FU YU CORPORATION LIMITED
(Company Registration Number: 198004601C)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING TO BE HELD ON 27 JUNE 2025
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "**Board**") of Fu Yu Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the to the Notice of Annual General Meeting ("**Notice of AGM**") released on 5 June 2025 relating to the Company's annual general meeting ("**AGM**") to be held on Friday, 27 June 2025 at 10.00 am at Chartroom, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404.

As stated in the Notice of AGM, the Company will address substantial questions and relevant comments (as may be determined by the Company at its sole discretion) from shareholders related to the resolutions to be tabled for approval at the AGM, which are submitted no later than 5.00 pm on 16 June 2025.

The Company has received such questions from its shareholders and wishes to thank them for the questions and for submitting them within the deadline. For shareholders' ease of reference and reading, the Company has summarised and/or consolidated certain questions together and has also made editorial amendments to some questions for clarity.

Please refer to Appendix A as attached hereto for the list of substantial and relevant questions received from shareholders, and the Company's responses to these questions.

The Company has also received questions from Securities Investors Association (Singapore) ("**SIAS**") ahead of the AGM. Please refer to Appendix B attached hereto for the list of questions posed by SIAS and the Company's to their questions.

BY ORDER OF THE BOARD
FU YU CORPORATION LIMITED

Seow Jun Hao David
Executive Director and Group Chief Executive Officer
20 June 2025

APPENDIX A
RESPONSES TO QUESTIONS FROM SHAREHOLDERS

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as the Company's annual report ("**AR2024**") for the financial year ended 31 December 2024 ("**FY2024**").

1. With reference to page 150 of the AR2024, total staff cost had further increased to S$39.1 million despite the fact that the Supply Chain Services segment is dis-continued in the last quarter of 2024. Can the Board share why there is no reduction in staff cost instead?

Company's Response:

The increase in staff costs is primarily attributable to higher direct labour expenses for the manufacturing segment, and this increase is consistent with the growth in the segment's revenue.

2. With reference to page 152 of the AR2024

a. Does the manufacturing segment procure production materials from the Supply Chain Services (SCS)? Or is the discontinued business only for external customers?

Company's Response:

The Manufacturing segment has its own internal procurement team to purchase materials required for production. While FYSCS has provided some support to the Manufacturing segment, the former's involvement was limited. For example, in FY2023, FYSCS supplied resin raw material to one of the Group's manufacturing entities, which comprised less than 1% of FYSCS's revenue for the year.

b. Is the sourcing for materials for the manufacturing segment now being done by another team, or the same staff in the SCS segment?

Company's Response:

As mentioned in our response in Question 2 (a), the sourcing of materials is being carried out by the Manufacturing segment's internal procurement team.

c. Will the staff under the SCS segment be reduced or re-deployed?

Company's Response:

In line with the discontinuation of FYSCS, there will be no remaining headcount from 2QFY2025.

3. With reference to page 152 of the AR2024

a. Can the board give an update on the investigation into the alleged frauds, as well as potential liability arising from FYSCS?

Company's Response:

The investigations relate to transactions, *i.e.*, the Company's acquisition of Avantgarde Enterprise Pte Ltd (now "**FYSCS**"), the purported misuse of FYSCS's resources and the payment of a pre-paid commission by FYSCS. Currently, no fraud (in the legal sense) has been uncovered. The status of these investigations was announced on 17 June 2025 and further clarified in the Company's announcement on 20 June 2025.

There is no potential liability arising from these transactions, as well as FYSCS in general. The Company is not exposed to a risk of further payments to be paid in relation to these transactions.

Further, the remaining goodwill arising from the acquisition of FYSCS of S$3.3 million has been fully impaired as at 31 December 2024. For completeness, the Group recognised goodwill impairment arising from the acquisition of FYSCS of S$2.7 million in FY2023.

b. Are these allegations mainly attributable to insiders? If so, have these insiders been suspended from duties while the investigations are ongoing?

Company's Response:

As mentioned, currently no fraud (in the legal sense) has been uncovered. The individuals named in the Company's announcement on 1 April 2025 are no longer employees of the Company and/or its subsidiaries.

c. Are there claw-back clauses for bonuses/incentives/salaries within the employment contracts of these individuals should they breach the Company code of conduct?

Company's Response:

As announced on 17 June 2025 and further clarified in the Company's announcement on 20 June 2025, the Company will complete the Maxwellisation process and will consider the relevant input and outcome of the Ongoing Investigations before making an informed decision as to the appropriate next steps to be taken.

4. Auditor's Disclaimer

a. Has this impacted the Company's customer base?

Company's Response:

The Company would like to clarify that the auditors have issued a qualified opinion, and not a disclaimer. The basis for the qualified opinion relates to the ongoing investigations into the affairs of FYSCS as disclosed in Note 32 to the financial statements.

To date, there has been no disruption to the day-to-day operations, and it is business as usual. There has not been any loss of sales or order volumes from existing or new customers.

b. As Fu Yu's gearing is zero, does this have any impact on our relationship with the banks?

Company's Response:

To the best of the Company's knowledge, there has been no impact on our banking relationships to date.

5. I refer to the Chairman's Message on page 3 of the AR2024

a. Are there any new biomedical customers in Singapore and Malaysia? What about China?

b. Does Fu Yu Biomedical mainly serve Singapore and Malaysian customers?

Company's Response:

The biomedical customers secured are based in Singapore, Malaysia and India.

6. **I have been a Fu Yu shareholder for a very long time, and am very disturbed by the events of the past year, yet not surprised. With reference to my AGM questions submitted in prior AGMs, I expressed skepticism about the diversification into FYSCS which I felt had little synergy with the existing business and much concern that the high cash level in FUYU might be squandered and should best be distributed to shareholders.**

I would like to ask if the cash in the company is real? Can the directors and auditors confirm so? And if the cash is real, can the company please distribute excess cash back to shareholders to prevent it from being squandered or diversified into bad businesses like FYSCS? Please explain and elaborate.

Company's Response:

When the Group acquired FYSCS in July 2021, the intention was mainly to broaden its revenue base beyond manufacturing, with FYSCS serving as a broker to procure and sell commodities.

The supply chain management services business was an opportunistic business which relied largely on macro-economic conditions at that time. When the Board and management recognised that this business was no longer sustainable, it swiftly made the decision to cease all business activities.

Moving forward, the Board believes the Group's upgraded manufacturing capabilities will allow us to record better performance. With the cessation of business activities in FYSCS, we will be able to fully focus on our core operations.

The Board would like to assure shareholders that the cash and cash equivalents reported are accurate and reflect the Group's actual financial position as at the end of FY2024. These balances have been independently verified by external auditors as part of the audit process.

As shareholders are aware, Fu Yu recorded a net loss for FY2024 and FY2023. Management will need to preserve the cash for i) working capital to achieve recovery and ii) funding our growth strategies. The cash will also serve as a strong buffer against short-term volatility in the global manufacturing sector, particularly given recent developments related to tariffs announced by the U.S. government.

7. **Also, could the company please quantify how much money did Fu Yu invest in FYSCS and how much did it lose from this failed venture? Please detail and elaborate.**

Since the acquisition, the Group had increased FYSCS's share capital by US$20.0 million (S$25.6 million) to support business operations.

Cumulative net loss from the investment into FYSCS amounted to S$2.5 million, which includes the impairment of goodwill of S$6.0 million. Since the acquisition in 2021, FYSCS has recorded a cumulative net profit of S$3.5 million.

8. **Lastly, despite the company having made mistakes like getting into bad ventures like FYSCS, suffering losses as a consequence, shareholders dividends being suspended, why is it that director fees remained at 233k for the past few years? How and in what ways have the management taken responsibility and accountability for their mistakes? Please explain and elaborate.**

The directors have played a critical role in guiding the Group through its transformation strategy, which included strengthening manufacturing capabilities to create products of higher precision, moving up the value chain to engage customers at the early stages of manufacturing, and expanding our customer base.

Having worked closely with the management team, Fu Yu is seeing the early fruits of recovery. The Group's core manufacturing segment recorded a sharp improvement in FY2024 compared to FY2023 – the first time in more than a decade – while recording a better gross profit margin, as well as a sharp reversal to an operating profit in FY2024 from an operating loss in FY2023.

These ongoing corporate actions have consumed substantial time and resources of our directors. Our decision to maintain directors' fees during FY2024 ensured that the directors were compensated for their contributions during a challenging period.

APPENDIX B
RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

Q1. For the financial year ended 31 December 2024, the group reported a 10.5% increase in revenue, with gross profit margin improving from 11.7% to 13.5%. However, the manufacturing segment (continuing operations) continued to be loss-making, with a reported loss of $(1.2) million.

In Singapore, revenue rose by 20.9% from $38.2 million to $46.2 million in FY2024. Despite this, the segment reported a loss before tax of $(2.8) million, compared to a profit before tax of $1.9 million in FY2023 (Note 25 Operating segments; page 155).

25 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses																
Total external revenue	46,209	38,239	32,098	36,397	36,581	29,305	114,888	103,941	76,395	86,440	191,283	190,381	–	–	191,283	190,381
Inter-segment revenue	635	359	698	–	329	241	1,662	600	–	32	1,662	632	(1,662)	(632)	–	–
Segment profit (loss) before tax*	404	7,181	(1,404)	(645)	5,947	5,229	4,947	11,765	(1,099)	(640)	3,848	11,125	3,957	(10,871)	7,805	254
Depreciation of property, plant and equipment and investment property	(4,235)	(3,984)	(2,386)	(2,693)	(1,786)	(1,958)	(8,407)	(8,635)	(23)	(23)	(8,430)	(8,658)	56	56	(8,374)	(8,602)
Impairment of goodwill	–	–	–	–	–	–	–	–	(3,286)	(2,678)	(3,286)	(2,678)	–	–	(3,286)	(2,678)
Impairment of PPE	–	–	(579)	–	–	–	(579)	–	–	–	(579)	–	–	–	(579)	–
Loss on liquidation of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(432)	–	(432)
Interest income	173	387	78	264	110	117	361	768	1,326	1,153	1,687	1,921	(26)	(17)	1,661	1,904
Finance cost	(312)	(670)	(24)	(27)	(10)	(23)	(346)	(720)	(8)	(239)	(354)	(959)	34	23	(320)	(936)
Foreign exchange (loss)/gain (net)	1,137	(984)	(583)	(192)	(421)	127	133	(1,049)	19	(11)	152	(1,060)	–	946	152	(114)
	(2,833)	1,930	(4,898)	(3,293)	3,840	3,492	(3,891)	2,129	(3,071)	(2,438)	(6,962)	(309)	4,021	(10,295)	(2,941)	(10,604)

(Source: company annual report; emphasis added)

However, on page 7 in the section titled "Operations review", it was stated that the manufacturing segment in Singapore recorded profit before tax of $1.2 million in FY2024, reversing a loss before tax of $(6.9) million in FY2023.

(i) Can management clarify the apparent contradiction between the disclosures in Note 25 and the operations review?

<u>Company's Response</u>:

Note 25 includes transactions before group-level adjustments and eliminations; the loss before tax in FY2024 of S$2.8 million included a S$3.9 million impairment on amount due from subsidiaries, which was eliminated at the Group level. Please also refer to Note 8 to the financial statements for further information.

The profit before tax in FY2023 of S$1.9 million included dividend income from subsidiaries of S$6.2 million, which was also eliminated at the Group level.

In contrast, the Operations Review section on page 7 of the AR2024 presents an adjusted view of the Singapore operations, excluding intra-group transactions and adjustments, to accurately reflect the operational performance of the segment.

Revenue from China was $32.1 million in FY2024, compared to $36.5 million in FY2023.

(ii) Has the board assessed the risk exposure to rising geopolitical tensions, including US-China trade restrictions, and how has this been factored into the group's strategic planning?

Company's Response:

As mentioned in its 1Q2025 business update dated 15 May 2025, the global manufacturing sector has become increasingly volatile, mainly due to the tariffs announced by the U.S. government. The situation is rapidly evolving, with the U.S. and China recently reaching a deal after months of negotiations.

In response, Fu Yu is leveraging its diversified manufacturing footprint and seamless interoperability to offer customers geographical flexibility, and expects revenue contribution by location to evolve over the next few years. Within its China operations, the Group is also looking to capture new opportunities, particularly among customers adopting a "China-for-China" manufacturing strategy.

The Group's broader customer base, strong balance sheet, and enhanced manufacturing capabilities will also serve as a buffer against short-term uncertainty in the operating environment.

The supply chain management services segment, which was discontinued in FY2024, incurred losses of $(3.26) million in FY2024 and $(2.51) million in FY2023.

(iii) Can the board disclose the total capital invested into the supply chain management services business since 2021, as well as the cumulative profits or losses to date? What lessons has the board drawn from the underperformance of the supply chain management services business in terms of investment discipline, post-investment review processes, and risk governance? Has management been held accountable for performance, and how has this experience informed future capital allocation decisions?

Company's Response:

Please refer to the Company's response in Appendix A, questions 6 and 7.

Q2. On 12 June 2024, the company announced that its subsidiary, Fu Yu Supply Chain Solutions Pte. Ltd. ("FYSCS") had received a letter of demand from solicitors acting for Evertree Hongkong Limited. The demand was for compensation of US$925,773.57 under an alleged profit-sharing agreement dated 1 September 2023.

The company filed its defence with the Singapore International Arbitration Centre ("SIAC").

On 5 June 2025, the company announced that the arbitral tribunal ruled in favour of Evertree. The company is now required to pay a total of $1.67 million, including the claim amount, accrued interest, and legal and arbitration costs.

FYSCS ceased all business activities in the last quarter of FY2024.

(i) Is FYSCS currently solvent? Has it been liquidated or wound up, and has it fulfilled the payment obligations of $1.67 million arising from the arbitral award?

FYSCS is currently solvent, and it has fulfilled its payment obligations on 9 June 2025.

(ii) Given the importance of transparency and accountability, will the board ensure the timely release of the findings by Rajah & Tann and PwC Risk Services ahead of the AGM? If not, what is the board's timeline for communicating the key findings and/or follow-up actions?

As announced by the Company on 17 June 2025 and 20 June 2025, the Company will first conduct a full Maxwellisation process vis-à-vis the persons mentioned in the report by Rajah & Tann Singapore LLP (the "**R&T Report**"), which is expected to take between 4 to 6 weeks. The Company seek for legal advice and will deliberate on its next steps after considering the information obtained through the Maxwellisation process and will update shareholders thereafter.

(iii) Has the board been notified of any other ongoing investigations stemming from the internal audit findings, whether conducted by the company, SGX RegCo, or any regulatory or enforcement agency?

The Board is unaware of any ongoing investigations arising from the internal audit findings by SGX RegCo, or any regulatory or enforcement agency.

(iv) What progress has the company made in its legal or recovery actions against the individuals named in the company's 1 April 2025 announcement?

The Company has received responses from the solicitors of the individuals named but had held off actions pending the finalisation of the R&T Report. The Company intends to first conduct the Maxwellisation process, and to deliberate on the final findings before deciding on the necessary steps to best protect the Company's interests.

Q3. At the annual general meeting scheduled to be held on 27 June 2025, Mr Huang Junli, Christopher and Mr Tan Tong Loong Royston will be retiring by rotation and seeking reelection.

In addition, resolutions 6 to 11 have been tabled pursuant to a requisition by a shareholder, Mr Lim Wei De, Victor, under Section 183 of the Companies Act. These include the removal of Mr Huang Junli, Christopher and Mr Tan Tong Loong Royston as directors of the company, and the appointment of four other individuals as directors.

(i) How was Asian Corporate Advisors Pte Ltd (ACA) selected to assess the suitability and independence of the proposed director candidates? What selection criteria were used, and how many other firms were considered or interviewed as part of this process?

ACA was selected by the Company after a comparison of the proposals submitted to the Company based on the adequacy of resources, experience and track record of the firm, as well as the competitiveness of the fee proposal. The Company had reached out to 10 firms on its own and through its legal advisors as part of this process, with 4 firms formally submitting their proposals for consideration.

(ii) When is ACA expected to complete its evaluation of the four proposed candidates? Will shareholders and their proxies be given adequate time to review ACA's assessment before submitting their votes and proxies?

Please refer to the Company's separate announcement today on 20 June 2025.

(iii) Given the current board uncertainty, can the company clarify if the board remains functional? Have any of the board's key responsibilities or decision-making processes been disrupted? Has the uncertainty surrounding the board affected the group's day-to-day operations, decision making or strategic execution?

As announced on 15 June 2025, Mr Huang Junli, Christopher, Mr Tan Tong Loong Royston and Mr Poh Kai Ren, Daniel had resigned on 11 June 2025. The resignations and appointments of Board members relate to non-executive directors only. Thus, the Group's day-to-day operations and decision-making processes remain unaffected.

Given the short time period between the resignation of its 3 independent non-executive directors and the upcoming AGM, the Company hopes to have a new Board reconstituted as soon as possible. Even in this short window of time, the Company will be looking to appoint new directors to ensure compliance with regulatory and statutory obligations.