including goodwill	China CGU The AC reviewed Management's impairment assessment on PPE using fair value less cost of disposal ("**FVLCD**"), determined by independent external valuers. No impairment loss is required on the PPE. Singapore CGU The AC also reviewed Management's impairment assessment which used the value in use ("**VIU**") considering appropriate revenue growth rate, gross profit margin, terminal value, discount rate and the reasonableness of the forecasted expenses. The AC also considered the findings of the external auditors, including their assessment of the independence and competency of valuers, reasonableness of key assumptions used and appropriateness of the valuation methods under the FVLCD and VIU approach. The AC was satisfied with Management's conclusion on the impairment of $2,678,000 for the Group's goodwill arising from the acquisition of Fu Yu Supply Chain Solutions Pte Ltd.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholders Rights and Conduct of General Meetings

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are informed of general meetings, annual reports, sustainability reports and circulars via SGXNET and the Company's website at the URL https://www.fuyucorp.com.

The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ceased on 1 July 2023. Pursuant to recent legislative amendments (with effect from 1 July 2023) to the Companies Act read with Listing Rule 730A of the Listing Manual and the amendments to Practice Note 7.5 of the Listing Manual on the conduct of general meetings by issuers on and after 1 July 2023, listed companies are required to hold all their general meetings either at a physical place in Singapore, or at a physical place in Singapore and using virtual meeting technology.

The forthcoming AGM in respect of FY2023 will be held physically at Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on 25 April 2024, 10.00 a.m. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM released on SGXNET.

Copies of the Notice of AGM are despatched to all shareholders. As for the Annual Report and the appendix to the Annual Report in relation to the proposed renewal of the share purchase mandate ("**Appendix 1**"), in line with the Group's efforts towards sustainability, these documents are made available for download from the Company's corporate website. Printed copies of the Annual Report and Appendix 1 are available on request.

The Company encourages shareholders' participation at general meetings and welcomes shareholders to give their constructive views on various matters concerning the Group. When opportunities arise, the Directors will solicit and try to understand the views of shareholders before and/or after general meetings of the Company.

Any notice of general meeting consisting of only ordinary resolution is issued at least 14 calendar days before the scheduled date of the meeting while a notice of general meeting containing special resolution is issued at least 21 calendar days before the scheduled date of the meeting.

Each item of special business included in the notice of the meeting is accompanied by an explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and shareholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. The Chairmen of the AC, NC and RC are available at the meeting to answer those questions relating to the work of these committees. All Directors attend the general meetings of shareholders unless in case of exigencies and the Company's external auditor is also present to address queries about the conduct of audit and the preparation and content of the auditors' report. The attendance of Directors for the AGM held on 20 April 2023 is disclosed on page 75.

The Company will prepare detailed AGM minutes, which include relevant comments and the questions received from shareholders relating to the agenda of the meetings, and responses from the Board and Management, if any. Once approved by the Board, these minutes are made available to shareholders upon their written request. The Company had published the minutes of AGM held on 20 April 2023 on its corporate website within one month as contemplated by Provision 11.5 of the Code.

The Company commenced the voting of all its resolutions by poll at the EGM held on 16 October 2014 and has since conducted the voting of all its resolutions by poll in all its subsequent AGMs and EGMs. Rules are explained to shareholders, including the poll voting procedures in general meetings. The voting results of all votes cast for, or against, each resolution will be announced at the meeting and also on SGXNET after the meeting. Electronic polling may be considered in the near future.

The Company's Constitution allows (i) each shareholder who is not a relevant intermediary (as defined in the Companies Act) the right to appoint up to two (2) proxies and (ii) each shareholder who is a relevant intermediary to appoint more than two (2) proxies to attend and vote on their behalf in shareholders' meetings. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the general meetings in person. CPF and SRS Investors who are unable to attend the general meetings but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meetings to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meetings. Proxies need not be a shareholder of the Company. The Company does not permit voting in absentia by mail, facsimile or e-mail due to the difficulty in verifying and ensuring authenticity of the vote.

The Company will review its Constitution from time to time and make such amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing listing obligations in the Listing Manual.

An independent scrutineer is appointed to validate the votes cast for the AGM. The voting results of all votes cast for, or against, each resolution will be announced at the meeting and also on SGXNET after the meeting. The Company Secretary prepares the minutes of the general meeting. These minutes record substantive and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and the responses from the Board and Management. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM.

The Company has in place a dividend policy of declaring and proposing at least 50% of its profit after income tax attributable to the owners of the Company as dividends, unless:

(i) any reinvestment of the profit for capital expenditure, expansion or diversification purposes is more than 50% of the profit;

(ii) there is insufficient profit at the Company level; or

(iii) there are insufficient funds at the Company level to pay for the dividends, under which conditions, any proposed dividends will be decided by the Board taking into account the above conditions.

No dividend has been recommended or declared for FY2023 as the Company is in a loss-making position.

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company engages in regular, effective and fair communication with shareholders through announcements released to SGX-ST via SGXNET, annual reports, circulars and notice of shareholders' meetings prepared and made available on the Company's corporate website. Announcements released on the SGXNET include business updates, half year and full year results, material transactions and other developments relating to the Group which require disclosure under the corporate disclosure policy of SGX-ST. On 7 February 2020, the SGX-ST's rule on risk-based quarterly reporting came into effect, whereby listed companies may, unless otherwise required by the SGX-ST, report their results semi-annually. Following this, the Company has, unless otherwise required by the SGX-ST, reported its results semi-annually. The Company also maintains a website at https://www.fuyucorp.com/ where the public can access both business and financial information of the Group.

The GCEO oversees and leads the Company's Investor Relations ("**IR**") activities. He is supported by the CFO and external IR consultants engaged by the Company to reinforce its communications and interactions with shareholders and investors. The IR contact information (email address and telephone number) is provided in the annual reports, announcements and company website. Shareholders and investors can send their enquiries to the Company's IR consultants who can be reached by email or telephone.

To better understand the views of shareholders and investors, the Company holds regular briefings for the investment community in conjunction with the release of the Group's financial results to discuss the Group's performance and developments and promote better appreciation of the Group's business. The Company also participates in investor roadshows organised by third parties, such as stockbroking companies, from time to time.

For the forthcoming AGM, shareholders may submit their questions relating to the resolutions set out in the notice of the AGM in advance. All substantive and relevant questions related to the resolutions to be tabled for approval at the AGM will be addressed and published via SGXNet and on the Company's website before the deadline for submission of proxy forms. The detailed information on the submission of questions has been specified in the notice of AGM and the Company's announcement on alternative arrangement for holding the AGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board recognises that to ensure that business is sustainable, the Group has to strike a balance between its business needs and the needs of the society and the environment in which the Group operates. The Board believes that to grow sustainably as a forward-looking corporate entity, the Group has to regularly reach out to all stakeholders, from its employees to the community, and to be responsible stewards of its natural environment. The Company has prepared its sustainability report in compliance with Rules 711A and 711B of the Listing Manual. For more information on the Company's stakeholder engagement, please refer to the Company's sustainability report disclosed on pages 16 to 71.

The Company's current corporate website, https://www.fuyucorp.com, also serves as an avenue through which the Company may communicate and engage with stakeholders.

DEALINGS IN SECURITIES

The Company has complied with Rule 1207(19) of the Listing Manual in relation to the best practices on dealings in the securities:

(a) the Company had devised and adopted its own internal compliance code governing securities transactions by the Company, Directors, officers and employees of the Group;

(b) Directors, officers and employees of the Company should not deal in the Company's securities on short-term considerations; and

(c) the Company, Directors, officers and employees of the Group must not deal in the Company's securities (i) during the periods commencing one month before the announcement of the Company's half year and full year financial statements and ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

The Company issues semi-annual reminders to its Directors, officers and employees on such restrictions on dealings in listed securities of the Group. They are also reminded to observe insider trading laws at all times even when dealing in securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS

The SGX-ST requires listed companies to comply with Chapter 9 of the Listing Manual of SGX-ST on interested person transactions. The Company monitors all its interested person transactions closely and all interested person transactions, if any, are subject to review by the AC. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST. There were no interested person transactions entered into by the Group in excess of S$100,000 during the financial year under review.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the GCEO, CEO, each director or controlling shareholders of the Company which were still subsisting at the end of the financial year under review, or if not subsisting, entered into since the end of the previous financial year.

INTRODUCTION

The Board of Directors (the "**Board**") and Management of Fu Yu Corporation Limited (the "**Company**" or "**Fu Yu**") and its subsidiaries (collectively, the "**Group**") recognize the importance of an integrated enterprise-wide perspective of risk management practices. In Fu Yu, the Audit Committee ("**AC**") has been delegated the role of assisting the Board in its risk management function.

RISK MANAGEMENT PROCESS

The AC, with the assistance of management, internal and external auditors, reviews and reports to the Board annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, and information technology controls established by Management. Additionally, the Board, with the assistance of the AC, reviews and oversees the design, implementation, and monitoring of the risk management and internal control systems.

To facilitate the reporting and monitoring of risk, the AC has endorsed the use of a dashboard risk assessment template, a common platform enabling operating divisions within the Group to report risk and risk status consistently and cohesively. Subsequently, the AC receives relevant reports disclosing the risk status of the Group.

The dashboard risk assessment template captures risks and the gross risk ratings based on likelihood of occurrence and magnitude of impact parameters, mitigating measures and/or internal controls with the resulting residual risk ratings, as well as the risk owners and their assessment of the mitigating measures. These dashboard risk assessment templates are then consolidated and reviewed at the senior management level before presentation to the AC for review.

KEY RISKS IDENTIFIED BY MANAGEMENT

ECONOMIC RISK

Economic downturns, whether global or regional, can lead to reduced consumer spending, lower demand for manufactured goods, and decreased investment in industries. The Group may experience a decline in sales and profitability during economic downturns.

The Group has secured projects for U.S., European, and Asian customers in the medical and consumable sectors. Proactively expanding the customer base reduces reliance on a specific market segment.

During inflation, the increase in prices for goods and services leads to a decrease in the purchasing power of money. The Group may face higher production costs due to inflation.

The Group closely monitors inflation trends and economic indicators to anticipate potential cost increases and proactively adjusts pricing and cost management strategies.

Employment and wage levels influence labor costs for manufacturing companies. Fluctuations in employment rates and wage levels may impact overall production costs and workforce stability. An increase in wage levels could contribute to higher operating expenses.

The Group has initiated the implementation of automation within its production facilities in Singapore, with the process still ongoing. This automation aims to facilitate continuous production, even overnight and over the weekend, from start to finish with minimal human intervention.

COMPETITION RISK

The entry of new competitors into the precision manufacturing industry poses a threat to the Group. These new entrants may bring innovative technologies, cost advantages, or unique value propositions challenging the Group's existing market share.

The Group prioritises exceptional customer service, aiming to create a positive customer experience that fosters loyalty and discourages customers from exploring alternatives. It emphasises the delivery of high-quality products and actively manages its market reputation.

The expansion and growth of existing competitors within the precision manufacturing sector can intensify competition. Larger or more diversified players may have the resources to invest in research and development, technology, and marketing, posing a challenge to the Group's market standing.

The Group strategically invests in building and maintaining strong relationships with key customers to become the preferred supplier through reliability, customisation, and collaboration.

Price competition among existing players in the precision manufacturing industry can result in downward pressure on product prices. This may be driven by factors such as excess capacity, commoditisation of products, or aggressive pricing strategies by competitors.

The Group strategically explores and sources lower-cost substitute materials without compromising product quality.

PORTFOLIO RISK

The Group's concentration in specific markets may expose it to economic fluctuations, regulatory changes, or geopolitical events affecting those markets which could lead to reduced demand for our customer's product.

The Group actively manages its customer portfolio to include a diverse mix of industries. Over reliance on a specific customer segment exposes the Group to risks associated with the dynamics of that segment. With the ongoing implementation of automated production facilities in Singapore, the Group is poised to target specialised products for electric vehicles and the biomedical sectors.

HUMAN CAPITAL RISK

The manufacturing industry often requires specialised knowledge, and competition for talent can be intense. Difficulty in attracting and retaining skilled workers may lead to a talent shortage, affecting production efficiency and innovation.

The Group consistently reviews and adjusts its remuneration packages to remain competitive in the labor market, ensuring that employees are fairly compensated for their skills and contributions.

Capability development involves the Group's ability to continually enhance the skills and knowledge of its workforce. Failure to invest in employee training and development may result in a workforce with outdated skills, hindering innovation and adaptation to new technologies.

The Group implements structured training and development programs designed to enhance the skills and knowledge of its workforce, ensuring that the workforce remains equipped with the latest skills and expertise required to excel in their roles.

Reliance on key individuals poses a risk if critical knowledge and skills are concentrated in a few individuals. The Group identifies and appoints suitable candidates as deputies to their respective supervisors, ensuring a smooth transition in case of key personnel changes.

FINANCIAL RISK – FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES

The Group, with its reporting currency in SGD, is exposed to the impact of exchange rate fluctuations. This risk arises from transactions, assets, and liabilities denominated in foreign currencies, especially in locations such as Malaysia and China.

The Group utilises natural hedge to manage the impact of exchange rate fluctuations on future cash flows, helping mitigate transaction exposure and providing a level of certainty in financial planning.

Transaction exposure emerges when the Group engages in financial transactions denominated in currencies other than SGD. This includes purchasing raw materials, entering contracts, or receiving payments in foreign currencies. Unfavourable exchange rate movements can result in increased costs for imported raw materials or decreased revenue from foreign customers when converted back into SGD.

The Group closely monitors currency markets and continuously analyses economic factors influencing exchange rates to make informed decisions.

COMPLIANCE AND REGULATORY RISK

Changes in local regulations, tax laws, or trade policies can impact the Group's operations and financial performance. Government interventions, such as policy changes, trade tariffs, or industry-specific regulations, can significantly influence the manufacturing sector.

The Group closely monitors and analyses changes in local regulatory environments, enabling proactive adaptation to new regulations and mitigation of the impact on operations. The Group rigorously ensures compliance with statutory requirements from relevant authorities, including timely license renewals and adherence to all regulatory guidelines.

The Group relies on various permits and licenses to operate its manufacturing facilities. Compliance with regulatory requirements is crucial to ensuring the Group's legal standing and the continuity of its operations. Failure to obtain or maintain required permits and licenses may result in regulatory penalties, operational disruptions, or even temporary shutdowns.

The Group appoints competent personnel responsible for the implementation of Workplace Safety and Health ("**WSH**"), encompassing safety, security, and health aspects. The Group is committed to continuously training and educating its workforce on safety and compliance requirements.

The manufacturing industry is subject to stringent regulations related to health, security, safety, and environmental standards, which the Group must adhere to safeguard the well-being of its employees and minimise the environmental impact of its operations.

Emergency drills and tabletop exercises are conducted regularly to test the effectiveness of emergency response plans. Regular checks on all premises installations, including emergency equipment, ensure safety features and emergency response equipment are in optimal working condition.

ENVIRONMENTAL RISK

Manufacturing processes may involve the use of various chemicals, and proper disposal is crucial to prevent environmental contamination. The Group engages licensed waste collectors for proper disposal of hazardous waste and implements an E-tracking system to monitor and trace the movement of hazardous waste.

Wastewater generated during manufacturing processes requires effective treatment to meet environmental standards. Inadequate treatment may lead to the release of pollutants into water bodies, posing risks to aquatic life and the surrounding environment.

The Group established a dedicated spill control team equipped with proper training and specialized equipment to respond promptly to any spills or leaks. The Group adheres to ISO 14000 procedures and requirements, an internationally recognised standard for environmental management.

Inefficient or inadequate recycling practices can contribute to environmental pollution and resource depletion. Specified proportions of chemicals will be applied to wastewater for recycling purposes.

FINANCIAL RISK – LIQUIDITY AND CASH FLOW

Inability to meet short-term financial obligations can lead to difficulties in meeting immediate financial obligations, potentially resulting in late payments, strained relationships with suppliers, and an overall negative impact on the Group's financial health.

The Group systematically assesses customers for their creditworthiness before extending credit terms. Long outstanding debts will be actively followed up with customers. This involves regular communication and reminders to ensure timely payments, reducing the impact of delayed receivables on the Group's cash flow.

Cash flow involves challenges in managing the inflow and outflow of cash within the organisation. Factors such as delayed payments from customers, increased operational expenses, or unexpected capital expenditures can affect the Group's cash flow.

The finance department prepares comprehensive cash flow forecasts, which are systematically reviewed and approved by management. Instances of potential insufficient cash flow will be promptly identified and highlighted to management for resolution. The Group strengthened its prepayment management processes, aiming to minimise the extent of advance payments.

SUPPLY CHAIN RISK

Manufacturing processes heavily rely on raw materials, and an increase in their prices can significantly impact production costs. The Group optimises cost efficiency by consolidating orders based on forecasted demand and negotiating Minimum Order Quantities ("**MOQ**") to secure lower prices from suppliers.

The quality and reliability of contractors, suppliers, and agents play a crucial role. Poor quality or unreliable performance may lead to production delays, increased rework costs, reputational damage, and potential disruptions in fulfilling customer orders.

Materials acquired from suppliers align with customer specifications, and customer approval is a prerequisite for material selection. Materials delivered by suppliers are accompanied by certificates of conformance where applicable, providing documented evidence that materials meet specified standards and quality criteria.

PANDEMIC RISK

Movement Control Order measures may include restrictions on the movement of people, closure of non-essential businesses, and limitations on manufacturing activities, affecting workforce availability and the Group's ability to meet production targets.

The Group diversifies its supplier base and manufacturing facilities across multiple locations to reduce reliance on a single region. Proactive measures, such as installing facial recognition clock-in systems, are implemented to reduce physical contact and avoid potential disruptions.

The Group establishes a framework for continuous monitoring of external factors related to the pandemic, staying informed about global and local developments, regulatory changes, and the overall business environment.

TRANSITIONAL RISK

Evolving regulations, especially heightened oversight and legal actions related to sustainability reporting, greenhouse gas emissions, and plastic use, could impact compliance costs and raw material expenses.

The Group closely monitors SGX requirements and announcements while actively participating in sustainability reporting training. Additionally, it has commenced the Scope 3 GHG inventory account as a trial run.

The rise in electricity rates in Singapore due to the implementation of carbon credits in the energy market, coupled with China's shift away from coal, will increase operational costs.

To counter rising energy costs, the Group commenced installing solar panels in Singapore in FY2023. This initiative is expected to be completed by April 2024, reducing electricity expenses. Meanwhile, the installation of solar panels in Malaysia is currently in the planning phase. Management is committed to support the global effort to limit warming to 1.5℃ above pre-industrial levels.

Sustainable technologies such as bio-based materials, biodegradable plastics, or advanced recycling methods may disrupt the market. Capital investments in technology development can impact cash flow, including write-offs and premature retirement of investments in existing assets or technologies that fail to materialise.

The Group closely monitors opportunities to invest in new machines with better energy efficiency and collaborates with customers and suppliers to transition products to bio-based materials.

Increased market trends and consumer preferences for sustainable and eco-friendly products may lead to potential declines in demand or replacement of traditional plastics with alternative materials. The Group works with customers and suppliers to transition products to bio-based materials.

Failure to proactively address climate risks could result in negative stakeholder perceptions, reduced revenue due to customer loss, increased manpower costs due to poor attraction and retention, and reduced capital availability from investors.

The Group closely monitors communication with all our stakeholders regarding sustainability practices and ensures sustainability remains a core value in its products and services.

PHYSICAL RISK

Extreme weather events can disrupt the supply chain by causing damage to infrastructure, leading to delays in both production and delivery. The Group sources from diversified suppliers across the globe to mitigate such risks.

Damage to the Group's assets, including factory buildings and production equipment, may occur due to extreme weather events, incurring expenses for repair and replacement. Production facilities are strategically located away from flood zones, with close monitoring of flood warnings issued by authorities for preparation.

Extreme weather events have the potential to cause harm to employees, leading to casualties and increased medical costs. An emergency response plan is in place to address such risks.

Changes in precipitation patterns and seasonal variations in rainfall can result in water scarcity, disrupting production processes. The Group collects rainwater to alleviate water scarcity and reduce costs.

DIRECTORS' STATEMENT

We are pleased to submit this annual statement to the members together with the audited financial statements of Fu Yu Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023.

In our opinion:

(a) the financial statements set out on pages 108 to 170 are drawn up so as to give a true and fair view of the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Seow Jun Hao David
Hew Lien Lee
Huang Junli, Christopher
Poh Kai Ren, Daniel
Tan Tong Loong Royston

Directors' interests

According to the Register of Director's Shareholdings kept by the Company pursuant to Section 164 of the Companies Act 1967 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Number of ordinary shares Shareholdings registered in the name of the director 1 January 2023	 31 December 2023	 21 January 2024
Fu Yu Corporation Limited			
- ordinary shares			
Hew Lien Lee	4,000,000	4,000,000	4,000,000
Seow Jun Hao David	–	4,000,000(1)	9,000,000(1)
Fu Yu Corporation Limited			
- Fu Yu Restricted Share Plan Awards - unvested			
Seow Jun Hao David	25,000,000	21,000,000	16,000,000

Note:
(1) Out of the 4,000,000 and 9,000,000 shares held by Seow Jun Hao David on 31 December 2023 and 21 January 2024 respectively, 4,000,000 shares are registered under OCBC Nominees Singapore Private Limited.

Directors' interests (cont'd)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed in this statement, there were no changes in any of the above-mentioned directors' interests in the Company between the end of the financial year and 21 January 2024.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Restricted share plan

The Company has implemented the Fu Yu Restricted Share Plan as part of a long-term incentive plan to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate Directors and employees of the Group to achieve desired performance. The Fu Yu Restricted Share Plan was approved and adopted by the shareholders of the Company at an extraordinary general meeting held on 6 September 2022.

The Fu Yu Restricted Share Plan is administered by the Remuneration Committee ("RC"). The members of the RC at the date of this statement are:

- Huang Junli, Christopher (Chairman), Independent Non-Executive Director
- Poh Kai Ren, Daniel, Independent Non-Executive Director
- Tan Tong Loong Royston, Independent Non-Executive Director

A participant's award under the Fu Yu Restricted Share Plan will be determined at the absolute discretion of the RC. In considering the grant of an award to a participant, the RC may take into account, amongst others, the participant's rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the vesting condition may be achieved within the performance period.

Awards granted under the Fu Yu Restricted Share Plan will principally be performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management, aimed at delivering long-term shareholder value. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per share and return on investment.

The aggregate number of shares which may be issued or transferred pursuant to the awards granted under the Fu Yu Restricted Share Plan, when added to (i) the number of shares issued and issuable and/or transferred or transferable in respect of all awards granted under the Fu Yu Restricted Share Plan; and (ii) all shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the issued share capital (excluding treasury shares) of the Company on the day preceding the relevant date of the award.

Details of the movement in the Fu Yu Restricted Share Plan during the financial year were as follows:

Year of award	Granted	Number of holders	Holding at beginning of year	Vested	Holding at end of the year
2022	30,000,000	1	25,000,000	9,000,000	16,000,000

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Audit committee

The members of the Audit Committee at the date of this statement are:

- Poh Kai Ren, Daniel (Chairman), Independent Non-Executive Director
- Huang Junli, Christopher, Independent Non-Executive Director
- Tan Tong Loong Royston, Independent Non-Executive Director

The Audit Committee performs the functions specified in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two (2) meetings since the last Directors' Statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- the audit plan of the Group's external auditor and its findings arising from the statutory audit.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Baker Tilly TFW LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the auditors for the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the SGX Listing Manual.

Further details of the Audit Committee are disclosed in the Corporate Governance Report.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Seow Jun Hao David	**Hew Lien Lee**
Director	*Director*

27 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FU YU CORPORATION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fu Yu Corporation Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 108 to 170, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in *the Auditors' responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment on non-current assets including goodwill

Description of key audit matter:

As at 31 December 2023, the Group's non-current assets comprise mainly property, plant and equipment ("PPE") of $58,229,000 (2022: $62,991,000) and goodwill of $3,185,000 (2022: $5,979,000), which represented 35% (2022: 33%) of the Group's total assets.

SFRS(I) 1-36 *Impairment of Assets* requires an entity to estimate the recoverable amount of an asset where there are indications that an asset may be impaired. An entity shall also test goodwill acquired in a business combination for impairment annually, and whenever there is an indication of impairment.

Two subsidiaries' PPE in China were subjected to impairment test due to continued operating losses and operating losses incurred during the year respectively. The Group performed impairment assessment on the two subsidiaries' PPE by estimating the recoverable amount based on the fair value less costs of disposal ("FVLCD"). In particular, the Group engaged external valuation experts to assist in estimating the fair values of the leasehold properties and machineries using valuation approaches as disclosed in Note 3 to the financial statements. Based on management's assessment, no impairment loss is required on the Group's property, plant and equipment.

Goodwill has been allocated to the Group's supply chain management services and commodity raw materials cash generating unit ("CGU"). The Group performed impairment assessment on the CGU by estimating the recoverable amount based on the value in use method using the discounted cash flow technique. As the recoverable amount for the CGU was assessed to be lower than the carrying amount of the CGU, an impairment loss on goodwill of $2,678,000 was recognised during the current financial year. The key assumptions and estimates used in the value in use calculation are disclosed in Note 6 to the financial statements.

Given the significant level of judgement and estimation involved, and the significance of the assets to the Group's consolidated financial position, we identified this to be a key audit matter.

Our procedures to address the key audit matter:

We obtained an understanding of management's impairment assessment process. In reviewing management's impairment assessment of PPE, we evaluated the competence, objectivity and capabilities of the external valuation experts engaged by the Group and read the terms of engagement of the external valuation experts to understand the scope of their work. We held discussions with the external valuation experts to understand the valuation methodology and significant assumptions and estimates used. We evaluated the appropriateness of the valuation methodology and the reasonableness of the assumptions used by the external valuation experts.

In reviewing management's impairment assessment of goodwill, we assessed and challenged the key estimates applied in the value in use calculation by comparing the cash flow projections to the CGU's historical data and performance, contracts with customers and other relevant documents. We also tested management's ability to make reliable estimates by comparing actual results in current financial year to prior year forecast. We assessed the sensitivity of the key estimates on the impairment assessment based on reasonably possible changes in key estimates. We involved our internal valuation specialists in assessing the reasonableness of the discount rates used. We recomputed the comparison between the recoverable amounts based on value in use calculation and the carrying value of the CGU in which the goodwill is attributable to.

We have also assessed the adequacy and appropriateness of the disclosures in respect of the impairment assessment.

TO THE MEMBERS OF FU YU CORPORATION LIMITED

Report on the Audit of the Financial Statements (cont'd)

Other Matter

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2022 were audited by another independent auditor whose report dated 28 March 2023 expressed an unmodified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2023 but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountant and
Chartered Accountants
Singapore

27 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

		Group			Company	
		31.12.2023	31.12.2022	1.1.2022	**31.12.2023**	31.12.2022
	Note	**$'000**	$'000	$'000	**$'000**	$'000
			(Restated)	(Restated)		
Non-current assets						
Property, plant and equipment	3	**58,229**	62,991	61,472	**38,237**	38,377
Investment property	4	**5,652**	6,138	6,667	**–**	–
Subsidiaries	5	**–**	–	–	**53,898**	57,858
Goodwill	6	**3,185**	5,979	5,978	**–**	–
Other receivables	7	**–**	–	–	**20,526**	21,094
Deferred tax assets	9	**1,260**	823	991	**–**	–
		68,326	75,931	75,108	**112,661**	117,329
Current assets						
Trade and other receivables	7	**31,373**	31,889	35,742	**16,801**	18,251
Inventories	10	**13,377**	18,386	17,090	**2,825**	3,822
Cash and bank balances	12	**60,322**	79,347	83,947	**13,816**	18,824
Contract assets	17	**1,888**	1,625	1,710	**354**	463
Tax recoverable		**904**	–	–	**671**	–
		107,864	131,247	138,489	**34,467**	41,360
Total assets		**176,190**	207,178	213,597	**147,128**	158,689
Equity attributable to equity holders of the Company						
Share capital	13	**102,985**	102,158	102,158	**102,985**	102,158
Reserves	14	**34,458**	52,996	55,450	**22,300**	28,105
Total equity		**137,443**	155,154	157,608	**125,285**	130,263
Non-current liabilities						
Loans and borrowings	11	**5,030**	9,095	9,350	**4,982**	8,715
Trade and other payables	15	**–**	362	323	**–**	362
Provision	16	**1,138**	–	–	**1,138**	–
Deferred tax liabilities	9	**1,711**	1,835	1,746	**1,065**	961
		7,879	11,292	11,419	**7,185**	10,038
Current liabilities						
Trade and other payables	15	**24,925**	32,370	32,864	**10,705**	12,862
Contract liabilities	17	**538**	805	565	**198**	91
Loans and borrowings	11	**4,206**	5,011	4,036	**3,755**	4,537
Tax payable		**1,199**	2,546	7,105	**–**	898
		30,868	40,732	44,570	**14,658**	18,388
Total liabilities		**38,747**	52,024	55,989	**21,843**	28,426
Total equity and liabilities		**176,190**	207,178	213,597	**147,128**	158,689

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 $'000	2022 $'000 (Restated)
Revenue	17	**190,381**	240,113
Cost of sales		**(177,076)**	(202,521)
Gross profit		**13,305**	37,592
Other income			
- Interest income		**1,904**	828
- Others	18	**1,834**	1,694
Selling and administrative expenses		**(23,477)**	(22,930)
Other operating (expense)/income, net	19	**(3,229)**	597
Results from operating activities		**(9,663)**	17,781
Finance costs	20	**(941)**	(359)
(Loss)/profit before tax	21	**(10,604)**	17,422
Tax credit/(expense)	22	**491**	(2,837)
(Loss)/profit for the year attributable to owners of the Company		**(10,113)**	14,585
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**(4,159)**	(5,361)
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss		**432**	(169)
Other comprehensive loss for the year (net of tax)		**(3,727)**	(5,530)
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(13,840)**	9,055
Earnings per share			
Basic (loss)/earnings per share (cents)	23	**(1.34)**	1.94
Diluted (loss)/earnings per share (cents)	23	**(1.34)**	1.93

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Note	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Revaluation reserve $'000	Foreign currency translation reserves $'000	Share-based payment reserve $'000	Retained earnings $'000	Total equity $'000
Group									
At 1 January 2023, as previously reported		102,158	(415)	8,720	789	(25,211)	915	64,471	151,427
Prior year adjustments	31	–	–	–	–	(3,562)	–	7,289	3,727
At 1 January 2023, as restated		102,158	(415)	8,720	789	(28,773)	915	71,760	155,154
Total comprehensive (loss)/income for the year									
Loss for the year		–	–	–	–	–	–	(10,113)	(10,113)
Other comprehensive loss		–	–	–	–	(3,727)	–	–	(3,727)
Foreign currency translation differences		–	–	–	–	(4,159)	–	–	(4,159)
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss		–	–	–	–	432	–	–	432
Total comprehensive loss for the year		–	–	–	–	(3,727)	–	(10,113)	(13,840)
Transaction with owners, recognised directly in equity									
Distributions to owners									
Equity-settled share-based payment transactions	21	827	–	–	–	–	(156)	–	671
Dividends paid to owners of the Company	28	–	–	–	–	–	–	(4,542)	(4,542)
Total transactions with owners		827	–	–	–	–	(156)	(4,542)	(3,871)
Transfer upon liquidation of subsidiary		–	–	(4,442)	–	–	–	4,442	–
At 31 December 2023		**102,985**	**(415)**	**4,278**	**789**	**(32,500)**	**759**	**61,547**	**137,443**

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2023

	Note	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Revaluation reserve $'000	Foreign currency translation reserves $'000	Share-based payment reserve $'000	Retained earnings $'000	Total equity $'000
Group									
At 1 January 2022, as previously reported		102,158	(415)	9,155	789	(19,850)	–	62,026	153,863
Prior year adjustments	31	–	–	–	–	(3,393)	–	7,138	3,745
At 1 January 2022, as restated		102,158	(415)	9,155	789	(23,243)	–	69,164	157,608
Total comprehensive income/(loss) for the year									
Profit for the year, as restated	31	–	–	–	–	–	–	14,585	14,585
Other comprehensive loss		–	–	–	–	(5,530)	–	–	(5,530)
Foreign currency translation differences, as restated		–	–	–	–	(5,361)	–	–	(5,361)
Exchange differences realised on liquidation of a subsidiary reclassified to profit or loss		–	–	–	–	(169)	–	–	(169)
Total comprehensive (loss)/income for the year, as restated		–	–	–	–	(5,530)	–	14,585	9,055
Transaction with owners, recognised directly in equity									
Distributions to owners									
Equity-settled share-based payment transactions	21	–	–	–	–	–	915	–	915
Dividends paid to owners of the company	28	–	–	–	–	–	–	(12,424)	(12,424)
Total transactions with owners		–	–	–	–	–	915	(12,424)	(11,509)
Transfer upon liquidation of subsidiary		–	–	(435)	–	–	–	435	–
At 31 December 2022 (restated)		102,158	(415)	8,720	789	(28,773)	915	71,760	155,154

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 $'000	2022 $'000 (Restated)
Cash flows from operating activities			
(Loss)/profit before income tax		**(10,604)**	17,422
Adjustments for:			
Depreciation of property, plant and equipment and investment property	3, 4	**8,602**	7,810
Loss on liquidation of a subsidiary	19	**432**	84
Finance costs	20	**941**	359
Interest income		**(1,904)**	(828)
Gain on disposal of property, plant and equipment	18	**(24)**	(112)
Property, plant and equipment written off	19	**2**	22
Impairment of goodwill	19	**2,678**	–
Share-based payment transactions	21	**1,337**	915
Unrealised foreign exchange gain		**647**	1,206
		2,107	26,878
Changes in working capital:			
Trade and other debtors		**(423)**	1,960
Contract assets		**(317)**	(10)
Contract liabilities		**(245)**	292
Inventories		**4,377**	(2,355)
Trade and other creditors		**(7,294)**	1,896
Cash (used in)/generated from operating activities		**(1,795)**	28,661
Tax paid		**(2,745)**	(6,931)
Net cash (used in)/generated from operating activities		**(4,540)**	21,730
Cash flows from investing activities			
Interest income received		**1,904**	828
Proceeds from disposal of property, plant and equipment		**24**	112
Purchase of property, plant and equipment	3	**(3,962)**	(11,565)
Net cash used in investing activities		**(2,034)**	(10,625)
Cash flows from financing activities			
Repayment of lease liabilities	11	**(1,274)**	(1,281)
Repayment of bank loan	11	**(4,009)**	(2,650)
Proceeds from bank loans	11	**–**	4,320
Finance costs paid	11	**(506)**	(323)
Dividends paid to owners of the Company	28	**(4,542)**	(12,424)
Deposits pledged		**5**	(1)
Cash restricted-in-use		**2,451**	1,665
Net cash used in financing activities		**(7,875)**	(10,694)
Net (decrease)/increase in cash and cash equivalents		**(14,449)**	411
Cash and cash equivalents at 1 January		**71,423**	73,769
Effect of exchange rate fluctuations on cash held		**(1,788)**	(2,757)
Cash and cash equivalents at 31 December	12	**55,186**	71,423

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2024.

1 Domicile and activities

Fu Yu Corporation Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 8 Tuas Drive 1, Singapore 638675. The Company is listed on the Singapore Exchange.

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 are disclosed in Note 5.

The consolidated financial statements relate to the Company and its subsidiaries.

2 Material accounting policies

2.1 Basis of preparation

The financial statements are presented in Singapore dollar ($), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards International ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(1) requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT. The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

Amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I) 1 and SFRS(I) Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group has adopted the amendments to SFRS(I) 1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group's and the Company's financial statements.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of reporting period but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2 Material accounting policies (cont'd)

2.2 Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 3 – measurement of recoverable amounts of property, plant and equipment

Notes 5 and 8 – recoverability of investments in and amounts due from subsidiaries

Note 6 – impairment test of goodwill: key assumptions underlying recoverable amounts

Note 25 – measurement of expected credit losses ("ECL") allowance for trade and other receivables, and contract assets

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

Note 4 – classification of investment property

2.3 *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).

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 3 – property, plant and equipment

Note 4 – investment property

Note 25 – financial risk management

Note 30 – share-based payment arrangements

2 Material accounting policies (cont'd)

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.5 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses except that certain leasehold properties were subject to revaluation conducted in 1994. The revalued amount of these leasehold properties became the deemed cost of the leasehold property after the initial adoption of SFRS(I). The revaluation reserve represent the fair value increase of these properties. These surpluses are retained in the revaluation reserve until the ultimate disposal of the properties.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

2 Material accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold properties	Over the term of the respective leases ranging from 20 to 60 years
Factory equipment, plant and machinery	3 to 10 years
Motor vehicles	5 years
Office equipment and furniture and fittings	3 to 5 years
Other assets	2 to 10 years

No depreciation is recognised on construction-in-progress. Other assets comprise electrical installations, erectable stores, renovations and leasehold improvements.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

2.6 Goodwill

Goodwill is measured at cost less accumulated impairment losses, see Note 6.

2.7 Investment property

Investment property is measured at cost on initial recognition and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of the investment property. The estimated useful life is 60 years. The depreciation method, the useful life and the residual value of investment property are reassessed at the end of each reporting period.

When the use of a property changes such that it is reclassified as property, plant and equipment, its cost, accumulated depreciation and accumulated impairment losses at the date of reclassification will be transferred to property, plant and equipment for subsequent accounting.

2 Material accounting policies (cont'd)

2.8 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

<u>Financial assets at amortised cost</u>

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivative financial assets: Subsequent measurement and gains and losses

<u>Financial assets at amortised cost</u>

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings and trade and other payables.

2 Material accounting policies (cont'd)

2.8 Financial instruments (cont'd)

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value. For the purpose of the statement of cash flows, restricted cash and pledged deposits are excluded.

2.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.11 Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 Financial Instruments and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 Revenue from Contracts with Customers.

2 Material accounting policies (cont'd)

2.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liabilities' in 'loans and borrowings' in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The Group recognises lease payments received from investment property and sub-leased property under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

2 Material accounting policies (cont'd)

2.13 Impairment

Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs;
- contract assets (as defined in SFRS(I) 15); and
- Intra-group financial guarantee contracts (FCG).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than a reasonable range of past due days, taking into consideration historical payment track record, current macroeconomics situation as well as general industry trend.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2 Material accounting policies (cont'd)

2.13 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.14 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2 Material accounting policies (cont'd)

2.15 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefits expense in profit or loss.

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2.17 Revenue recognition

Sale of goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good to the customer. Delivery occurs based on the incoterms of the shipment as this is the point of time that the consideration is unconditional because only the passage of time is required before payment is due.

The amount of revenue recognised is the transaction price for the satisfied PO. The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods.

2 Material accounting policies (cont'd)

2.17 Revenue recognition (cont'd)

Revenue from tooling contracts

The Group produces tools customised to customer's order which the Group does not have an alternative use.

Contracts with an enforceable right to payment for performance completed to date

The Group has determined that for contracts where the Group has an enforceable right to payment for performance completed to date, the customer controls all of the work in progress. This is because under those contracts, the assets are at the customer's specification and the Group is entitled to payment for performance completed to date.

Revenue is recognised over time following the satisfaction of the PO over time. Revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Contracts without enforceable right to payment for performance completed to date

For contracts where the Group does not have enforceable right to payment for performance completed to date, revenue is recognised at a point in time when the assets are completed and have been accepted by the customers.

2.18 Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under *SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination; and
  - at the time of transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

2 Material accounting policies (cont'd)

2.18 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

2.19 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

2 Material accounting policies (cont'd)

2.19 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI"). When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3 Property, plant and equipment

	Leasehold properties $'000	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment and furniture and fittings $'000	Other assets $'000	Construction-in-progress $'000	Total $'000
Group							
Cost							
At 1 January 2022 (restated)	73,814	106,474	2,233	6,850	9,630	13,482	212,483
Currency realignment	(4,127)	(6,177)	(76)	(414)	(203)	–	(10,997)
Additions*	280	3,020	49	404	164	7,429	11,346
Reclassification	(36)	–	–	–	36	–	–
Disposals/write-off	(9)	(3,393)	(217)	(58)	(87)	–	(3,764)
At 31 December 2022 (restated)	69,922	99,924	1,989	6,782	9,540	20,911	209,068
Currency realignment	(1,894)	(3,338)	(47)	(207)	(310)	–	(5,796)
Additions*	1,167	2,375	28	989	191	136	4,886
Reclassification	19,431	923	–	442	251	(21,047)	–
Disposals/write-off	(162)	(1,300)	(23)	(111)	(62)	–	(1,658)
At 31 December 2023	**88,464**	**98,584**	**1,947**	**7,895**	**9,610**	**–**	**206,500**

* Additions for the year ended 31 December 2023 included right-of-use assets of $1,150,000 (2022: $165,000) (Note 29).

3 Property, plant and equipment (cont'd)

	Leasehold properties $'000	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment and furniture and fittings $'000	Other assets $'000	Construction-in-progress $'000	Total $'000
Group							
Accumulated depreciation and accumulated impairment losses							
At 1 January 2022 (restated)	42,847	92,488	1,378	5,791	8,507	–	151,011
Currency realignment	(2,919)	(5,361)	(70)	(361)	(146)	–	(8,857)
Depreciation for the year	3,088	3,559	224	419	375	–	7,665
Disposals/write-off	–	(3,386)	(211)	(58)	(87)	–	(3,742)
At 31 December 2022 (restated)	43,016	87,300	1,321	5,791	8,649	–	146,077
Currency realignment	(1,104)	(3,016)	(42)	(179)	(276)	–	(4,617)
Depreciation for the year	3,833	3,393	207	631	403	–	8,467
Disposals/write-off	(162)	(1,295)	(23)	(110)	(66)	–	(1,656)
At 31 December 2023	**45,583**	**86,382**	**1,463**	**6,133**	**8,710**	**–**	**148,271**
Carrying amounts							
At 31 December 2021 (restated)	30,967	13,986	855	1,059	1,123	13,482	61,472
At 31 December 2022 (restated)	26,906	12,624	668	991	891	20,911	62,991
At 31 December 2023	**42,881**	**12,202**	**484**	**1,762**	**900**	**–**	**58,229**

3 **Property, plant and equipment (cont'd)**

	Leasehold properties $'000	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment and furniture and fittings $'000	Other assets $'000	Construction-in-progress $'000	Total $'000
Company							
Cost							
At 1 January 2022	25,851	28,014	1,071	1,955	3,449	13,482	73,822
Additions	156	1,744	–	185	39	7,429	9,553
Disposals/Write-off	–	(2,714)	–	(27)	–	–	(2,741)
At 31 December 2022	26,007	27,044	1,071	2,113	3,488	20,911	80,634
Additions	967	1,911	–	737	93	136	3,844
Disposals/Write-off	–	(776)	–	(85)	(5)	–	(866)
Reclassification	19,431	923	–	442	251	(21,047)	–
At 31 December 2023	**46,405**	**29,102**	**1,071**	**3,207**	**3,827**	**–**	**83,612**
Accumulated depreciation and accumulated impairment losses							
At 1 January 2022	14,271	23,242	292	1,559	3,235	–	42,599
Depreciation for the year	810	1,122	184	204	78	–	2,398
Disposals/Write-off	–	(2,713)	–	(27)	–	–	(2,740)
At 31 December 2022	15,081	21,651	476	1,736	3,313	–	42,257
Depreciation for the year	1,964	1,313	171	411	125	–	3,984
Disposals/Write-off	–	(776)	–	(85)	(5)	–	(866)
At 31 December 2023	**17,045**	**22,188**	**647**	**2,062**	**3,433**	**–**	**45,375**
Carrying amounts							
At 31 December 2021	11,580	4,772	779	396	214	13,482	31,223
At 31 December 2022	10,926	5,393	595	377	175	20,911	38,377
At 31 December 2023	**29,360**	**6,914**	**424**	**1,145**	**394**	**–**	**38,237**

3 Property, plant and equipment (cont'd)

(a) Non-cash transactions

	Group	
	2023	2022
	$'000	$'000
Aggregate cost of property, plant and equipment (PPE) acquired	**4,886**	11,346
Add: Amount paid for purchase of property, plant and equipment in prior year	**226**	639
Less: Additions under right-of-use assets	**(202)**	(165)
Less: Provision of reinstatement costs	**(948)**	–
Less: Capitalisation of borrowing costs	**–**	(229)
Net cash outflow for purchase of property, plant and equipment	**3,962**	11,591

(b) Capitalisation of borrowing costs

During the financial year, borrowing costs capitalised as cost of property, plant and equipment amounted to $Nil (2022: $229,000). The borrowing costs capitalised is the actual borrowing costs incurred on funds borrowed specifically for the construction of the factory.

Impairment assessment

Two subsidiaries' property, plant and equipment in China were subjected to impairment test due to continued operating losses and operating losses incurred during the year respectively. The recoverable amounts of the two subsidiaries' property, plant and equipment was estimated based on the fair value less costs of disposal ('FVLCD') method.

The Group engaged external valuation experts with experience in the location and category of the assets to assist in estimating the fair value of the leasehold properties and machineries.

Fair value of leasehold properties and machineries

The fair value of the PPE of the two subsidiaries in China amounted to approximately $26,428,000 (2022: $26,987,000) where the carrying amounts of those PPE was $3,745,000 (2022: $4,135,000) as at 31 December 2023.

The fair value measurement is categorised as level 3 under the fair value hierarchy. Details of valuation techniques and key inputs used are as follows:

Type	Valuation technique	Significant unobservable inputs
Long term leasehold land	Comparison method	Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land.
Buildings	Depreciated replacement cost method	Aggregated amount of gross replacement cost of the buildings and other site works from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.
Plant and machinery	Comparison method	Comparing the plant and machinery with comparable plant and machinery that are currently sold in the market and making adjustments for factors such as the assets' current condition and the expenses that will be incurred on disposal.

4 Investment property

	Group $‘000
Cost	
At 1 January 2022 (restated)	9,179
Currency realignment	(536)
At 31 December 2022 (restated)	8,643
Currency realignment	(499)
At 31 December 2023	**8,144**
Accumulated depreciation	
At 1 January 2022 (restated)	2,512
Depreciation for the year (restated)	144
Currency realignment	(151)
At 31 December 2022 (restated)	2,505
Depreciation for the year	135
Currency realignment	(148)
At 31 December 2023	**2,492**
Carrying amounts	
At 1 January 2022 (restated)	6,667
At 31 December 2022 (restated)	6,138
At 31 December 2023	**5,652**

The buildings are leased to third parties.

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.

The fair value of the investment property (fair value hierarchy of level 3) as at 31 December 2023 amounts to approximately $6,751,000 (2022: $7,166,000) 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 details of the investment property held by the Group as at 31 December 2023 is as follows:

Location	Land area/ build-up area	Percentage of interest	Tenure and unexpired lease term
21, Jalan Teknologi 4 Taman Teknologi Johor 81400 Senai Johor Darul Takzim Malaysia.	Leasehold land: 34,000 sqm Build-up area: 15,589 sqm	100%	Leasehold 60 years expiring on 31 March 2066

5 Subsidiaries

	Company	
	2023	2022
	$'000	$'000
Equity investments, at cost	**107,960**	115,745
Forgiveness of amounts due from subsidiaries	**12,802**	12,802
	120,762	128,547
Impairment losses	**(66,864)**	(70,689)
	53,898	57,858

Impairment loss

During the financial year, two subsidiaries in China were subjected to impairment test due to continued operating losses and operating losses incurred during the year respectively. The Company performed an assessment of the recoverable amounts of its investment in these 2 subsidiaries based on the FVLCD method.

The recoverable amount of the 2 subsidiaries are estimated based on the fair value of the leasehold properties and machineries determined by independent valuers with experience in the location and category of the assets being valued. Details of the fair value measurement for property, plant and equipment are disclosed in Note 3. The other assets and liabilities of the 2 subsidiaries are financial assets and liabilities such as trade and other receivables, cash and bank balances, and trade and other payables, where their carrying amounts are reasonable approximations of fair value.

For Subsidiary 1, the Company recognised a reversal of impairment loss of $3,825,000 (2022: $5,532,000) in profit or loss for the year because of improved financial performance. The recoverable amount for the subsidiary is $33,108,000 (2022: $29,283,000).

For Subsidiary 2, no additional impairment loss or reversal of impairment loss previously recognised is required because the recoverable amount approximates its carrying amount of $8,469,000 (2022: $11,060,000).

If any of the subsidiaries is not able to achieve the forecasted results and realise the fair values of the assets and liabilities, the Company would be required to record additional impairment loss.

The movements in the allowance for impairment in respect of investments in subsidiaries during the year are as follows:

	Company	
	2023	2022
	$'000	$'000
At 1 January	**70,689**	76,221
Reversal of impairment loss	**(3,825)**	(5,532)
At 31 December	**66,864**	70,689

5 Subsidiaries (cont'd)

The details of subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ Place of business	Effective equity interest held by the Group	
			2023 **%**	2022 %
Held by the Company:				
Fu Yu Investment Pte. Ltd.[3]	Investment holding	Singapore	**100**	100
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.[4]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.[4]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.[4]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.[2]	Dormant	People's Republic of China	**–**	100
Fu Yu Ventures Pte. Ltd. [3]	Investment holding	Singapore	**100**	100
Fu Yu Biomedical Pte. Ltd. [1] [3]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	Singapore	**100**	–
Held through Fu Yu Investment Pte. Ltd.:				
LCTH Corporation Sdn. Bhd. [4]	Investment holding	Malaysia	**100**	100
Held through LCTH Corporation Sdn. Bhd.:				
Fu Hao Manufacturing (M) Sdn. Bhd. [4]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	Malaysia	**100**	100
Classic Advantage Sdn. Bhd. [4]	Manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies	Malaysia	**100**	100
Held through Fu Yu Ventures Pte. Ltd.:				
Fu Yu Supply Chain Solutions Pte. Ltd. [3]	Providing supply chain management services and commodity raw materials	Singapore	**100**	100

[1] Incorporated in 2023
[2] Liquidated in 2023
[3] Audited by Baker Tilly TFW LLP
[4] Audited by independent overseas member firms of Baker Tilly International

Fu Yu Moulding & Tooling (Shanghai) Co., Ltd ("FYSH") has been liquidated during the year. Consequently, the cumulative foreign currency translation reserve of FYSH of $432,000 is reclassified to profit or loss as part of the gain or loss on liquidation of the subsidiary. (Note 19)

6 Goodwill

	Note	Group $'000
Cost		
At 1 January 2022		5,978
Currency realignment		1
At 31 December 2022		5,979
Currency realignment		(116)
At 31 December 2023		**5,863**
Accumulated impairment losses		
At 1 January 2022		–
Impairment loss recognised	19	–
At 31 December 2022		–
Impairment loss recognised	19	(2,678)
At 31 December 2023		**(2,678)**
Carrying amounts		
At 31 December 2022		5,979
At 31 December 2023		**3,185**

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's supply chain management services and commodity raw materials CGU.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from continuing use of the CGU.

At 31 December 2023, before impairment testing, goodwill of S$5,863,000 (2022: $5,979,000) was allocated to the supply chain management services and commodity raw materials CGU. Due to increased competition in the market, the Group has revised its cashflow forecasts for this CGU. The supply chain management services and commodity raw materials CGU has therefore been reduced to its recoverable amount through recognition of an impairment loss against goodwill of $2,678,000 (2022: $Nil). The impairment charged is included within the "other operating (expense)/income" in the statement of profit or loss and other comprehensive income.

Key assumptions used in the estimation of value in use were as follows:

	2023	2022
Group		
Number of years projected in the discounted cash flows	**5 years**	5 years
Pre-tax discount rate	**13.52%**	13.02%
Revenue compound annual growth rate	**15.5%**	4.5%
Gross profit margin	**1.46%**	3.66%
Terminal value growth rate	**1.00%**	1.25%

Management determined budgeted gross margin based on past performance and its expectations of market developments. Revenue growth was projected taking into account the estimated sales volume and price growth for the next five years. It was assumed that the sales price would grow at a constant margin above forecast inflation over the next five years. The discount rates used were pre-tax and reflected specific risks relating to the CGU.

6 Goodwill (cont'd)

Sensitivity to changes in assumptions

If the estimated gross profit margin used in the value in use calculation decreased by 0.2 percentage point, the Group would have to recognise full impairment on the goodwill.

If the forecasted revenue decreased by 11.0% in FY2024, the Group would have to recognise further impairment charge of $72,255 on goodwill.

7 Trade and receivables

		Group		Company	
		2023	2022	**2023**	2022
	Note	**$'000**	$'000	**$'000**	$'000
Trade receivables		**25,302**	29,218	**8,350**	9,538
Allowance for impairment of doubtful receivables		**(3)**	(3)	**–**	–
Net trade receivables		**25,299**	29,215	**8,350**	9,538
Other receivables		**249**	583	**46**	121
Amounts due from subsidiaries	8	**–**	–	**27,005**	29,112
Deposits		**267**	265	**101**	87
		25,815	30,063	**35,502**	38,858
Prepayments		**919**	586	**537**	193
Advances to suppliers		**4,639**	1,240	**1,288**	294
		31,373	31,889	**37,327**	39,345
Non-current	8	**–**	–	**20,526**	21,094
Current		**31,373**	31,889	**16,801**	18,251
		31,373	31,889	**37,327**	39,345

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in Note 25.

8 Amounts due from subsidiaries

	Note	Company 2023 $'000	Company 2022 $'000
Amounts due from subsidiaries			
Non-current			
- non-trade		**26,827**	27,395
Impairment losses		**(6,301)**	(6,301)
	7	**20,526**	21,094
Current			
- trade		**–**	90
- non-trade		**8,108**	7,928
Impairment losses		**(1,629)**	–
	7	**27,005**	29,112

The movements in the allowance for impairment in respect of amounts due from subsidiaries during the year are as follows:

	Company 2023 $'000	Company 2022 $'000
At 1 January	**6,301**	5,463
Impairment loss recognised	**1,629**	838
At 31 December	**7,930**	6,301

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and are amounts lent to subsidiaries companies to satisfy funding requirements.

The current amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The Company applies the general approach for expected credit loss model to measure the loss allowance on the amount due from subsidiaries. Due to the economic uncertainty in the current and future economic environment, the Company concluded that there has been significant increase in the credit risk expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

Based on management's assessment, the Company recognised additional impairment loss of $1,629,000 (2022: $Nil) on current amount due from subsidiaries and $Nil (2022: $838,000) in profit or loss for the year for non-current amount due from subsidiaries. The Company's exposure to credit risk is disclosed in Note 25.

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee benefits	**–**	39	**–**	–	**–**	39	**–**	–
Others	**229**	250	**–**	(10)	**22**	–	**–**	–
Tax loss carry-forward	**930**	436	**–**	–	**531**	237	**–**	–
Rights-of-use assets	**–**	–	**(834)**	(914)	**–**	–	**(834)**	(914)
Lease liabilities	**898**	967	**–**	–	**898**	967	**–**	–
Property, plant and equipment	**781**	523	**(2,455)**	(2,303)	**–**	–	**(1,682)**	(1,290)
Deferred tax assets/(liabilities)	**2,838**	2,215	**(3,289)**	(3,227)	**1,451**	1,243	**(2,516)**	(2,204)
Set off of tax	**(1,578)**	(1,392)	**1,578**	1,392	**(1,451)**	(1,243)	**1,451**	1,243
Net deferred tax assets/(liabilities)	**1,260**	823	**(1,711)**	(1,835)	**–**	–	**(1,065)**	(961)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2022	Recognised in profit or loss (Note 22)	Exchange differences	At 31 December 2022	Recognised in profit or loss (Note 22)	Exchange differences	At 31 December 2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Employee benefits	54	(15)	–	39	(39)	–	**–**
Others	307	(46)	(21)	240	1	(12)	**229**
Tax loss carry-forward	828	(372)	(20)	436	505	(11)	**930**
Rights-of-use assets	(991)	77	–	(914)	80	–	**(834)**
Lease liabilities	1,031	(64)	–	967	(69)	–	**898**
Property, plant and equipment	(1,984)	189	15	(1,780)	77	29	**(1,674)**
	(755)	(231)	(26)	(1,012)	555	6	**(451)**

9 Deferred tax assets and liabilities (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Based on the cash flows forecast prepared by management, deferred tax assets were recognised by certain subsidiaries to the extent that management considered it probable that future taxable profits would be available against which the unutilised tax losses carried forward can be utilised by the Group.

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profits would be available against which the Group can utilise the benefits there from:

	Group	
	2023	2022
	$'000	$'000
Unutilised tax losses	**5,639**	5,975

Other than the unutilised tax losses arising from certain China subsidiaries of $5,639,000 (2022: $5,975,000) which will expire between 2024 and 2028 (2022: 2023 and 2027), the remaining temporary differences do not expire under current tax legislation. Unutilised tax losses of $1,627,000 (2022: $967,000) expired during the financial year.

Unrecognised temporary differences relating to investments in subsidiaries

At the reporting date, a deferred tax liability of $42,000 (2022: $47,000) for temporary differences of $845,000 (2022: $931,000) related to undistributed earnings of certain subsidiaries of the Group were not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the next 12 months, but be retained for working capital purposes.

10 Inventories

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Raw materials	**8,216**	10,796	**1,839**	2,237
Work-in-progress	**871**	819	**67**	97
Finished goods	**4,290**	6,771	**919**	1,488
	13,377	18,386	**2,825**	3,822

10 Inventories (cont'd)

Movements in the allowance for stock obsolescence are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
At 1 January	**1,009**	976	**118**	175
Allowance made	**741**	226	**403**	–
Allowance reversed	**(19)**	(77)	**–**	(13)
Allowance utilised	**(10)**	(44)	**(10)**	(44)
Currency realignment	**(45)**	(72)	**–**	–
At 31 December	**1,676**	1,009	**511**	118

In FY2023, the amount of inventories of $127,943,000 (2022: $129,173,000) were recognised as an expense during the year and included in "cost of sales" for the Group.

11 Loans and borrowings

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Non-current liabilities				
Bank loans	**–**	3,341	**–**	3,341
Lease liabilities	**5,030**	5,754	**4,982**	5,374
	5,030	9,095	**4,982**	8,715
Current liabilities				
Bank loans	**3,341**	4,009	**3,341**	4,009
Lease liabilities	**865**	1,002	**414**	528
	4,206	5,011	**3,755**	4,537

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 25.

11 Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
2023					
Group					
Bank loans	SGD	4.58%-5.58%	2024	3,341	3,341
Lease liabilities	SGD	1.60%-5.79%	2024-2044	7,453	5,402
Lease liabilities	MYR	5.45%-6.90%	2024-2025	134	132
Lease liabilities	RMB	4.35%-4.75%	2024-2026	368	361
				11,296	**9,236**
Company					
Bank loans	SGD	4.58%-5.58%	2024	3,341	3,341
Lease liabilities	SGD	1.60%-4.50%	2024-2044	7,446	5,396
				10,787	**8,737**
2022					
Group					
Bank loans	SGD	5.09%	2024	7,350	7,350
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,162	5,910
Lease liabilities	MYR	6.90%-6.95%	2022-2024	41	40
Lease liabilities	RMB	4.53%-4.75%	2024-2026	840	806
				16,393	14,106
Company					
Bank loans	SGD	5.09%	2024	7,350	7,350
Lease liabilities	SGD	1.60%-3.91%	2024-2044	8,153	5,902
				15,503	13,252

Bank loans

The bank loan is to finance the capital expenditure for the construction-in-progress (see Note 3). One of the wholly-owned subsidiary in Singapore has placed fixed deposits denominated in USD for an amount equivalent to 105% of the outstanding bank loan (see Note 12).

Intra-group financial guarantee

In FY2023, an intra-group financial guarantee comprises a guarantee given by the Company to banks in respect of banking credit facilities amounting to $167,109,300 (2022: $104,501,000) granted to the wholly-owned subsidiaries in Malaysia and Singapore (2022: Malaysia and Singapore). At the reporting date, the Company has not recognised an ECL provision as the credit facilities have not been utilised. The Company does not consider it probable that a claim will be made against the Company under the guarantee.

11 Loans and borrowings (cont'd)

Reconciliation of movements of loans and borrowings and lease liabilities to cash flows arising from financing activities:

	Lease liabilities $'000	Bank loans $'000
Group		
Balance at 1 January 2023	**6,756**	**7,350**
Changes in financing cash flows		
Repayment of bank loans	**–**	**(4,009)**
Payment of lease liabilities	**(1,037)**	**–**
Finance costs paid	**(237)**	**(506)**
Total changes from financing cash flows	**(1,274)**	**(4,515)**
Other changes		
Liability-related		
New lease	**202**	**–**
Interest expense	**237**	**506**
Currency realignment	**(26)**	**–**
Total liability-related other changes	**413**	**506**
Balance at 31 December 2023	**5,895**	**3,341**
Balance at 1 January 2022	7,706	5,680
Changes in financing cash flows		
Proceeds from loan and borrowings	–	4,320
Repayment of bank loans	–	(2,650)
Payment of lease liabilities	(1,016)	–
Finance costs paid	(265)	(313)
Total changes from financing cash flows	(1,281)	1,357
Other changes		
Liability-related		
New lease	7	–
Interest expense	265	84
Currency realignment	(99)	–
Remeasurement of lease liabilities	158	–
Capitalised borrowing costs	–	229
Total liability-related other changes	331	313
Balance at 31 December 2022	6,756	7,350

12 Cash and bank balances

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**25,333**	25,166	**2,799**	5,600
Deposits with banks	**34,989**	54,181	**11,017**	13,224
Cash and bank balances in the statements of financial position	**60,322**	79,347	**13,816**	18,824
Cash restricted-in-use	**(5,066)**	(7,845)		
Deposits pledged	**(70)**	(79)		
Cash and cash equivalents in the consolidated statement of cash flows	**55,186**	71,423		

The deposit pledged represents bank balance pledged for bank guarantee purposes in the normal course of business.

Cash restricted-in-use includes $1,558,000 (2022: $Nil) earmarked for trade financing and $3,508,000 (2022: $7,845,000) deposits for the bank loan (see Note 11).

Deposits with financial institutions mature on varying periods within 12 months (2022: 12 months) from the financial year end. Effective interest rates range from 1.50% to 5.30% (2022: 1.75% to 4.42%) per annum.

Cash and bank balances totalling the equivalent of $12,276,000 (2022: $22,941,000) are held in a country which operates foreign exchange controls.

13 Share capital

	Group and Company			
	2023	2022	**2023**	2022
	Number of shares		**$'000**	$'000
Fully paid ordinary shares, with no par value:				
Balance at beginning of financial year	**752,994,775**	752,994,775	**102,158**	102,158
Issuance of new ordinary shares	**4,000,000**	–	**827**	–
Balance at end of financial year	**756,994,775**	752,994,775	**102,985**	102,158

On 26 April 2023, the Company issued and allotted an aggregate of 4,000,000 ordinary shares in the capital of the Company to its Group Chief Executive Officer, Seow Jun Hao David, pursuant to the vesting of the awards under the Fu Yu Restricted Share Plan.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13 Share capital (cont'd)

Capital management

The Group's policy is to maintain adequate capital base to maintain investors, creditors and market confidence and to sustain future development of the business. Capital consists of share capital and reserves of the Group.

Management monitors capital and externally imposed capital requirements based on the following bases (for the Group and the Company) and will report to the Board of Directors on any exceptions noted:

– Total equity attributable to equity holders of the Company, excluding revaluation reserve and foreign currency translation reserve ("net equity"); and

– Gearing ratio.

Net equity is calculated as the sum of share capital, capital reserve, statutory reserve, share-based payment reserve and retained earnings. Gearing ratio is calculated as total liabilities divided by net equity.

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000 (Restated)	**$'000**	$'000
Net equity	**169,154**	183,138	**125,921**	130,899
Gearing ratio	**22.9%**	28.4%	**17.3%**	21.7%

The Board of Directors monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

14 Reserves

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000 (Restated)	**$'000**	$'000
Capital reserve	**(415)**	(415)	**–**	–
Statutory reserve	**4,278**	8,720	**–**	–
Revaluation reserve	**789**	789	**789**	789
Merger reserve	**–**	–	**(1,425)**	(1,425)
Foreign currency translation reserve	**(32,500)**	(28,773)	**–**	–
Share-based payment reserve	**759**	915	**759**	915
Retained earnings	**61,547**	71,760	**22,177**	27,826
	34,458	52,996	**22,300**	28,105

14 Reserves (cont'd)

Capital reserve

The capital reserve comprises negative goodwill arising from acquisition of remaining interest in a subsidiary from NCI written off against shareholder's equity and transaction cost related to selective capital reduction exercise completed on 8 June 2018.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to statutory reserve fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

Revaluation reserve

The revaluation reserves represent the fair value increase of certain leasehold properties conducted in 1994. These surpluses are retained in the revaluation reserve until the ultimate disposal of the properties.

Merger reserve

The merger reserve relates to the amalgamation of two subsidiaries (the "amalgamated subsidiaries") into the Company using the "as-if-pooling" method. It represents (1) retained earnings of the amalgamated subsidiaries, (2) the difference between the Company's cost of investment (net of impairment made in prior years) and share capital of the amalgamated subsidiaries, and reversal of impairment on receivables of the amalgamated subsidiaries made in prior years.

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

Share-based payment reserve

The share-based payment reserve comprises the cumulative value of performance received from a director for the issue of the share.

15 Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
		(Restated)		
Trade payables	**8,941**	13,068	**2,008**	2,513
Accrued expenses	**7,721**	6,938	**3,323**	4,425
Amounts payable for purchase of property, plant and equipment	**620**	846	**473**	358
Other payables	**5,234**	9,449	**3,164**	4,272
Cash-settled shared-based payment liability (Note 30)	**785**	625	**785**	625
Amounts due to subsidiaries:				
- trade	**–**	–	**133**	188
- non-trade	**–**	–	**–**	26
Deposits	**809**	994	**4**	5
Retention sum	**742**	646	**742**	646
	24,852	32,566	**10,632**	13,058
Advance billings	**73**	166	**73**	166
	24,925	32,732	**10,705**	13,224
Non-current	**–**	362	**–**	362
Current	**24,925**	32,370	**10,705**	12,862
	24,925	32,732	**10,705**	13,224

The non-trade amounts due to subsidiaries of the Company are unsecured, interest-free and repayable on demand.

16 Provision

	Group and Company	
	2023	2022
	$'000	$'000
Non-current		
Provision for reinstatement costs	**1,138**	–

Movement in provision for reinstatement costs during the financial year are as follows:

	Group and Company	
	2023	2022
	$'000	$'000
Balance at 1 January	**–**	–
Provision made	**948**	–
Unwinding of discount	**190**	–
Balance at 31 December	**1,138**	–

16 Provision (cont'd)

Provision for reinstatement costs is recognised when the Group and Company enter into leasehold land agreements for the leasehold properties. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group and Company to the leasehold lands. The leasehold lands shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements.

17 Revenue

	Group	
	2023	2022
	$'000	$'000
Contracts with customers		
Sale of goods		
- manufacturing	**96,156**	130,703
- supply chain management services	**86,440**	100,022
Revenue from tooling contracts	**7,785**	9,388
	190,381	240,113

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of goods: Manufacturing segment

Nature of goods or services	Manufacture and sub-assembly of precision plastic parts and components.
When revenue is recognised	Revenue is recognised at a point in time upon delivery and transfer of control of goods to the customer. Delivery occurs based on the incoterms of the shipment.
Significant payment terms	Payment is due when control of goods is transferred to the customer, upon delivery and acceptance by the customer. Invoices for sale of goods are payable between 0 to 120 days.
Obligations for returns and refunds, if any	Customer has the right to return the goods to the Group only if the goods are defective.
Obligations for warranties	Standard warranty terms are provided for defective products. These warranties form part of the contract and the customer does not need to purchase the warranty separately (i.e., standard warranty).

Sale of goods: Supply chain management services segment

Nature of goods or services	The Company sells commodities such as coal, crude and refined petroleum products such as gasoil, crude palm oil and biofuels.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and transfer of control of goods to the customer. Delivery occurs based on the incoterms of the shipment.
Significant payment terms	Payment is generally within 30 days upon issuance of invoice.

17 Revenue (cont'd)

Tooling contracts

Nature of goods or services	Fabrication of precision moulds and dies.
When revenue is recognised	Tooling contracts for which (i) the assets created or generated by the Group's performance have no alternative use to the Group and (ii) the Group has an enforceable right to payment for performance completed to date, are recognised over time. The stage of completion is measured by reference to the stages and progress of work performed, based on records maintained by the Group. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. For contracts that do not meet criteria (i) or (ii) above, revenue is recognised at a point in time when control is transferred to the customer upon completion of the performance obligation.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of contract milestones. If the value of the tooling services rendered exceeds payments received from the customer, a contract asset is recognised. A contract liability is recognised when the Group has yet to perform under the contract but has received advance payment from the customer. A contract liability is subsequently recognised as revenue as the Group performs under the contract. Invoices for tooling contracts are payable between 0 to 95 days.
Obligations for returns and refunds, if any	Customer has the right to return the goods to the Group only if the goods are defective.
Obligations for warranties	Under the terms of the tooling contracts, the Group is obligated to make good, by repair or replacement, manufacturing defects that become apparent during the warranty period. Standard warranty terms are provided for the tools to supply an agreed number of products. These warranties form part of the contract and the customer does not need to purchase the warranty separately (i.e., standard warranty).

17 Revenue (cont'd)

Disaggregation of revenue from contracts with customers

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 24).

	Reportable segments											
	Manufacturing Segment								Supply Chain Management Services Segment			
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Major products/ service line												
Sales of goods	**35,046**	47,598	**32,842**	51,531	**28,268**	31,574	**96,156**	130,703	**86,440**	100,022	**182,596**	230,725
Revenue from tooling contracts	**3,193**	4,317	**3,555**	3,247	**1,037**	1,824	**7,785**	9,388	**–**	–	**7,785**	9,388
	38,239	51,915	**36,397**	54,778	**29,305**	33,398	**103,941**	140,091	**86,440**	100,022	**190,381**	240,113
Timing of revenue recognition												
Products transferred at a point in time	**35,046**	47,598	**32,842**	51,531	**28,268**	31,574	**96,156**	130,703	**86,440**	100,022	**182,596**	230,725
Services transferred over time	**3,193**	4,317	**3,555**	3,247	**1,037**	1,824	**7,785**	9,388	**–**	–	**7,785**	9,388
	38,239	51,915	**36,397**	54,778	**29,305**	33,398	**103,941**	140,091	**86,440**	100,022	**190,381**	240,113

17 Revenue (cont'd)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**2023 $'000**	2022 $'000	1.1.2022 $'000
Group				
Trade receivables	7	**25,299**	29,215	33,065
Contract assets		**1,888**	1,625	1,710
Contract liabilities		**(538)**	(805)	(565)
Company				
Trade receivables	7	**8,350**	9,538	10,360
Contract assets		**354**	463	698
Contract liabilities		**(198)**	(91)	(203)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on tooling contracts. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

The contract liabilities primarily relate to advance consideration received from customers for tooling contracts.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Group			
	Contract assets		**Contract liabilities**	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Revenue recognised from prior year balance	**–**	–	**203**	51
Cash received in advance and not recognised as revenue	**–**	–	**(41)**	(351)
Changes in measurement of progress	**962**	934	**–**	–
Contract assets reclassified to trade receivables	**(757)**	(917)	**–**	–

	Company			
	Contract assets		**Contract liabilities**	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Revenue recognised from prior year balance	**–**	–	**68**	105
Cash received in advance and not recognised as revenue	**–**	–	**(175)**	7
Changes in measurement of progress	**289**	5	**–**	–
Contract assets reclassified to trade receivables	**(398)**	(240)	**–**	–

17 Revenue (cont'd)

Contract balances (cont'd)

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of project teams to determine the progress of the tooling contracts and also on past experience of completed projects. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 Revenue from Contracts with Customers and does not disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

18 Other income

	Group	
	2023	2022
	$'000	$'000
Rental income:		
- Investment property	**875**	624
- Sub-lease of leasehold property	**19**	44
- Others	**–**	35
Gain on disposal of property, plant and equipment	**24**	112
Sale of scrap and raw materials	**634**	410
Government grants	**225**	166
Others	**57**	303
	1,834	1,694

19 Other operating (expense)/income

	Note	Group	
		2023	2022
		$'000	$'000
Foreign exchange (loss)/gain, net		**(117)**	703
Property, plant and equipment written off		**(2)**	(22)
Loss on liquidation of a subsidiary	5	**(432)**	(84)
Impairment of goodwill	6	**(2,678)**	–
		(3,229)	597

20 Finance costs

	Group 2023 $'000	Group 2022 $'000
Interest expense		
- bank loan	**506**	84
- lease liabilities	**237**	265
- unwind of discount on site reinstatement provision	**198**	10
	941	359

21 (Loss)/Profit before income tax

The following items have been included in arriving at (loss)/profit before income tax:

	Note	Group 2023 $'000	Group 2022 $'000 (Restated)
Directors of the Company			
- fees		**233**	198
- salaries, bonuses and other costs		**2,229**	2,184
- contributions to defined contribution plans		**26**	25
- equity-settled share-based payment transactions		**671**	915
- cash settled share-based payment transactions		**666**	1,132
		1,337	2,047
Audit fees paid or payable to			
- auditors of the Company		**200**	365
- overseas affiliates of the auditors of the Company		**103**	175
Non-audit fees paid or payable to			
- auditors of the Company		**7**	–
- other auditors		**21**	54
Depreciation of property, plant and equipment and investment property	3,4	**8,602**	7,810
Staff costs, excluding directors of the Company and subsidiaries			
- salaries, bonuses and other costs		**33,827**	34,653
- contributions to defined contribution plans		**3,798**	3,704
Operating expenses incurred in relation to investment property		**279**	202

22 Tax expense

	Group	
	2023	2022
	$'000	$'000
Current tax expense		
Current year	**1,140**	2,872
Withholding taxes	**33**	31
Over provision in prior years	**(1,109)**	(297)
	64	2,606
Deferred tax expense		
Movements in temporary differences	**(1,684)**	410
Under/(over) provision in prior years	**1,129**	(179)
	(555)	231
Tax (credit)/expense	**(491)**	2,837

	Group	
	2023	2022
	$'000	$'000
Reconciliation of effective tax rate		
(Loss)/profit before income tax	**(10,604)**	17,422
Tax at domestic rates applicable to profits in the countries where the Group operate	**(1,815)**	3,418
Tax exempt income	**(2)**	(198)
Non-deductible expenses	**788**	17
Tax incentives	**(437)**	(582)
Under/(over) provision in prior years	**20**	(476)
Current year tax losses for which no deferred tax asset was recognised	**635**	627
Withholding taxes	**33**	31
Others	**287**	–
	(491)	2,837

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Income tax for the subsidiaries in Malaysia is calculated at the statutory rate of 24% (2022: 24%) and income tax for the subsidiaries in China is calculated at the statutory rate of 25% (2022: 25%) during the year.

23 Earnings per share

	Group 2023 $'000	Group 2022 $'000 (Restated)
Basic and diluted (loss)/earnings per share is based on profit attributable to ordinary shareholders	**(10,113)**	14,585

	Number of shares 2023	Number of shares 2022
Weighted average number of ordinary shares (basic)	**755,723,542**	752,994,775
Effect of Restricted Share Plan Awards on issue	**–**	4,000,000
Weighted average number of ordinary shares (diluted)	**755,723,542**	756,994,775
Basic (loss)/earnings per share (cents)	**(1.34)**	1.94
Diluted (loss)/earnings per share (cents)	**(1.34)**	1.93

For the current financial year, diluted earnings per share is the same as basic earnings per share as the Fu Yu Restricted share plan is anti-dilutive.

24 Operating segments

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

- Manufacturing Segment
- Supply Chain Management Services Segment

Within the manufacturing segment, includes manufacture and sub-assembly of precision plastic parts and component and fabrication of precision moulds and dies, 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 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.

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 Chief Executive Director (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.

Concentration of revenue

Revenue is derived from 1 (2022: 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable Segment	Group 2023 $'000	Group 2022 $'000
Customer 1	Supply chain management services	**23,341**	–
Customer 2	Supply chain management services	**–**	50,135
Customer 3	Supply chain management services	**–**	40,972
		23,341	91,107

24 Operating segments (cont'd)

Segments

	Manufacturing Segment								Supply Chain Management Services Segment							
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue and expenses																
Total external revenue	**38,239**	51,915	**36,397**	54,778	**29,305**	33,398	**103,941**	140,091	**86,440**	100,022	**190,381**	240,113	**–**	–	**190,381**	240,113
Inter-segment revenue	**359**	72	**–**	6	**241**	403	**600**	481	**32**	–	**632**	481	**(632)**	(481)	**–**	–
Segment profit (loss) before tax*	**5,862**	17,486	**(645)**	5,257	**5,229**	8,151	**10,446**	30,894	**3,354**	1,736	**13,800**	32,630	**(13,538)**	(8,486)	**262**	24,144
Depreciation of property, plant and equipment and investment property	**(3,984)**	(2,392)	**(2,693)**	(3,312)	**(1,958)**	(2,230)	**(8,635)**	(7,934)	**(23)**	(7)	**(8,658)**	(7,941)	**56**	131	**(8,602)**	(7,810)
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**(2,678)**	–	**(2,678)**	–	**–**	–	**(2,678)**	–
Loss on liquidation of subsidiary	**–**	–	**–**	–	**–**	–	**–**	–	–	–	–	–	**(432)**	(84)	**(432)**	(84)
Interest income	**387**	442	**264**	259	**117**	67	**768**	768	**1,153**	321	**1,921**	1,089	**(17)**	(261)	**1,904**	828
Finance cost	**(670)**	(303)	**(27)**	(50)	**(23)**	(4)	**(720)**	(357)	**(239)**	(263)	**(959)**	(620)	**18**	261	**(941)**	(359)
Foreign exchange (loss)/gain (net)	**(1,100)**	(470)	**(192)**	(1,876)	**127**	309	**(1,165)**	(2,037)	**104**	159	**(1,061)**	(1,878)	**944**	2,581	**(117)**	703
	495	14,763	**(3,293)**	278	**3,492**	6,293	**694**	21,334	**1,671**	1,946	**2,365**	23,280	**(12,969)**	(5,858)	**(10,604)**	17,422
(Loss)/profit before income tax															**(10,604)**	17,422
Tax credit/(expense)															**491**	(2,837)
Net (loss)/profit for the year															**(10,113)**	14,585
Other segment information																
Non-current assets	**92,134**	117,282	**7,006**	8,840	**18,838**	21,381	**117,978**	147,503	**3,346**	6,048	**121,324**	153,551	**(54,258)**	(78,443)	**67,066**	75,108
Unallocated assets															**1,260**	823
Total non-current assets															**68,326**	75,931

24 Operating segments (cont'd)

Segments

	Manufacturing Segment								Supply Chain Management Services Segment							
	Singapore		China		Malaysia		Total for Manufacturing Segment		Singapore		Total operations before adjustment		Group adjustment and eliminations		Total operations	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Capital expenditure	**3,843**	9,397	**386**	614	**656**	1,108	**4,885**	11,119	**1**	62	**4,886**	11,181	**–**	–	**4,886**	11,181
Shared-based payment transactions	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**671**	915	**671**	915
Segment reporting assets	**147,176**	158,684	**35,070**	54,589	**40,065**	42,443	**222,311**	255,716	**33,796**	36,389	**256,107**	292,105	**(81,177)**	(85,750)	**174,930**	206,355
Unallocated assets															**1,260**	823
Total assets															**176,190**	207,178
Segment reporting liabilities	**20,790**	26,425	**38,230**	13,467	**4,843**	7,372	**63,863**	47,264	**3,881**	329	**67,744**	47,593	**(31,907)**	50	**35,837**	47,643
Unallocated liabilities															**2,910**	4,381
Total liabilities															**38,747**	52,024

* After excluding depreciation, impairment of goodwill, loss on liquidation of subsidiary, finance cost, interest income and foreign exchange (loss)/gain (net).

25 Financial risk management

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

The carrying amounts of financial assets and contract assets represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The maximum exposure to credit risk from trade and other receivables+, and contract assets at the reporting date by geographical areas is as follows:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Singapore	**9,817**	10,217	**6,777**	6,748
China	**7,809**	10,240	**350**	895
Malaysia	**2,996**	4,000	**359**	667
United States	**3,312**	3,465	**191**	587
Hong Kong	**52**	18	**12**	–
Others	**3,717**	3,748	**1,161**	1,312
	27,703	31,688	**8,850**	10,209

\+ *Excludes prepayments and advances to suppliers and amounts due from subsidiaries*

At the reporting date, there is a concentration of credit risk relating to one major customer at the Group and the Company level (2022: one major customer at the Group and the Company level) with outstanding receivable balance of approximately $5,234,243 (2022: $3,005,000) and $5,234,243 (2022: $3,005,000) at the Group and the Company respectively in manufacturing segment.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets which comprise a large number of small balances, while for other receivables+ there is no significant increase in credit risk for these exposures, therefore impairment has been measured on the 12-month expected loss basis and the amount of the allowance is insignificant.

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.

25 Financial risk management (cont'd)

Credit risk (cont'd)

Expected credit loss assessment (cont'd)

The following table provides information about the exposure to credit risks and ECL of trade receivables and other receivables+, and contract assets as at 31 December.

	2023		2022	
	Gross carrying amount	**Impairment loss allowance**	Gross carrying amount	Impairment loss allowance
	$'000	**$'000**	$'000	$'000
Group				
No credit terms	**2,155**	**–**	1,889	–
Not past due	**17,585**	**–**	23,113	–
Past due 1 to 30 days	**5,398**	**–**	5,271	–
Past due 31 to 90 days	**2,307**	**–**	1,122	–
Past due more than 90 days	**261**	**3**	296	3
	27,706	**3**	31,691	3
Company				
No credit terms	**455**	**–**	550	–
Not past due	**5,441**	**–**	5,749	–
Past due 1 to 30 days	**2,852**	**–**	3,295	–
Past due 31 to 90 days	**103**	**–**	407	–
Past due more than 90 days	**–**	**–**	208	–
	8,851	**–**	10,209	–

Movements in the allowance for impairment loss in respect of trade and other receivables+, and contract assets during the year are as follows:

	2023 and 2022	
	Group	**Company**
	$'000	**$'000**
At beginning and end of year	**3**	**–**

\+ *Excludes prepayments, advances to suppliers and amounts due from subsidiaries.*

25 Financial risk management (cont'd)

Credit risk (cont'd)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $60,322,000 and $13,816,000, respectively at 31 December 2023 (2022: $79,347,000 and $18,824,000). The cash and cash equivalents are held with bank and financial institution counterparties with high credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Amounts due from subsidiaries

The Company applies the SFRS(I) 9 *Financial Instruments* general approach for measuring expected credit loss for amount due from subsidiaries. The Company has considered current conditions and forecast of future business prospect of the subsidiaries, as appropriate, for example the Company has considered the financial position, cashflow projection, equity interests in these subsidiaries and expected future earnings.

The Company has current receivables from subsidiaries of $8,108,000 (2022: $8,018,000) as at year end. Based on the qualitative and quantitative factors as above, there are increase credit risk. The impairment loss $1,629,000 (2022: $Nil) (Note 8) was recognised in profit or loss.

The Company has non-current receivables from subsidiaries of $26,827,000 (2022: $27,395,000) as at year end. These balances are amounts lent to subsidiaries to satisfy funding requirements. Based on the qualitative and quantitative factors as above, the credit risk remained the same as prior financial year. The impairment loss $Nil (2022: $838,000) (Note 8) was recognised in profit or loss.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivative financial liabilities					
Group					
2023					
Trade and other payables#	**24,852**	**24,852**	**24,852**	**–**	**–**
Bank loans	**3,341**	**3,526**	**3,526**	**–**	**–**
Lease liabilities	**5,895**	**7,955**	**1,065**	**1,629**	**5,261**
2022					
Trade and other payables#	32,566	32,566	32,204	362	–
Bank loans	7,350	7,703	4,009	3,341	–
Lease liabilities	6,756	9,043	1,229	2,181	5,633

25 Financial risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Non-derivative financial liabilities					
Company					
2023					
Trade and other payables#	**10,632**	**10,632**	**10,632**	**–**	**–**
Bank loans	**3,341**	**3,526**	**3,526**	**–**	**–**
Lease liabilities	**5,396**	**7,446**	**601**	**1,585**	**5,260**
2022					
Trade and other payables#	13,058	13,058	12,696	362	–
Bank loans	7,350	7,703	4,009	3,341	–
Lease liabilities	5,902	8,153	726	1,794	5,633

Excludes advance billings

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

At the reporting date, the interest rate profiles of the Group's interest-bearing financial instruments were as follows:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Fixed rate instruments				
Financial assets	**34,989**	54,181	**11,017**	13,224
Variable rate instruments				
Financial liabilities	**3,341**	7,350	**3,341**	7,350

The Group's interest-bearing financial assets comprise fixed deposits placed with banks. The deposits were rolled over during the financial year at market interest rates upon maturity.

25 Financial risk management (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis

The Group does not account for any fixed rate financial assets at FVTPL. Therefore, in respect of fixed rate instruments, a change in interest rates at the reporting date would not affect profit and loss.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into. If the interest rates increase/decrease by 50 (2022: 50) basis points with all other variables including tax rate being held constant, the loss after tax of the Group and the Company will be higher/lower by $139,000 (2022: $305,000) and $139,000 (2022: $305,000) respectively as a result of higher/lower interest expense on these borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in currencies other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the United States (US) dollar.

The Group's and Company's exposures to foreign currency risk (before elimination of inter-company balances) are as follows:

	Group		**Company**	
	2023	2022	**2023**	2022
	US dollar	US dollar	**US dollar**	US dollar
	$'000	$'000	**$'000**	$'000
Trade and other receivables	**44,142**	58,393	**39,121**	19,974
Cash and cash equivalents	**35,739**	57,307	**3,470**	16,567
Trade and other payables	**(24,875)**	(41,765)	**(645)**	(1,667)
	55,006	73,935	**41,946**	34,874

Sensitivity analysis

A one percentage point strengthening of the Singapore dollar against the US dollar at the reporting date would increase the Group's loss after income tax by approximately $414,000 (2022: $597,000) and increase the Company's loss after income tax by approximately $348,000 (2022: $499,660). This analysis assumes that all other variables remain constant.

A one percentage point weakening of the Singapore dollar against the US dollar at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2022.

25 Financial risk management (cont'd)

Accounting classification and fair values

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents, trade and other payables and unsecured bank loans) 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.

	Amortised costs $'000	Other financial liabilities $'000	Total carrying amount $'000
Group			
31 December 2023			
Trade and other receivables+	**25,815**	**–**	**25,815**
Cash and cash equivalents	**60,322**	**–**	**60,322**
Trade and other payables#	**–**	**(24,852)**	**(24,852)**
Bank loans	**–**	**(3,341)**	**(3,341)**
	86,137	**(28,193)**	**57,944**
31 December 2022			
Trade and other receivables+	30,063	–	30,063
Cash and cash equivalents	79,347	–	79,347
Trade and other payables#	–	(32,566)	(32,566)
Bank loans	–	(7,350)	(7,350)
	109,410	(39,916)	69,494

\+ *Excludes prepayments and advances to suppliers*

\# *Excludes advance billings*

	Amortised costs $'000	Other financial liabilities $'000	Total carrying amount $'000
Company			
31 December 2023			
Trade and other receivables+	**35,502**	**–**	**35,502**
Cash and cash equivalents	**13,816**	**–**	**13,816**
Trade and other payables#	**–**	**(10,632)**	**(10,632)**
Bank loans	**–**	**(3,341)**	**(3,341)**
	49,318	**(13,973)**	**35,345**
31 December 2022			
Trade and other receivables+	38,858	–	38,858
Cash and cash equivalents	18,824	–	18,824
Trade and other payables#	–	(13,058)	(13,058)
Bank loans	–	(7,350)	(7,350)
	57,682	(20,408)	37,274

\+ *Excludes prepayments and advances to suppliers*

\# *Excludes advance billings*

26 Commitments

Capital expenditure commitments

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Capital expenditure contracted for as at the reporting date but not recognised in the financial statements	**5,418**	1,806	**5,378**	1,632

27 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and key executives are considered as key management personnel of the Group and Company.

Key management personnel compensation comprises:

	Group	
	2023	2022
	$'000	$'000
Directors' fees	**233**	198
Short term employee benefits	**4,244**	3,921
Contributions to defined contribution plans	**140**	115
Share-based payment transactions	**1,337**	2,047
	5,954	6,281
Comprise amounts paid/payable to:		
- directors of the Company	**3,825**	4,454
- key executives	**2,129**	1,827
	5,954	6,281

28 Dividends

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

	Group	
	2023	2022
	$'000	$'000
Paid by the Company to owners of the Company		
An interim dividend of nil (2022: 0.40 cents) per qualifying ordinary share	**–**	3,012
Final dividend of 0.60 cents (2022: 1.25 cents) per qualifying ordinary share	**4,542**	9,412
	4,542	12,424

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group	
	2023	2022
	$'000	$'000
Proposed by the Company to owners of the Company		
A final dividend of nil (2022: 0.60 cents) per qualifying ordinary share	**–**	4,542

29 Leases

Leases as lessee (SFRS(I) 16)

The Group and the Company lease certain properties, production equipment and IT equipment under lease arrangements that are non-cancellable within one year. Other leases, which include the renewal options, expire at various dates till 2044 and contain provisions for rental adjustments and restrictions to further sub-lease certain properties.

The leases were entered into many years ago as combined leases of land and buildings.

The Group leases IT equipment with contract terms of less than one year. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 3).

29 Leases (cont'd)

Right-of-use assets (cont'd)

	Note	Land and buildings $'000	Production equipment $'000	Total $'000
Group				
2023				
Cost				
At 1 January		10,477	35	10,512
Additions to right-of-use assets	3	1,150	–	1,150
Currency realignment		(165)	(7)	(172)
Disposal/Write-off		(162)	–	(162)
At 31 December		**11,300**	**28**	**11,328**
Accumulated depreciation				
At 1 January		3,591	18	3,609
Depreciation for the year		1,243	5	1,248
Disposal/Write-off		(162)	–	(162)
Currency realignment		(98)	(5)	(103)
At 31 December		**4,574**	**18**	**4,592**
Carrying amount at 31 December		**6,726**	**10**	**6,736**
2022				
Cost				
At 1 January		10,620	30	10,650
Additions to right-of-use assets	3	158	7	165
Currency realignment		(301)	(2)	(303)
At 31 December		10,477	35	10,512
Accumulated depreciation				
At 1 January		2,705	12	2,717
Depreciation for the year		1,053	7	1,060
Write off		–	–	–
Currency realignment		(167)	(1)	(168)
At 31 December		3,591	18	3,609
Carrying amount at 31 December		6,886	17	6,903

29 Leases (cont'd)

	Land and buildings	
	2023	2022
	$'000	$'000
Company		
Cost		
At 1 January	**6,863**	6,707
Additions to right-of-use assets	**967**	156
At 31 December	**7,830**	6,863
Accumulated depreciation		
At 1 January	**1,423**	879
Depreciation for the year	**753**	544
At 31 December	**2,176**	1,423
Carrying amount at 31 December	**5,654**	5,440

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in profit or loss

	Group	
	2023	2022
	$'000	$'000
Interest on lease liabilities	**237**	265
Income from sub-leasing right-of-use assets presented in 'other income'	**(19)**	(44)
Expenses relating to short-term leases	**101**	49
Total cash outflow for leases	**1,375**	1,330

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has no potential exercisable option as at 31 December 2022 and 31 December 2023.

29 Leases (cont'd)

Leases as lessor

The Group leases out its investment property consisting of its investment property disclosed in Note 4. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its investment property (see Note 4) and sub-lease a leasehold property to a third party. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Rental income from investment property and property sublease recognised by the Group during FY2023 was $894,000 (2022: $668,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	2022
	$'000	$'000
Less than one year	**1,087**	850
After 1 year but within 5 years	**2,467**	907
	3,554	1,757

30 Share-based payment arrangements

Description of the share-based arrangements

At 31 December 2023, the Group has the following share-based payment arrangements:

Fu Yu Restricted Share Plan

The Company has implemented the Fu Yu Restricted Share Plan ("RSP") as part of a long-term incentive plan to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate Directors and employees of the Group to achieve desired performance. The Fu Yu Restricted Share Plan was approved and adopted by the shareholders of the Company at an extraordinary general meeting held on 6 September 2022. Capitalised terms used herein have the same meanings ascribed in the RSP.

On 14 November 2022, the Company granted RSP awards (the "RSP Awards") to its Group Chief Executive Officer, Mr Seow Jun Hao David ("Mr David Seow"). On 26 December 2022, the Company issued a supplement letter to amend the vesting periods of the RSP Awards.

30 Share-based payment arrangements (cont'd)

Description of the share-based arrangements (cont'd)

Fu Yu Restricted Share Plan (cont'd)

The key terms and conditions related to the RSP Awards are as follows, to be settled by physical delivery of shares or payment in cash of an amount equal to the aggregate Market Value of such shares on the Vesting Date:

Grant date	Number of RSP Awards '000	Vesting Conditions
On 14 November 2022 (Amended on 26 December 2022)	5,000	Vested on the grant date upon the acceptance of the RSP Award. ("Tranche I")
	5,000	Subject to Mr David Seow's employment with the Group not having ceased for whatever reason on or before 31 December 2023. ("Tranche II")
	3,000	Subject to the achievement of the Group's revenue target and profit before tax target for the financial year 31 December 2022. ("Tranche III")
	3,000	Subject to the achievement of the Group's revenue target and profit before tax target for the financial year 31 December 2023. ("Tranche IV")
	3,000	Subject to the achievement of the Group's revenue target and profit before tax target for the financial year 31 December 2024. ("Tranche V")
	5,000	Subject to the achievement of the Group's revenue target and profit before tax target for the financial year 31 December 2025. ("Tranche VI")
	6,000	Subject to the achievement of the Group's revenue target of and profit before tax target for the financial year 31 December 2026. ("Tranche VII")
Total RSP Awards	30,000	

The vesting of Tranche III to Tranche VII RSP Awards can be earlier or later if, at any point in time:

– A subsequent vesting condition is satisfied prior to its specified vesting date, the shares to be vested in respect of that subsequent vesting condition shall also be vested on such earlier vesting date; and

– A previous vesting condition is satisfied subsequent to its specified vesting date, the shares to be vested in respect of that previous condition shall also be vested on such subsequent vesting date.

Measurement of RSP Awards

Cash-settled share-based arrangements

Tranche I, 5,000,000 RSP Awards shares were vested during the previous financial year and fully settled in cash of an amount of $1,012,000 during the current and previous financial year. Tranche II, 5,000,000 RSP Awards shares were vested as at 31 December 2023 and the fair value has been measured based on the share price of the Company on vesting date. On 9 January 2024, Tranche II RSP Awards were settled by way of issuance of 5,000,000 shares (see Note 32).

30 Share-based payment arrangements (cont'd)

Measurement of RSP Awards (cont'd)

Cash-settled share-based arrangements (cont'd)

In the previous financial year, the inputs used in the measurement of the fair values at grant date and measurement date of the RSP were as follows:

	Group and Company	
	Grant date	**Measurement date**
	14.11.2022	**31.12.2023**
Fair value (cents)	21.50	21.50
Share price (cents)	21.50	15.70
Expected dividends	7.4%	7.2%

Movements of the cash-settled share-based payment liabilities arising from Tranche I and II RSP Awards were as follows:

	Group and Company	
	2023	2022
	$'000	$'000
Carrying amount at 1 January	**625**	–
Share-based payment expense recognised during the year	**666**	625
Payment made	**(506)**	–
	785	625

Equity-settled share-based arrangements

Tranche III to VII, 20,000,000 RSP Awards which are subject to the performance conditions set out under the RSP are valued based on share price of the Company adjusted for expected dividend and probability of meeting the performance conditions, based on the following key assumptions:

Share price at grant date (cents)	21.50
Fair value (cents):	
FY2022	20.70
FY2023	19.20
FY2024	18.10
FY2025	17.10
FY2026	16.10
Expected dividends	7.2%
Probability of meeting the performance conditions:	
Best	30%
Base	60%
Worst	10%

30 Share-based payment arrangements (cont'd)

Equity-settled share-based arrangements (cont'd)

Key assumptions used for the financial performance of the base case scenario (Manufacturing Segment):

	Group and Company	
	2023	2022
Revenue growth rate	**8% – 51%**	8% – 12%
Gross profit margin	**19%**	25%

Management determined budgeted gross profit margin based on past performance and its expectations of market developments. Revenue growth was projected taking into account the estimated sales volume and price growth. It was assumed that the sales price would grow at a constant margin above forecast inflation.

For the key assumptions used for the supply chain management services segment, see Note 6.

4,000,000 RSP Awards from Tranche III and Tranche IV were vested upon achievement of the performance conditions and 4,000,000 ordinary shares in the capital of the Company were issued to Mr David Seow (see Note 13).

5,000,000 RSP Awards from Tranche II were vested on 31 December 2023 and 5,000,000 ordinary shares in the capital of the Company were issued to Mr David Seow on 9 January 2024.

The movement in the share awards reserve during the year was as follow:

	Group and Company	
	2023	2022
	$'000	$'000
Outstanding at 1 January	**915**	–
Share-based payment expense recognised during the year	**671**	915
Issuance of shares	**(827)**	–
Outstanding at 31 December	**759**	915

Reconciliation of outstanding RSP Awards

The number of RSP Awards under the RSP is as follows:

	Number of RSP Awards	
	2023	2022
Outstanding at 1 January	**25,000**	–
Granted during the year	–	30,000
Vested during the year	**(9,000)**	(5,000)
Outstanding at 31 December	**16,000**	25,000

Expense recognised in profit or loss

For details on the related employee benefit expenses, see Note 27.

31 Comparative figures and prior year adjustments

Prior year adjustments have been made to the comparative figures as follows:

(i) The Group adjusted for foreign currency translation reserve relating to subsidiaries which were liquidated in year 2012 and 2022 not reversed in the year of liquidation;

(ii) The Group adjusted for the cost and accumulated depreciation on property, plant and equipment transferred within the Group;

(iii) The Group reversed the accrual of withholding taxes arising from amount due from subsidiaries no longer required;

(iv) The Group reversed the accrual made by a China subsidiary for tax and VAT payables no longer required due to customer who went bankrupt and inter-company loan waiver;

(v) The Group reversed the accrual of other expenses due to potential staff dispute and other tax liabilities no longer required; and

(vi) The Group reclassified the investment property to property, plant and equipment.

31 Comparative figures and prior year adjustments (cont'd)

These errors have now been recognised by way of retrospective adjustments. The effects of the errors are as follows:

	As previously reported $'000	Prior year adjustments $'000	As restated $'000
Group			
Consolidated Statement of Financial Position as at 31 December 2022			
Non-current assets			
Property, plant and equipment	61,628	1,363	62,991
Investment property	6,785	(647)	6,138
Equity attributable to equity holders of the Company			
Reserves	49,269	3,727	52,996
Current liabilities			
Trade and other payables	34,690	(2,320)	32,370
Tax payable	3,237	(691)	2,546
Consolidated Statement of Financial Position as at 1 January 2022			
Non-current assets			
Property, plant and equipment	60,026	1,446	61,472
Investment property	7,379	(712)	6,667
Equity attributable to equity holders of the Company			
Reserves	51,705	3,745	55,450
Current liabilities			
Trade and other payables	35,184	(2,320)	32,864
Tax payable	7,796	(691)	7,105
Consolidated Statement of Profit or Loss and other Comprehensive Income for the financial year ended 31 December 2022			
Selling and administrative expenses	(22,912)	(18)	(22,930)
Other operating (expense)/income, net	428	169	597
Profit before tax	17,271	151	17,422
Profit for the year attributable to owners of the company	14,434	151	14,585
Foreign currency translation differences	(5,192)	(169)	(5,361)
Total comprehensive income for the year attributable to owners of the Company	9,073	(18)	9,055
Consolidated Statement of Cash Flows for the financial year ended 31 December 2022			
Profit before income tax	17,271	151	17,422
Depreciation of property, plant and equipment and investment property	7,792	18	7,810
Loss on liquidation of a subsidiary	253	(169)	84

32 Subsequent events

On 9 January 2024, the Company issued and allotted an aggregate of 5,000,000 shares to its Group Chief Executive Officer pursuant to the vesting of share awards under the Fu Yu Restricted Share Plan.

33 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 27 March 2024.

As at 22 March 2024

Number of Issued and Paid-up Share Capital	:	**S$103,770,153**
Number of Issued and Paid-up Shares	:	**761,994,775**
Class of Shares	:	**Ordinary Shares**
Voting Rights	:	**One Vote per Ordinary Share**
Number and Percentage of Treasury Shares	:	**Nil**
Number and Percentage of Subsidiary Holdings Held	:	**Nil**

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	97	1.40	4,189	0.00
100 - 1,000	347	4.99	173,072	0.02
1,001 - 10,000	2,971	42.74	15,077,862	1.98
10,001 - 1,000,000	3,491	50.22	244,914,936	32.14
1,000,001 AND ABOVE	45	0.65	501,824,716	65.86
TOTAL	**6,951**	**100.00**	**761,994,775**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2024

(As recorded in the Register of Substantial Shareholders)

	Direct interest	%	Deemed interest	%
Pilgrim Capital VCC – Global Manufacturing Fund (1)	–	0.00	224,392,511	29.45
Morgan Stanley & Co. International plc (2)	–	0.00	224,378,911	29.45
Morgan Stanley Investments (UK) (2) (3)	–	0.00	224,378,911	29.45
Morgan Stanley International Limited (2) (3) (4)	–	0.00	224,378,911	29.45
Morgan Stanley International Holdings Inc. (2) (3) (4) (5)	–	0.00	224,378,911	29.45
Morgan Stanley (2) (3) (4) (5) (6)	–	0.00	224,378,911	29.45
Mitsubishi UFJ Financial Group, Inc. (2) (3) (4) (5) (6)(7)	–	0.00	224,378,911	29.45

Note:

(1) Pilgrim Capital VCC – Global Manufacturing Fund ("**Pilgrim Capital VCC**") is a variable capital company. Pilgrim Partners Asia (Pte.) Ltd is the fund manager of Pilgrim Capital VCC. These Shares are held in custody by a nominee pursuant to a Prime Brokerage Agreement entered into with Maybank Kim Eng Securities Pte. Ltd. ("**Maybank**").

(2) Morgan Stanley & Co. International plc ("**MSIP**") has rights of use over Maybank's 224,378,911 Shares held in custody with Morgan Stanley Asia (Singapore) Securities Pte Ltd. and is therefore deemed interested in 224,378,911 Shares pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore.

(3) Morgan Stanley Investments (UK) ("**MSUK**") holds a 100% direct interest in MSIP and is therefore deemed interested in 224,378,911 Shares pursuant to Section 7 of the Companies Act.

(4) Morgan Stanley International Limited ("**MSIL**") holds a 100% direct interest in MSUK and is therefore deemed interested in 224,378,911 Shares pursuant to Section 7 of the Companies Act.

(5) Morgan Stanley International Holdings Inc. ("**MSIH**") holds a 100% direct interest in MSIL and is therefore deemed interested in 224,378,911 Shares pursuant to Section 7 of the Companies Act.

(6) Morgan Stanley holds a 100% direct interest in MSIH and is therefore deemed interested in 224,378,911 Shares pursuant to Section 7 of the Companies Act.

(7) Mitsubishi UFJ Financial Group, Inc. ("**MUFG**") holds a 23% direct interest in Morgan Stanley and is therefore deemed interested in 224,378,911 Shares pursuant to Section 7 of the Companies Act.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2024

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	224,378,911	29.45
2	DBS NOMINEES (PRIVATE) LIMITED	37,941,400	4.98
3	RAFFLES NOMINEES (PTE.) LIMITED	30,731,400	4.03
4	HO NEE KIT	22,468,388	2.95
5	CITIBANK NOMINEES SINGAPORE PTE LTD	20,860,050	2.74
6	TAM WAI	20,632,738	2.71
7	WONG GHAN OR WONG SHI HAO	14,179,200	1.86
8	CHING HENG YANG	10,659,738	1.40
9	HONG LEONG FINANCE NOMINEES PTE LTD	10,000,500	1.31
10	PHILLIP SECURITIES PTE LTD	9,138,485	1.20
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,446,852	0.98
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	6,352,060	0.83
13	LIEW CHOON FONG	5,700,000	0.75
14	LOH TEE YANG	5,250,000	0.69
15	MAYBANK SECURITIES PTE. LTD.	5,169,355	0.68
16	SEOW JUN HAO DAVID (XIAO JUNHAO)(1)	5,000,000	0.66
17	IFAST FINANCIAL PTE. LTD.	4,773,800	0.63
18	TAY HUAY HONG	4,488,000	0.59
19	OCBC SECURITIES PRIVATE LIMITED	4,371,939	0.57
20	HEW LIEN LEE	4,000,000	0.52
		453,542,816	**59.53**

Note:

(1) Of the 9,000,000 shares held by Mr. Seow Jun Hao David, 4,000,000 shares are registered under OCBC Nominees Singapore Private Limited.

As at 22 March 2024, 68.85% of the issued and paid-up shares of the Company were held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**Annual General Meeting**" or "**AGM**") of **FU YU CORPORATION LIMITED** (the "**Company**") will be held at Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 25 April 2024 at 10.00 a.m. (Singapore time) for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2023, together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of Mr Hew Lien Lee, a Director of the Company who is retiring pursuant to Regulation 110 of the Constitution of the Company and who is not seeking re-election.

   [See Explanatory Note (i)]

3. To re-elect Mr Poh Kai Ren, Daniel, a Director of the Company who will be retiring by rotation pursuant to Regulation 110 of the Constitution of the Company and who, being eligible, offers himself for re-election.

   [See Explanatory Note (ii)] **(Resolution 2)**

4. To approve the payment of Directors' fees of $233,000 for the financial year ending 31 December 2024, payable quarterly in arrears (2023: $233,000). **(Resolution 3)**

5. To re-appoint Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

6. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be given to the Directors to:

   (a) issue shares in the Company (the "**Shares**") whether by way of rights, bonus or otherwise; or

   (b) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (notwithstanding the authority conferred by this ordinary resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this ordinary resolution was in force,

   provided that:

   (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards, provided that the share options or share awards (as the case may be) were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in this Resolution, "subsidiary holdings" shall have the meaning ascribed to it in the Listing Manual of the SGX-ST;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)] **(Resolution 5)**

7. **Authority to issue shares under the Fu Yu Restricted Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be and are authorised to offer and grant awards in accordance with the provisions of the Fu Yu Restricted Share Plan (the "**Scheme**") and to allot and issue from time to time such number of fully-paid up Shares as may be required to be allotted and issued pursuant to the vesting of the awards under the Scheme provided always that the aggregate number of Shares to be issued pursuant to the Scheme and any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total issued share capital of the Company from time to time and provided also that subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 6)**

8. **Proposed renewal of the Share Purchase Mandate**

That for the purposes of Section 76C and 76E of the Companies Act, the Directors be and are hereby authorised to make purchases of Shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) ascertained as at the time of passing of this ordinary resolution, at the price of up to but not exceeding the Maximum Price as set out in Appendix 1 to the Annual Report and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law to be held or the date when purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier.

For the purposes of this ordinary resolution, "**Maximum Price**" means the maximum price at which the Shares can be purchased pursuant to the Share Purchase Mandate, which shall not exceed the sum constituting five per cent (5%) above the average closing price of the Shares over the period of five (5) Market Days ("**Market Day**" being a day on which the SGX-ST is open for securities trading) in which transactions in the Shares on the SGX-ST were recorded, in the case of a market purchase, before the day on which such purchase is made, and in the case of an off-market purchase on an equal access scheme, immediately preceding the date of offer by the Company, as the case may be, and adjusted for any corporate action that occurs during the relevant five (5) day period and the day on which the purchases are made.

[See Explanatory Note (v)] **(Resolution 7)**

By Order of the Board

Janet Tan
Company Secretary

Singapore,
3 April 2024

Explanatory Notes:

(i) Mr Hew Lien Lee will not be seeking re-election and will, upon his retirement at the conclusion of the Annual General Meeting, cease to be an Executive Director and Chief Executive Officer of the Company.

(ii) **Ordinary Resolution 2** is to re-elect Mr Poh Kai Ren, Daniel ("**Mr Poh**") who will be retiring by rotation pursuant to Regulation 110 of the Constitution of the Company. Mr Poh will, upon re-election, remain as an Independent Director, Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees. The Board of Directors considers Mr Poh to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Detailed information of all retiring directors including information as set out in Appendix 7.4.1. of the Listing Manual can be found under "Board of Directors", "Corporate Governance Report", "Directors' Statement" and "Additional Information on Directors Seeking Re-election" sections of the Company's Annual Report.

(iii) **Ordinary Resolution 5**, if passed, will authorise and empower the Directors of the Company from the date of the AGM to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, of which the total number of Shares that may be issued other than on a pro-rata basis to shareholders shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time the resolution is passed. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

(iv) **Ordinary Resolution 6**, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Scheme in accordance with the provisions of the Scheme and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Scheme subject to the maximum number of shares prescribed under the provisions of the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme is limited to fifteen per cent (15%) of the total issued share capital of the Company from time to time subject to such adjustments as may be made to the Scheme as a result of any variation in the capital structure of the Company.

(v) **Ordinary Resolution 7**, if passed, will empower the Directors, from the date of this AGM until the date of the next annual general meeting, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting or when purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier, to purchase Shares by way of market purchases or off-market purchases of up to ten per cent (10%) of the total issued Shares (excluding treasury shares and subsidiary holdings) at such price up to the Maximum Price. Information relating to this ordinary resolution is set out in Appendix 1 to the Annual Report.

Notes:

1. The Annual General Meeting will be held, in a **wholly physical format**, at Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 25 April 2024 at 10.00 a.m. **There will be no option for members of the Company ("Members") to participate virtually**. Printed copies of this Notice of AGM, the accompanying proxy form and the Request Form will be sent by post to Members (collectively, the "**Documents**"). The Documents will also be published on the Company's website at the URL https://www.fuyucorp.com/investor-relations/annual-reports/ and https://www.fuyucorp.com/investor-relations/agm-egm/, as well as on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such shareholder's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing the proxies.

3. A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such shareholder's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

4. A proxy need not be a Member. A Member may choose to appoint the Chairman of the Meeting as his/her/its proxy.

5. CPF and SRS investors:

   (a) may vote at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 April 2024.

6. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675; or

   (b) if submitted electronically, be submitted via email to the Company at AGM@fuyucorp.com,

   in either case, by 10.00 a.m. on 22 April 2024, being not less than 72 hours before the time appointed for holding the AGM.

   A Member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. **Members are strongly encouraged to submit completed proxy forms electronically via email.**

7. The proxy form must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the proxy form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the proxy form, failing which the proxy form may be treated as invalid.

8. In the case of Members whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register, as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

9. Members, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the Annual General Meeting in advance of the Annual General Meeting:

   (a) by post to the registered office of the Company at 8 Tuas Drive 1, Singapore 638675; or

   (b) or via email to the Company at AGM@fuyucorp.com.

   When submitting questions by post or via email, Members should also provide the following details: (i) the Member's full name; (ii) the Member's address; and (iii) the manner in which the Member holds shares in the Company (e.g., via CDP, CPF, SRS and/or scrip), for verification purposes. All questions submitted in advance must be received by 5.00 p.m. on 12 April 2024.

10. All substantive and relevant questions related to the resolutions to be tabled for approval at the AGM received in advance of the AGM by 5.00 p.m. on 12 April 2024, will be addressed and published at least 48 hours prior to the deadline for the submission of the proxy form on the Company's website at https://www.fuyucorp.com/investor-relations/agm-egm/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements. The Company will respond to questions or follow-up questions either within a reasonable timeframe before the AGM, or at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

11. Members, including CPF and SRS investors, and (where applicable) duly appointed proxies and representatives can also ask the Chairman of the Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

12. The Annual Report for the financial year ended 31 December 2023 (the "**Annual Report 2023**") and the Appendix 1 to the Annual Report dated 3 April 2024 in relation to the proposed renewal of the share purchase mandate ("**Appendix 1**") have been published and may be accessed at the Company's website as follows:

    (a) the Annual Report 2023 may be accessed at the URL https://www.fuyucorp.com/investor-relations/annual-reports/ by clicking on "2023 Annual Report"; and

    (b) the Appendix 1 may be accessed at the URL https://www.fuyucorp.com/investor-relations/agm-egm/ by clicking on "Appendix 1".

    The above documents may also be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements. Members may request for printed copies of these documents by completing and submitting the Request Form sent to them by post together with printed copies of this Notice and the accompanying proxy form, or otherwise made available on the Company's website at the URL https://www.fuyucorp.com/investor-relations/agm-egm/ and the SGX website at the URL https://www.sgx.com/securities/company-announcements, by 5.00 p.m. on 12 April 2024.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Poh Kai Ren, Daniel is a Director seeking re-election at the forthcoming annual general meeting of the Company ("**AGM**") (the "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Director as set out in the Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:–

Date of Appointment	4 October 2021
Date of last re-appointment	26 April 2022
Age	37
Country of principal residence	Singapore
The Board's comments on this re-appointment	The NC, having reviewed and considered the qualification, independence, expertise, past experience and overall contribution of Mr Poh Kai Ren, Daniel ("**Mr Poh**"), recommended to the Board that Mr Poh be nominated for re-election at the forthcoming AGM. The Board accepted the NC's recommendation and recommends shareholders to approve the re-election of Mr Poh as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director, Independent Director Chairman of Audit Committee Member of Remuneration Committee Member of Nominating Committee
Professional Qualifications	Bachelor of Accountancy, Nanyang Technological University
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interests (including any competing business)	No
Working experience and occupation(s) during the past 10 years	2021 to Present – Executive Director of Hildrics Capital Pte. Ltd. 2021 to 2021 – Senior Manager of HG Metal Manufacturing Limited 2013 to 2021 – Partner (Private Equity Fund Management) of SEAVI Advent Management Pte. Ltd. 2011 to 2013 – Senior Associate of PwC Singapore
Undertaking has been submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1)	Yes
Shareholding interest in the listed issuer and its subsidiaries	No
Other Principal Commitments Including Directorships: Past (for the last 5 years)	Directorships: 1. Fu Yu Supply Chain Solutions Pte. Ltd. 2. Fu Yu Ventures Pte. Ltd. Other Principal Commitments: 1. SEAVI Advent Management Pte. Ltd. 2. HG Metal Manufacturing Limited

Present	Directorships: 1. Hildrics Capital Pte. Ltd 2. Hongtu Capital Pte. Ltd. 3. Unidit Pte. Ltd. 4. Hildrics Asia Growth Fund VCC 5. Climagreen Asia Pte. Ltd. 6. HAGF Investment (I) Pte. Ltd. 7. Adera AI Pte. Ltd. 8. Novation Solutions Limited 9. Datapost Pte. Ltd. Other Principal Commitments: 1. Hildrics Capital Pte. Ltd.

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Mr Poh has answered "No" to all the following questions.

(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

(c) Whether there is any unsatisfied judgment against him?

(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?

(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

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FU YU CORPORATION LIMITED

Company Registration No. 198004601C
(Incorporated in the Republic of Singapore)

IMPORTANT

1. The Annual General Meeting ("**AGM**") will be held, in a wholly physical format, at Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 25 April 2024 at 10.00 a.m.. **There will be no option for members of the Company ("Members") to participate virtually**.
2. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
3. This proxy form is not valid for use and shall be ineffective for all intents and purported to be used by CPF and SRS investors.
4. CPF and SRS investors:
   (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 16 April 2024.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2024.

PROXY FORM

I/We*, ______________________ (Name) ______________________ (NRIC/Passport/Registration No.)

of ____ (Address)

being a member/members* of Fu Yu Corporation Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her*, the Chairman of the AGM of the Company as my/our proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the AGM of the Company to be held at Bridge Room, Level 2, Raffles Marina, 10 Tuas West Drive Singapore 638404 on Thursday, 25 April 2024 at 10.00 a.m. and at any adjournment thereof.

I /We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matters arising at the AGM.

All resolutions put to the vote of the AGM shall be decided by the way of poll. Please indicate the number of votes as appropriate.

**Delete as appropriate.*

No.	Ordinary Resolutions relating to:	No. of votes For*	No. of votes Against*	No. of votes Abstain*
Ordinary Business				
1	Approval of Directors' Statement and Audited Financial Statements for the year ended 31 December 2023			
2	Re-election of Mr Poh Kai Ren, Daniel as Director			
3	Approval of Directors' fees of S$233,000 for the financial year ending 31 December 2024, payable quarterly in arrears			
4	Re-appointment of Baker Tilly TFW LLP as Auditors			
Special Business				
5	Authority to allot and issue new shares			
6	Authority to issue shares under the Fu Yu Restricted Share Plan			
7	Proposed renewal of the Share Purchase Mandate			

* Voting will be conducted by poll. Please indicate with a "X" in the spaces whether you wish your vote(s) to be cast for or against, or abstain from voting, in respect of all your Shares for each Resolution as set out in the Notice of AGM. Alternatively, you may indicate the number of Shares that you wish to vote for or against, and/or abstain from voting, for each Resolution in the relevant box. In the absence of specific directions in respect of a Resolution, the appointment of proxy for that Resolution will be treated as invalid.

Dated this __________ day of ____________ 2024

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) or Common Seal of Shareholders

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. A Member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such shareholder's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing the proxies.
3. A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such shareholder's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. Where a member (whether individual or corporate) appoints a proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of proxy(ies) for that resolution will be treated as invalid.
5. A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.
6. This proxy form, duly executed, must be submitted in the following manner:
   (a) if submitted by post, be lodged at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675; or
   (b) if submitted electronically, be submitted via email to the Company at AGM@fuyucorp.com,

   in either case, no later than 10.00 a.m. on 22 April 2024, being not less than 72 hours before the time appointed for holding the AGM.

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Affix
Postage
Stamp

FU YU CORPORATION LIMITED
8 Tuas Drive 1
Singapore 638675

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Members are strongly encouraged to submit completed proxy forms electronically via email.

7. Completion and submission of the instrument appointing a proxy(ies) by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.
8. The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act 1967 of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General:

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (such as in the case where the appointor submits more than one instrument of proxy). In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy lodged if such members are not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2024.

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FU YU CORPORATION LIMITED
Co. Reg. No. 198004601C
8 Tuas Drive 1, Singapore 638675
T: (65) 6578 7338
www.fuyucorp.com