



NEWS RELEASE

Fu Yu Records Revenue of S\$71.2 Million in 1H2023 Amid Slower Demand; Accelerates Strategies To Streamline Operations, Strengthen Engineering Resources and Expand Opportunities in Bio-Medical Sector

- Bottom-line impacted by softer demand and geopolitical tensions, as well as expenses related to implementing Smart Factory and increasing engineering resources including for tool and die capabilities
- Healthy balance sheet with net cash of S\$60.8 million
- New biomedical unit to focus on higher precision devices, life sciences products and consumables as Fu Yu undergoes a transformation to move up the value chain

Singapore, 10 August 2023 – Fu Yu Corporation Limited (“**Fu Yu**” or the “**Group**”), announced today lower revenue and gross profit for the 6 months ended 30 June 2023 (“**1H23**”) amid slower demand but said it would accelerate efforts to move up the value chain to target higher precision plastic components and tools and dies for the bio-medical segment.

The SGX Mainboard-listed vertically integrated manufacturer of precision plastic components said 1H23 revenue declined 41.5% to S\$71.2 million from S\$121.8 million in 1H22, as its manufacturing and supply chain management segments faced sluggish business activities amid weak economic growth, prolonged geopolitical tensions and elevated interest rates environment which impacted customer demand.

Revenue for Fu Yu's manufacturing business amounted to S\$52.6 million during the period in review, 26.9% lower than S\$72.0 million a year ago. China's economic recovery has been slower than expected even as the Group secured new domestic customers, while sales in Singapore and Malaysia also eased.

In line with revenue, Fu Yu recorded 1H23 gross profit of S\$6.4 million, 69.6% lower than S\$21.0 million in 1H22. Accordingly, gross profit margin stood at 9.0% in 1H23, compared to 17.3% in 1H22. The Group recorded a net loss of S\$3.9 million for 1H23, compared to a net profit of S\$10.9 million a year ago, mainly due to the lower revenue, higher operating costs related to labour and energy as well as expenses related to developing its Smart Factory and strengthening its engineering resources.

Despite the challenging operating environment, Group's balance sheet remains healthy with net cash of S\$60.8 million as at 30 June 2023. Cash and bank balances amounted to S\$66.1 million while total unsecured bank loans stood at S\$5.3 million. Shareholders' equity stood at S\$140.6 million, equivalent to net asset value of 18.58 cents per share (based on the total number of issued shares of approximately 757.0 million shares) which included net cash of around 8.0 cents per share.

On the outlook, the Group remains cautiously optimistic its order flow will remain healthy, even as countries struggle with economic slowdown and persistent inflationary pressures post-pandemic. In response to these challenges, Fu Yu has initiated several strategies for business transformation and long-term growth.

These strategies include diversifying its customer base, moving up the value chain to provide higher-precision products, enhancing manufacturing capabilities, including its Smart Factory, and related infrastructures, and implementing cost-containment measures.

To target higher precision products and consumables as well as to strengthen tool and die capabilities, Fu Yu has grown its engineering expertise at the senior and mid-management levels. The Group is also widening its customer base into the medical technology and biotechnology sectors through Fu Yu Biomedical Pte. Ltd, which was established in February 2023.

Fu Yu is also improving production processes and infrastructure in line with efforts to move up the value chain to offer new products.

This includes expanding its Smart Factory at 9 Tuas Drive 1 to more than triple its original usable floor space, and optimising layout to improve workflow. The facility, which meets Industry 4.0 standards, features high levels of automation, 3D printing of Tools and Dies and real-time analytics. These upgrades will increase production capacity and efficiency, while enabling new capabilities to fabricate high-precision tools, injection moulding, assembly and full contract manufacturing capabilities.

Fu Yu is also taking its commitment to Science-Based Targets Initiatives (STBi) further by implementing several green initiatives at its Smart Factory. The Group will utilise smart metering and data collection systems to track energy usage and identify areas for improvement. Solar panels will also be installed on its rooftop, with the energy generated used to power on-site operations, lowering the Group's carbon footprint even as it increases production capacity.

Meanwhile, the Group's supply chain solutions arm is working to centralise its resin procurement process to lower costs, commencing with a pilot initiative for its factories in China. The Group is also working with partners with deep domain expertise in commodity supply and trading across the Asia Pacific to grow the business.

Mr David Seow, Group Chief Executive Officer of Fu Yu, said, “Despite macroeconomic headwinds, we continue to see new business opportunities, and have been investing to enhance our capabilities and capture markets which offer higher margins. Hence, our financial performance for 1H23 has to be seen under the lens of our ongoing transformation.

“Looking ahead, we are focused on growing our customer base while maintaining a lean cost structure, in anticipation of a challenging operating environment. The Group is finalising its Smart Factory, which we expect to fully launch by the first quarter of 2024. Featuring Industry 4.0 capabilities and improved automation, the facility will enable Fu Yu to grow our lead as one of Asia’s largest high-precision plastic parts manufacturer, in turn adding value to shareholders as well as our business partners.”

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 10 August 2023.

About Fu Yu Corporation Limited

Fu Yu provides vertically-integrated services for the manufacture of precision plastic components, fabrication of precision moulds and dies, and, under its wholly-owned subsidiary Fu Yu Supply Chain Solutions Pte Ltd, provides commodities supply chain management services.

Since its inception in 1978, the Group has grown to become one of the largest manufacturers of high precision plastic parts and moulds in Asia. Today, the Group has established a strong presence in the region with manufacturing facilities located in Singapore, Malaysia and China.

Leveraging on over 40 years of operating history, the Group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical, automotive and power tool sectors.

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