FU YU CORPORATION LIMITED ANNUAL REPORT 2009

富裕 FuYu

FU YU CORPORATION LIMITED

Annual Report 2009

Contents

Mission Statement

Fu Yu aims to be the preferred global partner in engineering plastic products, from design to full assembly.

We will deliver our vision through: embracing technology and creativity; providing satisfaction to our customers; continuous learning for our people; and maximising returns to our shareholders.

Established in 1978 as a partnership fabricating injection moulds and manufacturing plastic injection parts, Fu Yu has since grown to become a listed corporation with regional presence. We are now one of the largest manufacturers and suppliers of high-precision injection moulds and plastic parts in Asia. Currently, we have 12 plants in Singapore, Malaysia and China.

Taking a vertically integrated approach towards greater profitability, our operations make a complete range from design to fabrication to assembly, and include secondary processes such as silk screening, pad printing, ultrasonic welding, heatstaking and spray painting. The markets we serve include the information technology, telecommunications, automotive, medical, electronic and electrical appliance sectors.

Corporate Information

Board of Directors
Dr John Chen Seow Phun, Chairman
Ching Heng Yang, Vice Chairman
Tam Wai
Ho Nee Kit
Ho Kang Peng
Hew Lien Lee
Ng Hock Ching (appointed on 1 January 2010)
Tan Yew Beng
Foo Say Tun

Executive Directors
Ching Heng Yang
Tam Wai
Ho Nee Kit
Ho Kang Peng
Hew Lien Lee
Ng Hock Ching

Non-Executive Directors
Dr John Chen Seow Phun
Tan Yew Beng
Foo Say Tun

Audit Committee
Dr John Chen Seow Phun, Chairman
Tan Yew Beng
Foo Say Tun

Nominating Committee
Foo Say Tun, Chairman
Dr John Chen Seow Phun
Tan Yew Beng

Remuneration Committee
Tan Yew Beng, Chairman
Dr John Chen Seow Phun
Foo Say Tun

Company Secretary
Low Geok Eng Susie

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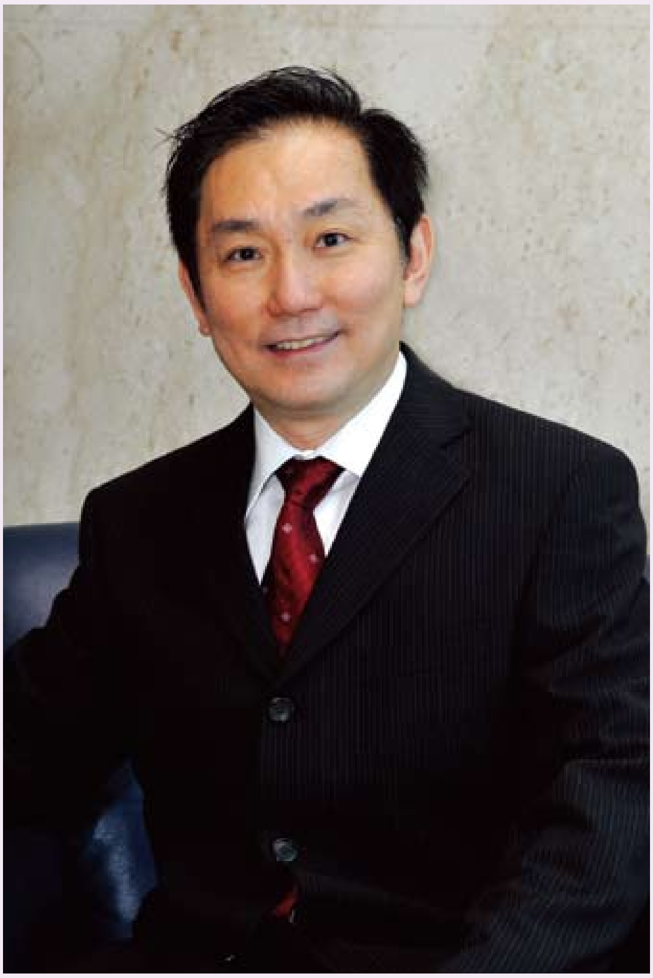
Website: www.fuyucorp.com

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

External Auditors
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Ang Fung Fung
With effect from financial year 2009

Bankers
DBS Bank Ltd
Malayan Banking Berhad

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I present to you the Group's Annual Report for the financial year ended 31 December 2009 ("FY2009").

It has been an extremely challenging year for the entire manufacturing industry, stemming from a sharp decline in consumer demand on the back of rising unemployment and continued global economic uncertainty. The persistent effects of the financial economic crisis which had its beginnings in 2008 continued to be felt badly into 2009. Economic recovery started in the middle of 2009. Nevertheless, the growth in the second half of the year by our industry was not strong enough to counter the weak financial performance of the first half.

Against this backdrop, our Group's revenue for FY2009 decreased by 28.8% to S$232.4 million, from S$326.3 million in FY2008. The decline in Group sales occurred across all our geographical segments and industries, with none spared the effects of the weak consumer demand which led to cancellation or postponement of orders. Net loss after tax consequently stood at S$25.3 million, a 54.7% decrease from the previous year's net loss after tax of S$55.8 million. The net loss was exacerbated, as in the previous year, by impairment charges of S$5.5 million taken during the year. Discounting impairment loss, net loss after tax would have stood at S$19.8 million. Foreign exchange losses due to the weakening of the US dollar vis-a-vis the Singapore dollar and Malaysia Ringgit also affected our results. Though the Group tries to match payments with receipts in terms of foreign currency, our operating expenses are still largely in their local currencies such as Singapore dollars, Malaysia Ringgit and China Renminbi.

A Year of Consolidation

We had begun our restructuring exercise in 2007 with a view to bringing greater financial stability to the company and positioning ourselves for growth. This initiative carried over into FY2008 and FY2009. Due to the slowdown in economic activity, we were able to concentrate on making further progress in rationalising our operations. We aligned our geographical operations with our operational strategies for growth. Hence, we ceased production at two loss-making

Chairman's Statement

subsidiaries in Tianjin and Wuxi, China. Simultaneously, we identified other geographical areas of growth particularly those regions where our key customers are located. Concurrently, we set up a factory in Shenzhen, China, incorporating a wholly-owned subsidiary, Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd in December 2009. The factory was set up to serve our new large customer in South China as well as to take advantage of anticipated accelerated economic growth in this region.

Closer to home, we consolidated our Singapore headquarters' operations, bringing them under our premises in Tuas. Only our subsidiaries, SolidMicron Technologies Pte Ltd and NanoTechnology Manufacturing Pte Ltd, continue to operate at a different location, although plans are underway to move their operations to Tuas as well. This enabled us to further reduce our cost by taking advantage of shared resources and economies of scale. We continued to implement other stringent cost control measures. Our headcount was further reduced from some 5,800 at the beginning of 2009, to 4,500, at the end of December 2009. We implemented a shorter work week and correspondingly lowered salaries across the board. We also adopted energy savings practices, not only as another means of cost control but to be more environmental friendly.

Operationally, we undertook more concerted repair and maintenance work on our machinery, taking advantage of the easing up of operating schedules. We invested in training for our staff, leveraging on government-led initiatives such as the Skills Programme for Upgrading and Resilience ("SPUR"). On the financial front, we strengthened our balance sheet by tightening our inventory control and receivables management. We saw much less inventories and doubtful debts provisions as compared to previous years. Instead we wrote back some of the provisions during the year.

Dividend

The Board of Directors has taken the decision not to declare a dividend this year. This decision was made in light of the need to maintain prudency in financial management and to conserve cash to take advantage of opportunities that may present themselves in the near future.

Outlook and Strategy — Positioning for the Upturn

Although the manufacturing sector has seen improvement towards the end of the year, much depends on the health and recovery of the United States. Nevertheless, we are cautiously optimistic of opportunities in the coming year, confident in our sound business fundamentals and a strong balance sheet. We have taken the opportunity during the economic slowdown to strengthen our capabilities and our capacity. At the same time, we have maintained our core competencies of providing quality products and services, forging strong customer relationships and continuously evolving with technology. We are thus well-poised to ride the inevitable turn-around in the economy, with improved internal processes, a strong and loyal customer base and greater market competitiveness. We will continue to build on our core capabilities and look to further strengthen our offerings and expertise in areas with high growth potential, namely the automotive and medical industries.

Appreciation

On behalf of the Board of Directors, I wish to thank our valued customers, suppliers and business partners for their commitment and support to us. I would also like to thank the management and staff for their dedication, hard work and perseverance in the face of unrelenting pressures and great challenges. It was certainly a tough year and I would like to acknowledge their sacrifices in enduring pay cuts and reduced work days to help the Group tide over the difficult period. I would also like to personally extend my heartfelt appreciation to the members of the Board of Directors for their invaluable contributions and leadership in helping the Group weather the challenges of the past year. It is at this juncture appropriate that I extend a warm welcome to our newly appointed Executive Director, Mr Ng Hock Ching. We are certain that his depth of experience will enable him to contribute effectively to our Group.

Last but not least, I would like to thank you, our shareholders, for your unwavering support. I look forward, together with the management team, to bringing the company forward in the coming year and the years ahead.

Dr John Chen Seow Phun
Chairman

Operations Review

REVENUE AND GROSS MARGIN

For the financial year ended 31 December 2009 ("FY2009") the Group reported a total revenue of S$232.4 million. This was a 28.8% decrease as compared with revenue of S$326.3 million recorded in FY2008. The lower revenue was due to the continuing effects of the economic crisis which saw weak consumer demand impacting all of the Group's geographical segments. Sales in the second half of FY2009 improved a considerable 53.2% over the first half, reflecting the gradual pick-up in consumer demand as the global economic climate improved.

Cost of sales for FY2009 decreased by S$99.0 million or 30.7% to S$223.8 million from S$322.8 million. The decrease in cost of sales follows from the lower revenue and from stringent cost containment measures adopted by the Group. Consequently, gross profit increased by S$5.2 million or 151.2 % to S$8.7 million from S$3.5 million in the year under review. The Group's gross profit margin strengthened to 3.7% from 1.1% in the previous year. In addition, the sale of better margin products and lower depreciation charges as a result of prior years' impairment provision for plant and machinery contributed to the better margin in FY2009.

OTHER INCOME

For FY2009, the Group's other income decreased by S$5.8 million or 47.3% to S$6.5 million from S$12.3 million in FY2008, mainly due to foreign currency loss recorded in the current year under review of S$3.0 million as compared to a foreign currency gain of S$4.6 million in FY2008. The items which contributed to the foreign exchange loss were the translations of receivables, cash, payables and borrowings denominated in currencies other than the functional currencies of the companies within the Group. In particular, as Singapore and Malaysia companies are in the net USD dollars assets position, the weakening of that currency vis-a-vis the Singapore dollar and Malaysian Ringgit affected the financials of the Group.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased by S$0.5 million or 1.4% to S$36.1 million from S$35.6 million in FY2008. The Group recorded an ESOS expense of S$1.4 million in FY2009 for the Employees Share Options granted to employees in October 2008. The increase in selling and administrative expense was also attributed by provision for doubtful debts of S$0.9 million and a one-off write off of unused SAP license fee amounted to S$0.7 million. These increases were eased off by efforts to control costs that helped rein in the expenses.

OTHER EXPENSES

The Group successfully reduced its finance costs by S$0.9 million from S$2.0 million in the previous year to S$1.1 million by repaying and reducing outstanding bank loans.

As in previous years, the Group continued to make impairment provisions on its property, plant and equipment of S$5.5 million as compared with S$36.1 million in FY2008. With the economy outlook ahead looking brighter, lesser impairment provisions were thus required.

The Group's tax credit position of S$1.5 million was mainly a result of write-back of prior years' income tax over provided.

Operations Review

GROUP PROFITABILITY

With the considerable surge in the revenue in the second half of the year, the Group recorded a loss before tax of S$8.1 million in the second half of the year as compared to loss before tax of S$18.7 million in the first half of the year, an improvement of S$10.6 million or 56.7%. A portion of loss before tax is due to the S$5.5 million impairment charge that had to be taken during the fourth quarter of the year. Loss before tax for the second half of the year, excluding the impairment charge, was S$2.6 million.

The Group turned in a net loss of S$25.3 million for the year, which is a 54.7% decrease over the previous year's net loss of S$55.8 million. Net loss, excluding the impairment charge, was S$19.8 million.

GEOGRAPHICAL SEGMENTS REVIEW

Singapore

Singapore contributed 16.8 % or S$39.1 million to total Group revenue. This is a 23.8% or S$12.2 million decrease from S$51.3 million in FY2008. The sluggish performance from this segment was due to overall weak business activities in particular for the consumer electronics industry.

The loss from Singapore increased marginally from S$7.6 million to S$7.7 million as its ESOS expenses increased by S$1.1 million and SAP licenses cost of S$0.7 million was expensed off in FY2009. Excluding these one-off charges, the loss from Singapore segment narrowed by S$1.8 million. The better performance for this geographical segment was partly contributed by the consolidation of operations from two locations, namely Serangoon North and Tuas, to one in Tuas which was completed in end 2008. We will continue to streamline operations and to review deployment of machinery and manpower across our companies to optimise the use of operating resources.

China

While China as a whole was not as severely impacted by the financial crisis and downturn in consumer demand in FY2009, our customers, being large MNCs which depend on exports, were similarly impacted by weak global consumer sentiment. Following from this, China contributed 45.5% or S$105.7 million to total Group revenue, a 31.7% decrease from S$154.7 million in FY2008.

Our operations in China stabilised as our customer initiatives, stringent financial policies and streamlined business operations have borne results since their introduction in 2007. To optimise machinery usage and tap into higher growth business opportunities, we ceased operations at our loss-making subsidiaries in Tianjin and Wuxi while moving into a key growth area, Shenzhen to serve a new large customer.

Malaysia

Malaysia contributed 37.7% or S$87.6 million to total Group revenue, a 27.1% or S$32.6 million decrease from S$120.2 million in FY2008. Malaysia was impacted, as with the other geographical segments, by a decline in sales caused by the uncertain economic environment that caused the plunge in demand for electronic products. With revenue dropping ever so rapidly, aggressive cost controls were put in place to ensure this geographical segment remained profitable. Malaysia recorded segmental profit of S$2.7 million in FY2009 despite facing a difficult economic and business environment.

Awards and Certifications

Awards received by Fu Yu Group in Year 2009

Company	Awards
Fu Yu Corporation Limited	Singapore 1000 Company 2009
Fu Yu Corporation Limited	Certificate of Green Partner issued by Sony Corporation
Classic Advantage Sdn Bhd	Quality Management Excellent Award Presentation for MOC (Malaysia Productivity Corporation)
Fu Hao Manufacturing (M) Sdn. Bhd.	Supplier with Best Overall Performance issued by BOSCH Power Tools (China) Co., Ltd
Solid Micron Technologies Pte Ltd	Suppliers Convention 2009 Co-Design Award issued by Magneti Marelli

Corporate ISO and TS Certification for Fu Yu Group as at end of Year 2009

Company	ISO 9001:2008	ISO 9001:2000	ISO 13485:2003	ISO 14001:2004	TS 16949:2002
Fu Yu Corporation Limited	•			•	
Classic Advantage Sdn Bhd		•			•
Fu Hao Manufacturing (M) Sdn Bhd	•			•	•
SolidMicron Technologies Pte Ltd		•			
NanoTechnology Manufacturing Pte Ltd	•		•	•	
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.		•		•	
Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.		•		•	•
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.		•		•	
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.		•		•	
Fu Yu Moulding & Tooling (Wujiang) Co., Ltd.		•			
QingDao Fu Qiang Electronics Co., Ltd.		•		•	

2010 Corporate Certification Plan

Company	Plan
Classic Advantage Sdn Bhd	TS16949:2008; OSHAS 18001:2007; ISO9001:2008 & ISO14001:2004
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.	TS 16949:2009
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.	TS 16949:2009

Group Structure

富裕 Fu Yu

FU YU CORPORATION LIMITED

- 80% Nano Technology Manufacturing Pte Ltd
- 100% Chang Fu Resources Pte Ltd
- 100% Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.
- 100% SolidMicron Technologies Pte Ltd
- 100% IFN Pte Ltd*
- 100% Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.
- 100% Fu Yu Moulding & Tooling (Wuxi) Co., Ltd.^
- 100% QingDao Fu Qiang Electronics Co., Ltd.
- 100% Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.
- 100% Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.
- 100% Fu Yu Electronics (Dongguan) Co., Ltd.@
- 100% Fu Yu Trading Limited
- 100% Fu Yu International Enterprise Limited
- 100% Fu Yu Moulding & Tooling (Wujiang) Co., Ltd.
- 100% Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd
- 100% Fu Yu Investment Pte Ltd
    - 100% Fu Yu Guadalajara S.A.De C.V.#
    - 100% Fu Yu Moulding & Tooling (Tianjin) Co., Ltd.^
    - 70.64% LCTH Corporation Berhad
        - 100% Classic Advantage Sdn Bhd
        - 100% Fu Hao Manufacturing (M) Sdn Bhd
        - 40% Rexam Malaysia Sdn Bhd

* *Striking off*

@ *Dormant*

\# *Under member's voluntary liquidation*

^ *Ceased production*

Board of Directors

Dr John Chen Seow Phun

Non-Executive Chairman
Independent Director

Dr John Chen Seow Phun, 56, was appointed as Non-Executive Chairman and Independent Director of the Company on 27 November 2007 and was last re-elected on 29 April 2008. He will stand for re-election as a Director at the forth coming Annual General Meeting. Dr Chen was a Member of Parliament from 1988 to 2006. He was the Assistant Secretary General of the NTUC from 1991 to 1997. He also served as the Deputy Chairman and Managing Director of NTUC Healthcare Co-op Ltd from 1992 to 1997. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Prior to joining the Government in 1997, Dr Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd.

Dr Chen is presently the Managing Director of JCL Business Development Pte Ltd, the Chairman of SAC Capital Pte Ltd and Executive Director of Unigold Asia Limited. He is also the non-executive Chairman of Matex International Limited, non-executive Deputy Chairman of PSC Corporation Ltd and Tat Seng Packaging Group Ltd, and Independent Director of Thai Village Holdings Ltd, OKP Holdings Limited, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited, and HLH Group Limited (formerly known as PDC Corp Ltd). Dr Chen was the non-executive director of Adventus Holdings Ltd (formerly known as SNF Corporation Ltd) from February 2004 to November 2007.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.

Ching Heng Yang

Vice Chairman
Executive Director

Mr Ching, 59, one of the co-founders of Fu Yu, is the Vice Chairman and Executive Director of the Company. Mr Ching was appointed as the Executive Director on 10 December 1980 and was last re-elected on 29 April 2008. Mr Ching oversees the plastic injection moulding, finishing and sub-assembly operations of the Group. He is also responsible for the investment in factory buildings and machinery of the Group. Mr Ching has over 36 years of experience in the mould fabrication and plastic injection moulding industry.

Mr Ching is a member of the Singapore Institute of Directors.

At 31 December 2009, Mr Ching holds 12.52% direct interest in the Company.

Ho Kang Peng

Executive Director
Chief Executive Officer (CEO)

Mr Ho Kang Peng, 55, is appointed as our Chief Executive Officer and Executive Director on 31 March 2008. He was last re-elected on 29 April 2008. Mr Ho is responsible for the charting out of new corporate direction, including formulating business strategy, corporate restructuring and management alignment and to meet the new challenges faced by the Company. Mr Ho was the executive director of Fu Yu since 1995. He was responsible for its IPO exercise and regional expansion program of the Company. Mr Ho assisted the Company in setting up overseas subsidiaries covering Malaysia, China and Mexico. He was also responsible for marketing and new investment until he left the Company in 2004. Mr Ho was appointed Executive Director of Watson Plastics Industries in June 2005 and later of the year being appointed as CEO of Scintronix Corporation Ltd (formerly known as TTL Holding Limited). He was responsible for the corporate restructuring, strengthening management by introducing cost analysis and performance measurement for the two companies. Mr Ho is currently the Independent Director of Fuxing China Group Limited and Plastoform Holding Limited.

Mr Ho has more than 27 years of experience in the plastics industries. He holds a Bachelor of Business and Commerce Degree from Nanyang University of Singapore.

At 31 December 2009, Mr Ho holds 0.16% direct interest in the Company.

Board of Directors

Ho Nee Kit

Executive Director

Mr Ho, 56, one of the co-founders of Fu Yu, is the Executive Director of the Group. He was appointed as the Executive Director on 10 December 1980 and was last re-elected on 30 April 2009. Mr Ho jointly oversees the mould fabrication, plastic injection moulding, finishing and sub-assembly operations of the Group. Prior to joining Fu Yu, Mr Ho worked for a plastic injection company as a tool maker. Realising the potential of the precision mould making industry in the 1970s, together with the other 3 partners who also shared the same vision of the industry, they founded Fu Yu in 1978.

Mr Ho is a member of the Singapore Institute of Directors.

At 31 December 2009, Mr Ho holds 13.65% direct interest in the Company.

Tam Wai

Executive Director

Mr Tam, 59, one of the co-founders of Fu Yu, is the Executive Director of the Group. He was appointed as the Executive Director on 10 December 1980 and was last re-elected on 29 April 2008. Mr Tam oversees the mould design and fabrication operations of the Group. Prior to joining Fu Yu, he was involved in mould design and fabrication for 10 years in Hong Kong specializing in high precision moulds for the electronics and electrical industries. Mr Tam has over 40 years of experience in the mould fabrication and plastic injection moulding industry.

Mr Tam is a member of the Singapore Institute of Directors.

At 31 December 2009, Mr Tam holds 13.61% direct and 0.04% deemed interests in the Company.

Hew Lien Lee

Executive Director
Chief Operating Officer (COO)

Mr Hew, 53, was appointed as Executive Director and Chief Operating Officer of the Company on 22 March 2007. He was last re-elected on 19 April 2007 and will stand for re-election as a Director at the forth coming Annual General Meeting. Apart from overseeing the Group's business activities, he is also the Managing Director of LCTH Corporation Berhad ("LCTH"), the Malaysia subsidiary of Fu Yu Group, listed on the Main Market of Bursa Malaysia Securities Berhad, Malaysia on 8 November 2004. Mr Hew joined Fu Yu in 1984 and holds a Diploma in Electrical Engineering. With 30 years of experience in the plastic injection moulding industry, he has played an instrumental role in the successful listing of LCTH. He is responsible for the overall strategic direction and management of Fu Yu and LCTH Group.

Mr Hew is a member of the Singapore Institute of Directors.

As at 31 December 2009, Mr Hew holds 0.01% direct interest in the Company.

Board of Directors

Ng Hock Ching
Executive Director

Mr Ng, 49, was the corporate advisor for the Group prior to being appointed as the Executive Director of the Company on 1 January 2010. His area of responsibilities includes charting the Group's corporate finance direction as well as corporate affairs of the Company. Mr Ng was a director in Scintronix Corporation Ltd (formerly known as TTL Holdings Ltd) from September 2005 to April 2007 and a director in Adventus Holdings Ltd (formerly known as SNF Corporation Ltd) from February 2003 to April 2007.

Mr Ng holds a Masters of Business Administration and a First Class Honours Degree in Electrical and Electronic Engineering from the National University of Singapore. He is also presently an adjunct associate professor at the National University of Singapore.

Mr Ng will stand for re-election as a Director at the forthcoming Annual General Meeting.

At 31 December 2009, Mr Ng holds 2.93% direct and 2.11% indirect interests in the Company.

Tan Yew Beng
Non-Executive Director
Independent Director

Mr Tan, 53, is a non-executive and independent director of Fu Yu. He was appointed as Director on 22 May 1995 and was last re-elected on 30 April 2009. Mr Tan is the Chairman of the Remuneration and member of the Audit and Nominating Committees. He is also a director of several Singapore and Malaysia companies.

Mr Tan holds a Bachelor of Commerce Degree from the Nanyang University of Singapore, Graduate Diploma in Marketing Management from the Singapore Institute of Management and Diploma in Marketing from the Institute of Marketing, United Kingdom.

Mr Tan is serving actively in several social, education and community organisations. He is also a member of the Singapore Institute of Directors.

At 31 December 2009, Mr Tan holds 0.22% indirect interests in the Company.

Foo Say Tun
Non-Executive Director
Independent Director

Mr Foo, 44, is a non-executive and independent director of Fu Yu. He was appointed as Director on 27 November 2007 and was last re-elected on 29 April 2008. He is presently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Foo is qualified to practise law in Singapore and Malaysia. At present, he is a partner in the law firm of Wee, Tay & Lim. His area of practice is civil and commercial litigation.

Key Executives

Chow Weng Fook
Advisor

Mr Chow, 54, is the operational advisor for Fu Yu Corporation Ltd and its Group of companies. He advises and helps the Group in the area of operational efficiency, global procurement and resource deployment. Mr Chow has over 20 years of experience in global supply chain management in the electronics industry with more than ten years in top management positions. He holds a Masters of Technology and a Bachelor of Electrical Engineering degree from the National University of Singapore.

Yeo See Joo
Group Business Development Director

Mr Yeo, 46, joined Fu Yu Corporation Ltd as Group Business Development Director. He is responsible for formulating the Group's business development strategy, developing new business/market opportunities, growing existing business and proposing direction for product development. He has over 26 years of business development experience in the plastics industry holding middle to senior management positions. He joined Philips Machine Factory in 1983 as a mold maker and later joined Tritech Manufacturing Pte Ltd as mold designer and project engineer in 1986, in 1994 joined Thomson Multi Media as a Tooling Engineer. In 1995 he joined Scintronix Corporation Ltd (formerly known as TTL Holding Ltd) and in-charge of the Sales and Marketing and Programs Management in the company till 2005. He later joined Watson Plastics Industries Pte Ltd as the Corporate Business Development Director. He holds an Advance Diploma in Business Management from University of Bradford.

Tan Lay Kheng
Group Human Resource Director

Madam Tan, 56, was the Group Human Resource Manager before she is promoted to Group Human Resource Director in October 2008. She oversees the management and development of the human resources across the Group. She is also responsible for the administrative function of the Group. Madam Tan has 25 years of experience in Industrial Relations Management. She holds a Bachelor of Art Degree.

Liaw Chun Huan
Chief Financial Officer

Mr Liaw, 40, joined Fu Yu Corporation Ltd as the Chief Financial Officer. He is responsible for financial planning and reporting. Mr Liaw joins us with experiences in the financial management and accounting of companies involved in plastic injection moulding, tool fabriciation and servicing the electronics supply chain. His previous relevant industry experiences included working as the Corporate Financial Controller in Watson Plastics Industries Pte Ltd and Chief Financial Officer of Adventus Holdings Limited, (formerly known as SNF Corporation Ltd), a SESDAQ listed company.

Mr Liaw is a Fellow of the Institute of Certified Public Accountants of Singapore. He holds a Masters in Business Administration (Chinese) from National University of Singapore and an honours degree in Accountancy from Nanyang Technological University.

Cheah Ngook Wah
Group Financial Controller

Ms Cheah, 36, is the Group Financial Controller of Fu Yu Group. She is responsible for the Group's accounting and finance functions. Prior to joining Fu Yu, she was an auditor with two of the international accounting firms for 5 years. Ms Cheah is a member of Certified Public Accountant Australia and graduated from the University of Western Australia. She holds a Bachelor of Commerce Degree.

Our Network

Singapore

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SolidMicron Technologies Pte Ltd
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www.solidmicrontech.com

Malaysia

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China

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Heng Li Town, Dongguan, Guangdong
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Fu Yu Moulding & Tooling (Suzhou) Co., Ltd
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China 215128
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Fu Yu Moulding & Tooling (Wujiang) Co., Ltd
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Wujiang Economic Development Zone, Jiangsu
China 215200
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QingDao Fu Qiang Electronics Co., Ltd
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T Building, Hi-Tech Industrial Zone, Qingdao
China 266101
Tel: (86532) 8860 9988 Fax: (86532) 8860 9968

Corporate Milestone

2009

- Incorporation of Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd in Shenzhen, China
- Obtained ISO 14001:2004 certification for our plant in Penang, Malaysia
- Obtained TS 16949 certification for our plant in Johor, Malaysia
- Conversion of ISO 9001:2000 to ISO 9001:2008 certification for the Company and our plant in Penang, Malaysia

2008

- Grant of Options pursuant to Fu Yu Employees Share Option Scheme
- Completion of sale and leaseback of property located at 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, Senai, Johor, Malaysia
- Completion of Capital Repayment and Shares Consolidation of LCTH Corporation Berhad
- Obtained ISO9001:2000, ISO 14001 and TS 16949 certification for our plant in Shanghai

2007

- Placement of 117 million new ordinary shares at S$0.18 each in the capital of the company
- Signed Sale and Purchase Agreement for sale and leaseback of property located at 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, Senai, Johor, Malaysia
- Set up Fu Yu Moulding & Tooling (Wuxi) Co., Ltd, China
- Disposal of Kodon (Tianjin) Electronics & Electrical Apparatus Co., Ltd, China
- Implemented SAP Enterprise Resource Planning System at Fu Yu Moulding & Tooling (Suzhou) Co., Ltd, China
- Obtained ISO 9001:2000 certification for SolidMicron Technologies Pte Ltd
- Obtained ISO 13485:2003 certification for NanoTechnology Manufacturing Pte Ltd

2006

- Completion of sale and leaseback of property at 2 Serangoon North Avenue 5, Singapore
- Joint venture by LCTH Corporation Bhd (Malaysia) with Owens-Illinois Plastics Pte Ltd on the set up of a new Company, O-I Plastics Malaysia Sdn Bhd in Malaysia
- Set up SolidMicron Technologies Pte. Ltd., Singapore
- Achieved ISO 14001 certification for our plants at Suzhou and Qingdao, China

2005

- Entered into a Put and Call Option Agreement for sale and leaseback of Property at 2 Serangoon North Avenue 5, Singapore
- Entered into a Memorandum of Understanding by LCTH Corporation Bhd (Malaysia), with Knobs Sdn Bhd (Malaysia) to co-operate and work together as a strategic alliance
- Implemented SAP Enterprise Resource Planning System at Fu Yu Moulding & Tooling (Dongguan) Co., Ltd, China
- Set up Fu Yu Electronics (Dongguan) Co., Ltd, China
- Achieved ISO 9001:2000 & ISO 14001 for Nano Technology Manufacturing Pte Ltd, Singapore
- Achieved ISO 14001 certification for our plant at Dongguan, China
- Achieved TS 16949 certification for our plant at Tianjin, China
- Achieved ISO 9001:2000 certification for our plant at Qingdao, China
- Winding up of USA plant

2004

- Change of Company's name from Fu Yu Manufacturing Limited to Fu Yu Corporation Limited
- Placement of 23 million new Ordinary Shares of S$0.10 each in the capital of the Company
- Listing of LCTH corporation Berhad on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) in Malaysia
- Purchase of land and construction of buildings in Johor Technology Park to increase manufacturing capacity in Johor, Malaysia
- Joint venture with EDB Ventures Pte. Ltd. on the set up of a new company, NanoTechnology Manufacturing Pte. Ltd. in Singapore
- Winding up of Mexico plant
- Set up plant in Wujiang, China
- Set up plant in Qingdao, China
- Set up another plant in Shanghai, China
- Conversion of ISO 9002 to ISO 9001:2000 for our plant in Suzhou, China
- Achieved ISO 9001:2000 certification for our plant at Wujiang, China
- Achieved ISO 9001:2000 certification for our plant at Zhuhai, China

2003

- Submitted the application to the relevant authorities for the listing of its proposed Malaysia subsidiary company on the main board of the Malaysia Securities Exchange Berhad
- Set up plant in Zhuhai, China
- Set up a management company, Fu Yu International Enterprise Limited in Hong Kong
- Implemented SAP Enterprise Resource Planning System for our plants in Johor, Malaysia
- Conversion of ISO 9002 to ISO 9001:2000 for our plant in Singapore
- Extension of ISO 14001 to our Tuas plant in Singapore
- Conversion of ISO 9002 to ISO 9001:2000 and achieved QS 9000 certification for our plant in Penang, Senai and Kluang, Malaysia
- Conversion of ISO 9002 to ISO 9001:2000 and achieved QS 9000 certification for our plant in Dongguan.

2002

- Commenced implementation of SAP Enterprise Resource Planning System for our plants in Johor, Malaysia
- Achieved ISO 9002:1994 for our plant Mexico
- Additional factory built for our plant in Suzhou, China

2001

- Implemented SAP Enterprise Resource Planning System in Singapore
- Achieved ISO 14001 certification for our plant in Singapore
- Achieved ISO 9001:2000 certification for our plant in Senai, Malaysia
- Additional warehouse built for our plant in Tianjin, China

Corporate Governance

Introduction

The Board of Directors and Management of Fu Yu Corporation Limited recognise the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability.

This report describes Fu Yu's main corporate governance practices and activities with reference to the Singapore Code of Corporate Governance introduced in April 2001 and amended in 2005 (the "Code") and any deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year under review.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

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 management of the Group;
2. approve corporate and strategic direction and policies;
3. approve annual budgets; financial reporting; major funding and investment proposals;
4. monitor management performance;
5. ensure the Company's compliance with prescribed legislations and regulations that are relevant to the business; and
6. assume responsibility for corporate governance.

The Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened when circumstances require. To facilitate Board's decision-making process, the Company's Articles of Association 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 decision by way of circulating resolutions in writing for the Directors' approval.

To assist in the discharge of its responsibilities, the Board has established a number of sub-Board Committees comprising the Audit Committee, Remuneration Committee and Nominating Committee. Terms of reference has been put in place by each of the respective sub-committees.

Corporate Governance

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

Name of Director	Board Meetings		Audit Committee		Remuneration Committee		Nominating Committee	
	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
Ching Heng Yang	4	4	–	–	–	–	–	–
Tam Wai	4	4	–	–	–	–	–	–
Ho Nee Kit	4	4	–	–	–	–	–	–
Ho Kang Peng	4	4	–	–	–	–	–	–
Hew Lien Lee	4	4	–	–	–	–	–	–
Dr John Chen Seow Phun	4	4	4	4	1	1	2	2
Foo Say Tun	4	4	4	4	1	1	2	2
Tan Yew Beng	4	4	4	4	1	1	2	2

Newly appointed directors are briefed by Management on the business operations of the Group and where necessary plant visits were organised as deemed necessary. 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.

Principle 2: Board Composition and Balance

With the appointment of Mr Ng Hock Ching as executive director with effect from 1 January 2010, the Board comprises nine directors of whom six are executive and three independent and non-executive. The Board has examined its size, taking into account the scope and nature of the operations of the Group, and is satisfied that the present size is appropriate in facilitating effective decision-making. Board members comprise of professionals with financial, accounting, legal and industry backgrounds.

The profile of each Director and other relevant information are set out under 'Board of Directors' on pages 8 to 10.

Principle 3: Chairman and Chief Executive Officer

The Board recognized the importance of the Chairman and Chief Executive Officer ("CEO") to be separate persons.

Dr John Chen Seow Phun was appointed the Non-executive Chairman of the Company on 27 November 2007 subsequent to his appointment as an Independent and Non-executive Director.

The Company has appointed Mr Ho Kang Peng as Director and CEO of the Company on 31 March 2008.

Corporate Governance

The Non-executive Chairman schedules board meetings when necessary and set the board meeting agenda in consultation with the CEO and Chief Financial Officer. He ensures that the Board members are provided with complete, adequate and timely information. The Non-executive Chairman also assists in ensuring compliance with the Group's guidelines on corporate governance.

Principle 4: Board Membership

The Nominating Committee (NC) currently comprises Mr Foo Say Tun, Mr Tan Yew Beng and Dr John Chen Seow Phun. The NC is chaired by Mr Foo who is not associated with any substantial shareholders of the Company.

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 Board structure, size and composition and making recommendations to the Board with regards to any adjustments in the structure and size that are deemed necessary;

2. Reviews all nominations for the appointments and re-elections of Director for the purpose of proposing such nominations to the Board for approval;

3. Conducts a review to determine the independence of each Director;

4. 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;

5. Decides how the Board's performance may be evaluated and propose objective performance criteria;

6. 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

7. Makes recommendations to the Board for continuation (or termination) of services of any Director who has reached the age of seventy.

The NC considers the non-executive directors to be independent as defined in the Code.

Despite some of the directors having other Board representations, the NC is satisfied that these directors are able to and adequately carry out their duties as directors of the Company.

In accordance with the Company's Articles of Association, all Directors submit themselves for re-election once every three 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.

In recommending a candidate for appointment or re-appointment to the Board, the NC considers his contributions to the Board and his independent status. NC received a recommendation letter from Mr Ho Kang Peng, CEO of the Company on the appointment of Mr Ng Hock Ching as a director of the Company. NC recommended and the Board accepted NC's recommendation and appointed Mr Ng Hock Ching as Director of the Company with effect from 1 January 2010. The Board would recommend to the shareholders for approval at the forthcoming AGM, the re-election of Mr Ng as a Director of the Company pursuant to the Company's Articles of Association. The NC has also recommended the re-election of Dr John Chen Seow Phun and Mr Hew Lien Lee as Directors of the Company at the forthcoming AGM. The Board accepted the NC's recommendation and accordingly, the two directors will stand for re-election at the forthcoming AGM.

Principle 5: Board Performance

For the year under review, a formal assessment of the effectiveness of the Board as a whole was undertaken by the NC. The NC was of the view that the performance of the Board as a whole was satisfactory.

The NC is of the view that the financial indicators set out in the Code of Corporate Governance as performance criteria for the evaluation of directors' performance are more of a measure of Management performance. Hence they are less appropriate for the evaluation of performance of the non-executive directors and the Board. The NC views that the Board's performance would be better reflected and evidenced through proper guidance and able leadership of the Board and the support that it lends to Management in steering the Group in the appropriate direction.

Principle 6: Access to Information
Principle 10: Accountability

The Board receives monthly Group's financial reports and quarterly management report of the Group's activities and results. Management provides complete, adequate and timely information to the Board members prior to Board meetings. The annual budgets are submitted to the Board for review 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, the Management and the Company Secretary at all times, and vice versa. 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 Board also has access to independent professional advice, where necessary, at the Company's expenses to enable them to discharge their duties. The Chief Financial Officer also assists the Board in obtaining such advice.

Corporate Governance

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee (RC) currently comprises Mr Tan Yew Beng, Dr John Chen Seow Phun and Mr Foo Say Tun who are entirely non-executive independent directors. Mr Tan chaired the RC and no RC member or director is involved in deliberations of his own remuneration and re-appointment.

The RC has written Terms of Reference that describe the responsibilities of its members.

The primary functions of RC are to review and recommend a framework of remuneration for the Board and key executives; to determine specific remuneration package for each executive director; to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the executive directors as well as key executives of the Group. The RC 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.

Principle 8: Level and Mix of Remuneration

In setting the remuneration package, the RC takes into consideration the pay and employment conditions within the industry and comparable companies. As part of its review, the RC ensures that the performance-related elements of remuneration should form a significant proportion of the total remuneration package of executive directors. The remuneration for the three founding Executive Directors comprises a base fee, a base salary, an annual wage supplement (AWS) and a profit sharing bonus. The remuneration for the other Executive Directors comprises a base fee, a base salary, allowances, annual and performance bonuses.

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 Company submits the quantum of directors' fees to shareholders for approval at the AGM.

All the six Executive Directors have service contracts for a fixed period and are subject to renewal. The RC had reviewed and renewed the contracts of the three founding Executive Directors for a further term of one year, from 1 January 2010 to 31 December 2010, under the same terms and conditions as in 2009.

The other three Executive Directors' service contracts are two-year contracts. Mr Hew Lien Lee's contract was renewed for another 2 years from March 2009 to March 2011 while Mr Ho Kang Peng's contract will be reviewed when it is due for renewal in March 2010. The newly appointed director, Mr Ng Hock Ching's contract will be due for renewal in December 2011.

There is currently no long-term incentive scheme for the directors of the Group. The Fu Yu Employee Share Option Scheme (the "Scheme") was approved and adopted by the shareholders at the Extraordinary General Meeting held on 29 April 2008. The Scheme is administered by a committee comprises all the executive directors from time to time. Further details of the Scheme can be found on pages 27 and 28 of this report.

Principle 9: Disclosure on Remuneration

Remuneration of Board of Directors

The aggregate remuneration percentage paid to or accrued for the directors for services in all capacities for the year under review is tabulated below:

Name of Director	Fees %	Salary %	Bonus %	Other Benefits %	Total %
Executive Directors					
S$500,000 to S$750,000					
Ching Heng Yang	4.2	88.5	5.0	2.3	100.0
Tam Wai	4.2	89.0	5.1	1.7	100.0
Ho Nee Kit	4.7	88.0	5.0	2.3	100.0
S$250,000 to S$499,999					
Ho Kang Peng	3.3	90.5	4.2	2.0	100.0
Hew Lien Lee	5.5	72.0	11.2	11.3	100.0
Non-Executive Directors					
Below S$250,000					
Tan Yew Beng	100.0	0.0	0.0	0.0	100.0
Dr John Chen Seow Phun	100.0	0.0	0.0	0.0	100.0
Foo Say Tun	100.0	0.0	0.0	0.0	100.0

The above excludes employees share options granted to directors.

Corporate Governance

Remuneration of Key Executives

Details of total remuneration percentage paid or payable to key executives of the Group for the year under review is tabulated as below:

Name of Key Executive	Salary %	Bonus %	Other Benefits %	Total %
S$250,000 to S$499,999 **Ng Hock Ching*** Advisor	97.4	0.0	2.6	100.0
Chow Weng Fook *Advisor*	98.1	0.0	1.9	100.0
Below S$250,000 **Liaw Chun Huan** *Chief Financial Officer*	90.9	4.0	5.1	100.0
Tan Lay Kheng *Group Human Resource Director*	92.8	4.1	3.1	100.0
Yeo See Joo *Group Business Development Director*	79.5	0.0	20.5	100.0
Cheah Ngook Wah *Group Financial Controller*	86.1	3.8	10.1	100.0

* Appointed as Executive Director with effect from 1 January 2010.

The above excludes employees share options granted to the employees.

No employee of the Group was an immediate family member (as defined in the Listing Manual of the SGX-ST) of a director or Chief Executive Officer and whose remuneration exceeded S$150,000 during the financial year ended 31 December 2009.

ACCOUNTABILITY AND AUDIT & COMMUNICATION WITH SHAREHOLDERS

Principle 11: Audit Committee

The Audit Committee (AC) comprises Dr John Chen Seow Phun, Mr Tan Yew Beng and Mr Foo Say Tun, who are independent non-executive directors. The Chairman of the AC is Dr John Chen Seow Phun.

Two of the members of AC have relevant accounting and financial management experience.

The AC carried 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 of the Company's system of internal controls and the co-operation given by the Company's management to the external and internal auditors;

2. Reviews the quarterly and annual financial statements and the auditors' report of the Company before their submission to the Board of Directors;

3. Reviews with the management on the adequacy of the Company's internal control in respect of management, business and service systems and practices;

4. 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;

5. Reviews arrangements by which staff of the company 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;

6. Reviews the cost effectiveness and the independence and objectivity of the external auditors;

7. Reviews the nature and extent of non-audit services provided by the external auditors;

8. Reviews the assistance given by the Company's officers to the auditors;

9. Nominates the external auditors; and

10. Reviews interested person transactions and improper activities of the Company, if any.

Corporate Governance

The AC has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. It has full access to, and co-operation of, management and full discretion to invite any director or senior manager to attend its meetings. The AC meets with the internal and external auditors without the presence of the Company's Management at least once annually, which allows for a more open discussion on any issue of concern. The AC has been given the reasonable resources for it to discharge its functions properly.

The AC meets at least four times a year with Management and 2 times a year with external auditors.

The Company has in place a whistle-blowing framework where staff of the Group can access to the AC Chairman to raise concerns about improprieties. Contact detail of the AC Chairman is made available to all staffs. There was no complaint received up to the date of this report.

The Company's external auditors carry out, in their course of their annual statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management to the scope of audit as laid out in their audit plan. Material non-compliance and internal control weakness noted during the audit, and auditor's recommendations to address such non-compliance and weakness are reported to the AC.

There were no non-audit fees paid to KPMG LLP, the external auditors, for the year ended 31 December 2009.

Please refer to pages 8 and 10 of this report for qualifications of Audit Committee members.

Principle 12: Internal Controls
Principle 13: Internal Audit

The Board maintains a sound system of internal control and effective risk management policies 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 Group's external auditors, KPMG LLP, contribute an independent perspective on the internal controls systems arising from their audit and report their findings to the AC.

The Board, with the assistance of the internal auditors, believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Management was in place throughout the financial year and up to the date of this report. It also provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

The Company has set up its internal audit department in January 2009 after outsourcing the internal audit work for three years. During the year, the internal audit department carried out the internal audit of all the subsidiaries in China. Internal audit reports were prepared to update 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.

Principle 10: Accountability
Principle 14: Communication with Shareholders

The Company engages in regular, effective and fair communication with shareholders through announcements released to SGX via SGXNET. Such announcements include the quarterly, 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. The Company also maintains a website at www.fuyucorp.com where public can access information on the Group.

Shareholders are informed of general meetings through notices published in the newspapers and annual reports or circulars sent to them.

Principle 15: Greater Participation by Shareholders

The Company encourages shareholders' participation at general meetings, and welcomes shareholders to give their constructive views on various matters concerning the Company. The Chairman of the Audit Committee, the Nominating Committee and the Remuneration Committee, as well as the external auditors, are present to address questions at the Annual General Meeting. The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings in his/her stead.

Directors' Report

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 31 December 2009.

Directors

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

Ching Heng Yang
Tam Wai
Ho Nee Kit
Tan Yew Beng
Hew Lien Lee
John Chen Seow Phun
Foo Say Tun
Ho Kang Peng
Ng Hock Ching (Appointed on 1 January 2010)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or 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	Holdings at beginning of the year	Holdings at end of the year
Ching Heng Yang		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	4,287,975	88,965,475
– deemed interests	338,710,000	–
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	300,000	300,000
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000

Directors' Report

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Tam Wai		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	12,037,975	96,715,475
– deemed interests	339,010,000	300,000
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	366,000	366,000
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000
Ho Nee Kit		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	12,321,725	96,999,225
– deemed interests	338,710,000	–
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	369,120	369,120
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000
Tan Yew Beng		
Fu Yu Corporation Limited		
– ordinary shares		
– deemed interests	1,562,500	1,562,500
– options to subscribe for ordinary share at S$0.09 between 6 October 2009 and 5 October 2014	1,000,000	1,000,000
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	300,000	300,000

Directors' Report

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Hew Lien Lee		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	100,000	100,000
– options to subscribe for ordinary share at S$0.09 between 6 October 2009 and 5 October 2014	8,000,000	8,000,000
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	3,031,524	3,031,524
John Chen Seow Phun		
Fu Yu Corporation Limited		
– options to subscribe for ordinary share at S$0.09 between 6 October 2009 and 5 October 2014	1,000,000	1,000,000
Foo Say Tun		
Fu Yu Corporation Limited		
– options to subscribe for ordinary share at S$0.09 between 6 October 2009 and 5 October 2014	1,000,000	1,000,000
Ho Kang Peng		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	1,130,000	1,130,000
– options to subscribe for ordinary share at S$0.09 between 6 October 2009 and 5 October 2014	11,000,000	11,000,000

By virtue of Section 7 of the Act, Ching Heng Yang, Tam Wai and Ho Nee Kit are deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this report, 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.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2010.

Except as disclosed under the "Share Options" section of this report, 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 corporation.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 23 and 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The Fu Yu Employee Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at the Extraordinary General Meeting held on 29 April 2008. The Scheme is administered by the Company's executive directors.

Other information regarding the Scheme is set out below:

- The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on Singapore Exchange for five consecutive market days immediately preceding the date of the grant.
- The options can be exercised 1 year after the date of grant.
- The options granted expire after 5 October 2014.
- All options are settled by physical delivery of shares.
- No options are granted at a discount to the prevailing market price of share.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2009	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2009	Exercise period
5 October 2008	$0.09	84,270,000	(250,000)	(3,400,000)	80,620,000	6 October 2009 to 5 October 2014

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Directors' Report

Details of options granted to directors of the Company under the Scheme are as follows:

	Aggregate options granted since commencement of Scheme to 31 December 2009	Aggregate options exercised since commencement of Scheme to 31 December 2009	Aggregate options outstanding as at 31 December 2009
Tan Yew Beng	1,000,000	–	1,000,000
Hew Lien Lee	8,000,000	–	8,000,000
John Chen Seow Phun	1,000,000	–	1,000,000
Foo Say Tun	1,000,000	–	1,000,000
Ho Kang Peng	11,000,000	–	11,000,000

The controlling shareholders of the Company and their associates are not eligible to participate in the Scheme.

Except as disclosed below, there were no participant under the Scheme who has received 5% or more of the total options available under the Scheme.

	Aggregate options granted since commencement of Scheme to 31 December 2009	Aggregate options exercised since commencement of Scheme to 31 December 2009	Aggregate options outstanding as at 31 December 2009
Directors			
Hew Lien Lee	8,000,000	–	8,000,000
Ho Kang Peng	11,000,000	–	11,000,000
Employees			
Ng Hock Ching	11,000,000	–	11,000,000
Chow Weng Fook	11,000,000	–	11,000,000
Chang Cheng Ann	5,000,000	–	5,000,000
Tang Bee Lian	5,000,000	–	5,000,000

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

John Chen Seow Phun (Chairman), Non-Executive Independent director
Tan Yew Beng, Non-Executive Independent director
Foo Say Tun, Non-Executive Independent director

Directors' Report

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

The Audit Committee has held four meetings since the date of the last directors' report. 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;
- quarterly 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 independent 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, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ho Nee Kit
Director

Tam Wai
Director

6 April 2010

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 33 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

On behalf of the Board of Directors

Ho Nee Kit
Director

Tam Wai
Director

6 April 2010

Independent Auditors' Report

Members of the Company
Fu Yu Corporation Limited

We have audited the accompanying financial statements of Fu Yu Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and of the Company as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 87.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditors' Report

Members of the Company
Fu Yu Corporation Limited

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
6 April 2010

Balance Sheets

As at 31 December 2009

	Note	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Non-current assets					
Property, plant and equipment	3	**108,594,945**	134,376,175	**16,795,814**	18,846,612
Investment property	4	**9,551,327**	9,787,256	**–**	–
Prepaid land lease	5	**8,932,595**	9,320,031	**–**	–
Subsidiaries	6	**–**	–	**52,988,486**	59,409,344
Associates	7	**3,678,829**	2,974,406	**–**	–
		130,757,696	156,457,868	**69,784,300**	78,255,956
Current assets					
Inventories	9	**17,395,041**	20,566,064	**2,113,114**	2,112,987
Trade and other receivables	10	**83,999,701**	98,726,096	**79,384,505**	79,310,890
Tax recoverable		**2,169,829**	2,331,276	**–**	–
Cash and cash equivalents	13	**47,862,368**	57,389,350	**6,162,674**	8,230,888
		151,426,939	179,012,786	**87,660,293**	89,654,765
Total assets		**282,184,635**	335,470,654	**157,444,593**	167,910,721
Equity attributable to equity holders of the Company					
Share capital	14	**117,352,643**	117,330,143	**117,352,643**	117,330,143
Reserves	15	**41,664,799**	65,443,202	**18,257,553**	24,387,535
		159,017,442	182,773,345	**135,610,196**	141,717,678
Minority interest		**24,956,765**	25,450,784	**–**	–
Total equity		**183,974,207**	208,224,129	**135,610,196**	141,717,678
Non-current liabilities					
Financial liabilities	17	**240,669**	894,581	**66,272**	84,629
Deferred tax liabilities	8	**5,511,220**	6,296,795	**1,418,778**	1,964,426
		5,751,889	7,191,376	**1,485,050**	2,049,055
Current liabilities					
Trade and other payables	18	**72,268,246**	92,909,445	**15,927,490**	21,085,692
Financial liabilities	17	**19,072,363**	23,195,449	**4,421,857**	2,026,705
Income tax payable		**1,117,930**	3,950,255	**–**	1,031,591
		92,458,539	120,055,149	**20,349,347**	24,143,988
Total liabilities		**98,210,428**	127,246,525	**21,834,397**	26,193,043
Total equity and liabilities		**282,184,635**	335,470,654	**157,444,593**	167,910,721

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Note	2009 $	2008 $
Revenue	19	**232,439,252**	326,254,284
Cost of sales		**(223,773,329)**	(322,805,294)
Gross profit		**8,665,923**	3,448,990
Other income	20	**6,510,748**	12,343,670
Selling and administrative expenses		**(36,113,039)**	(35,603,005)
Other expenses – exceptional expenses	21	**(5,501,313)**	(30,977,560)
Finance costs	22	**(1,070,667)**	(1,993,884)
Share of results of associates, net of tax	7	**719,496**	540,649
Loss before income tax	23	**(26,788,852)**	(52,241,140)
Income tax credit/(expense)	24	**1,482,799**	(3,594,233)
Loss for the year		**(25,306,053)**	(55,835,373)
Other comprehensive income			
Foreign currency translation differences for foreign operations		**7,937**	(3,829,039)
Other comprehensive income for the year, net of tax		**7,937**	(3,829,039)
Total comprehensive income for the year		**(25,298,116)**	(59,664,412)
Loss for the year attributable to:			
Owners of the Company		**(25,236,148)**	(56,991,155)
Minority interest		**(69,905)**	1,155,782
Loss for the year		**(25,306,053)**	(55,835,373)
Total comprehensive income attributable to:			
Owners of the Company		**(25,129,984)**	(58,771,166)
Minority interest		**(168,132)**	(893,246)
Total comprehensive income for the year		**(25,298,116)**	(59,664,412)
Loss per share			
Basic loss per share	25	**(3.55) cents**	(8.02) cents
Diluted loss per share	25	**(3.55) cents**	(8.02) cents

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

	Attributable to equity holders of the Company									
	Share capital $	Capital reserve $	Statutory reserve $	Revaluation reserve $	Share option reserve $	Foreign currency translation reserve $	Revenue reserve $	Total attributable to equity holders of the Company $	Minority interest $	Total equity $
At 1 January 2008	117,330,143	140,256	8,594,933	788,607	–	(3,453,080)	117,868,178	241,269,037	35,480,286	276,749,323
Other comprehensive income for the year										
– foreign currency translation differences	–	–	–	–	–	(1,780,011)	–	(1,780,011)	(2,049,028)	(3,829,039)
Net loss for the year	–	–	–	–	–	–	(56,991,155)	(56,991,155)	1,155,782	(55,835,373)
Total comprehensive income for the year	–	–	–	–	–	(1,780,011)	(56,991,155)	(58,771,166)	(893,246)	(59,664,412)
Transfer to statutory reserve	–	–	204,978	–	–	–	(204,978)	–	–	–
Capital repayment to minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	(8,690,325)	(8,690,325)
Value of employee services received for issue of share options	–	–	–	–	275,474	–	–	275,474	–	275,474
Dividends to minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	(445,931)	(445,931)
At 31 December 2008	117,330,143	140,256	8,799,911	788,607	275,474	(5,233,091)	60,672,045	182,773,345	25,450,784	208,224,129

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

	Attributable to equity holders of the Company									
	Share capital $	Capital reserve $	Statutory reserve $	Revaluation reserve $	Share option reserve $	Foreign currency translation reserve $	Revenue reserve $	Total attributable to equity holders of the Company $	Minority interest $	Total equity $
At 1 January 2009	117,330,143	140,256	8,799,911	788,607	275,474	(5,233,091)	60,672,045	182,773,345	25,450,784	208,224,129
Other comprehensive income for the year										
– foreign currency translation differences	–	–	–	–	–	106,164	–	106,164	(98,227)	7,937
Net loss for the year	–	–	–	–	–	–	(25,236,148)	(25,236,148)	(69,905)	(25,306,053)
Total comprehensive income for the year	–	–	–	–	–	106,164	(25,236,148)	(25,129,984)	(168,132)	(25,298,116)
Transfer to statutory reserve	–	–	77,114	–	–	–	(77,114)	–	–	–
Share options exercised	22,500	–	–	–	–	–	–	22,500	–	22,500
Value of employee services received for issue of share options	–	–	–	–	1,351,581	–	–	1,351,581	–	1,351,581
Dividends to minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	(325,887)	(325,887)
At 31 December 2009	117,352,643	140,256	8,877,025	788,607	1,627,055	(5,126,927)	35,358,783	159,017,442	24,956,765	183,974,207

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

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Loss before income tax		**(26,788,852)**	(52,241,140)
Adjustments for:			
Depreciation of property, plant and equipment	3	**19,446,975**	27,855,162
Depreciation of investment property	4	**198,804**	203,828
Amortisation of prepaid land lease	5	**219,975**	214,334
Gain on disposal of property, plant and equipment		**(1,336,391)**	(719,995)
Write-back of impairment of plant and machinery		**(400,932)**	(336,182)
Property, plant and equipment written off	23	**1,212,055**	320,756
Equity-settled share-based payments transactions		**1,351,581**	275,474
Interest and investment income	20	**(647,596)**	(1,061,501)
Finance costs	22	**1,070,667**	1,993,884
Other expenses – exceptional expenses	21	**5,501,313**	30,977,560
Share of results of associates	7	**(719,496)**	(540,649)
		(891,897)	6,941,531
Changes in working capital:			
Inventories		**3,171,023**	14,427,948
Trade and other receivables		**14,726,395**	5,298,408
Trade and other payables		**(19,153,449)**	(18,951,342)
Currency realignment		**1,309,249**	(5,783,727)
Cash (used in)/generated from operations		**(838,679)**	1,932,818
Income tax paid		**(1,925,363)**	(245,105)
Net cash (outflow)/inflow from operating activities		**(2,764,042)**	1,687,713
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,773,201)**	(6,281,169)
Proceeds from disposal of property, plant and equipment		**3,001,500**	1,259,168
Proceeds from sale of assets classified as held for sale		**–**	32,984,164
Investment in an associate		**–**	(2,258,280)
Capital repayment to minority shareholders of a subsidiary		**–**	(8,690,325)
Interest and investment income received		**647,596**	1,061,501
Net cash (outflow)/inflow from investing activities		**(1,124,105)**	18,075,059
Balance carried forward		**(3,888,147)**	19,762,772

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

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Note	2009 $	2008 $
Balance brought forward		**(3,888,147)**	19,762,772
Cash flows from financing activities			
Proceeds from short term borrowings		**4,459,500**	–
Repayment of financial liabilities		**(8,712,761)**	(30,181,877)
Dividends paid to minority shareholders		**(325,887)**	(445,931)
Net proceeds from issue of the Company's shares	14	**22,500**	–
Finance costs paid		**(1,070,667)**	(1,993,884)
Deposits discharged/(pledged)		**4,862,043**	(7,821,963)
Net cash used in financing activities		**(765,272)**	(40,443,655)
Net decrease in cash and cash equivalents		**(4,653,419)**	(20,680,883)
Cash and cash equivalents at 1 January		**49,567,387**	70,248,270
Cash and cash equivalents at 31 December	13	**44,913,968**	49,567,387

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

Notes to the Financial Statements

As at 31 December 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2010.

1 Domicile and activities

Fu Yu Corporation Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at No. 8 Tuas Drive 1, Singapore 638675. The Company is listed on 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 consist of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies, trading, provision of management services and investment holding.

The former immediate and ultimate holding company is Fu Yu Holding Pte Ltd ("FYH"), a company incorporated in the Republic of Singapore which is under Members Voluntarily Liquidation at the date of this report. All the Company's shares held by FYH were transferred to individual shareholders on 29 July 2009.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

2 Summary of significant accounting policies

2.1 Basis of preparation

(i) Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

(ii) Basis of preparation

The financial statements have been prepared on the historical cost basis unless otherwise described below.

(iii) Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency.

2 Summary of significant accounting policies *(cont'd)*

2.1 Basis of preparation (cont'd)

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and 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 notes:

- Notes 2.9 and 27 – impairment of receivables
- Note 3 – measurement of recoverable amounts of property, plant and equipment
- Notes 6 and 11 – recoverability of cost of investments in and amounts due from subsidiaries
- Note 16 – measurement of share-based payments
- Note 24 – determining the group-wide provision for income taxes.

2.2 Changes in accounting policies

(i) Overview

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements.

(ii) Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 *Operating Segments*. Previously operating segments were determined and presented in accordance with FRS 14 *Segment Reporting*.

There were no changes in presentation of operating segments resulting from the adoption of this FRS.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2 Summary of significant accounting policies *(cont'd)*

2.2 Changes in accounting policies (cont'd)

(ii) Determination and presentation of operating segments (cont'd)

Profit before tax, interest income, finance costs and exceptional expenses that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(iii) Presentation of financial statements

The Group applies revised FRS 1 Presentation of Financial Statements (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statements of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Other than described above, all FRSs effective on 31 December 2009 have been consistently applied to all periods presented in these financial statements.

2.3 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting 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 period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2 Summary of significant accounting policies *(cont'd)*

2.3 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations 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 average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

2.4 Basis of consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. 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 where necessary to align them with the policies adopted by the Group.

2 Summary of significant accounting policies *(cont'd)*

2.4 Basis of consolidation (cont'd)

Investment in an associate

Associate is the entity in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associate is accounted for using the equity method and is recognised initially at cost. The financial statements include the Group's share of the income and expenses and equity movements of associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

2 Summary of significant accounting policies *(cont'd)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except that certain items of property were subject to one-off revaluation conducted in 1994. Any related revaluation reserve is transferred to accumulated profits upon disposal of an item of such property.

When 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 cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold properties	Over the period of the respective leases ranging from 16 to 60 years
Factory equipment, plant and machinery	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 freehold land and construction-in-progress. Other assets comprise electrical installations, erectable stores, renovations and leasehold improvements.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at each reporting date.

2 Summary of significant accounting policies *(cont'd)*

2.6 Investment property

Investment property is property held either to earn rental income or capital appreciation or both. It does not include properties for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Properties are transferred from property, plant and equipment to investment properties in the year when the properties are held to earn rental income or capital appreciation or both.

Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. 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 57 years. The depreciation method, the useful life and the residual value of investment property are reassessed at the balance sheet date. Rental income from investment property is accounted for in the manner described in Note 2.13.

2.7 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and cash and cash equivalents.

2 Summary of significant accounting policies *(cont'd)*

2.7 Financial instruments (cont'd)

(i) ***Non-derivative financial assets*** *(cont'd)*

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (see Note 10).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank deposits and short-term investments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank deposits that are pledged are excluded for the purpose of the cash flow statement.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) ***Non-derivative financial liabilities***

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: financial liabilities and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(cont'd)*

2.7 Financial instruments (cont'd)

(iii) Financial guarantees

Financial guarantees are financial instruments issued by the Group that requires 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 are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

(iv) Share capital

Ordinary shares are classified as equity.

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

2.8 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2 Summary of significant accounting policies *(cont'd)*

2.8 Leases (cont'd)

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Prepaid land lease is stated at cost less accumulated amortisation and impairment losses. Prepaid land lease is amortised over the term of the respective lease.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment property. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.9 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables on a specific asset level. All receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2 Summary of significant accounting policies *(cont'd)*

2.9 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present 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 selling expenses.

2 Summary of significant accounting policies *(cont'd)*

2.11 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus 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 payments

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

2.12 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.

2 Summary of significant accounting policies *(cont'd)*

2.13 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of products, transfer usually occurs when the product is received at the customer's warehouse. However, for some international shipments, transfer occurs upon loading of the goods on to the relevant carrier.

Tooling contracts

Tooling revenue and costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a tooling contract can be estimated reliably. The percentage of completion is measured by reference to the stage and progress of work performed, based on records maintained by the divisions. An expected loss on the construction contract is recognised as an expense when it is probable that total costs will exceed total contract revenue.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.14 Finance income and expenses

Finance income comprises interest income on fixed deposits placed with banks. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Notes to the Financial Statements

As at 31 December 2009

2 Summary of significant accounting policies *(cont'd)*

2.15 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income 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.

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the 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 to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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.

3 Property, plant and equipment

	Leasehold properties $	Factory equipment, plant and machinery $	Motor vehicles $	Office equipment, furniture and fittings $	Other assets $	Buildings under construction $	Total $
Group							
Cost							
At 1 January 2008	82,978,167	319,019,114	5,276,772	20,338,193	14,812,870	569,519	442,994,635
Currency realignment	4,254,108	5,716,527	34,622	233,617	165,375	(40,665)	10,363,584
Additions	919,699	2,103,766	268,502	591,319	863,921	265,437	5,012,644
Disposals/Write-off	(288,184)	(4,018,495)	(501,534)	(1,032,274)	(1,033,131)	(57,113)	(6,930,731)
At 31 December 2008	87,863,790	322,820,912	5,078,362	20,130,855	14,809,035	737,178	451,440,132
Currency realignment	(1,405,291)	(4,167,985)	(51,365)	(224,121)	(143,124)	(4,717)	(5,996,603)
Additions	704,896	965,433	120,288	192,942	347,254	950,998	3,281,811
Disposals/Write-off	(1,656,187)	(7,873,014)	(761,875)	(883,975)	(1,986,795)	(31,075)	(13,192,921)
At 31 December 2009	85,507,208	311,745,346	4,385,410	19,215,701	13,026,370	1,652,384	435,532,419
Accumulated depreciation							
At 1 January 2008	26,017,862	199,236,927	4,093,587	15,500,961	7,930,117	–	252,779,454
Currency realignment	821,619	5,621,102	55,933	177,648	29,969	–	6,706,271
Depreciation for the year	3,658,688	19,925,813	464,683	2,044,877	1,761,101	–	27,855,162
Impairment	–	36,130,055	–	–	–	–	36,130,055
Disposals/Write-off	(95,530)	(4,058,651)	(477,275)	(1,025,175)	(750,354)	–	(6,406,985)
At 31 December 2008	30,402,639	256,855,246	4,136,928	16,698,311	8,970,833	–	317,063,957
Currency realignment	(497,489)	(3,526,971)	(46,866)	(206,878)	(79,878)	–	(4,358,082)
Depreciation for the year	3,647,987	12,143,926	366,359	1,490,217	1,798,486	–	19,446,975
Impairment	637,500	4,297,927	13,689	303,425	248,772	–	5,501,313
Disposals/Write-off	(938,125)	(7,216,152)	(738,144)	(858,698)	(965,570)	–	(10,716,689)
At 31 December 2009	33,252,512	262,553,976	3,731,966	17,426,377	9,972,643	–	326,937,474
Carrying amount							
At 1 January 2008	56,960,305	119,782,187	1,183,185	4,837,232	6,882,753	569,519	190,215,181
At 31 December 2008	57,461,151	65,965,666	941,434	3,432,544	5,838,202	737,178	134,376,175
At 31 December 2009	52,254,696	49,191,370	653,444	1,789,324	3,053,727	1,652,384	108,594,945

3 Property, plant and equipment *(cont'd)*

	Leasehold properties $	Factory equipment, plant and machinery $	Motor vehicles $	Office equipment, furniture and fittings $	Other assets $	Total $
Company						
Cost						
At 1 January 2008	28,326,207	48,815,922	1,914,467	8,043,874	4,907,735	92,008,205
Additions	869,453	55,986	123,671	122,724	285,648	1,457,482
Disposals/Write-off	–	(2,465,502)	(102,000)	(998,051)	(1,008,020)	(4,573,573)
Transferred to subsidiaries	–	(2,047,423)	–	(11,673)	–	(2,059,096)
At 31 December 2008	29,195,660	44,358,983	1,936,138	7,156,874	4,185,363	86,833,018
Additions	330,490	5,000	97,009	43,820	111,266	587,585
Disposals/Write-off	–	(3,292,005)	(496,739)	(525,116)	(83,600)	(4,397,460)
Transferred to subsidiaries	–	(3,003,624)	–	(155,816)	–	(3,159,440)
At 31 December 2009	29,526,150	38,068,354	1,536,408	6,519,762	4,213,029	79,863,703
Accumulated depreciation						
At 1 January 2008	14,181,142	37,942,238	1,858,185	7,500,250	4,028,915	65,510,730
Depreciation for the year	654,652	2,565,130	53,131	292,871	344,846	3,910,630
Impairment	–	4,191,000	–	–	–	4,191,000
Disposals/Write-off	–	(2,362,049)	(102,000)	(998,035)	(747,582)	(4,209,666)
Transferred to subsidiaries	–	(1,408,431)	–	(7,857)	–	(1,416,288)
At 31 December 2008	14,835,794	40,927,888	1,809,316	6,787,229	3,626,179	67,986,406
Depreciation for the year	708,900	1,001,708	40,589	211,590	244,575	2,207,362
Disposals/Write-off	–	(3,030,467)	(479,575)	(525,116)	(83,600)	(4,118,758)
Transferred to subsidiaries	–	(2,856,162)	–	(150,959)	–	(3,007,121)
At 31 December 2009	15,544,694	36,042,967	1,370,330	6,322,744	3,787,154	63,067,889
Carrying amount						
At 1 January 2008	14,145,065	10,873,684	56,282	543,624	878,820	26,497,475
At 31 December 2008	14,359,866	3,431,095	126,822	369,645	559,184	18,846,612
At 31 December 2009	13,981,456	2,025,387	166,078	197,018	425,875	16,795,814

3 Property, plant and equipment *(cont'd)*

Other assets

Other assets comprise electrical installations, erectable stores, renovations and leasehold improvements.

Assets held under finance leases

The carrying amount of motor vehicles, factory equipment and plant and machinery held under finance leases as at 31 December 2009 for the Group and Company was $1,744,635 (2008: $2,777,520) and $80,387 (2008: $105,121) respectively.

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of $3,281,811 (2008: $5,012,644) and $587,585 (2008: $1,457,482) respectively, of which $ Nil (2008: $1,056,983) and $ Nil (2008: $116,000) was acquired under finance leases.

Leased assets are pledged as security for the related finance lease liabilities.

Impairment loss

During the current year, certain cash-generating units (CGU) in China, Singapore and Malaysia either continued to incur operating losses or there were other indicators of potential impairment of property, plant and equipment identified by Group's management. This has resulted in the Group assessing the recoverable amount of the property, plant and equipment and prepaid land lease for these operations. The recoverable amounts of the cash-generating units were estimated based on their value-in-use. Based on the assessment, the carrying amounts of the property, plant and equipment were determined to be $5,501,313 (2008: $36,130,055) higher than their recoverable amounts, and an impairment loss of $5,501,313 (2008: $36,130,055) was recognised. The operations of the CGUs that are located within the same country are similar in nature and therefore CGUs are aggregated based on geographical locations of the plant. For this purpose, the assumptions used on projecting the value-in-use are disclosed below by such geographical locations.

The approach to determine the recoverable amounts of the cash-generating units is categorised as follows:

- Cash-generating units that are loss-making and are not expected to generate any economic benefits in the period of forecast. The recoverable amount of such cash-generating units has been determined to be nil.

- Cash-generating units that are loss-making but are expected to bring economic benefits through transfer of their production assets to other cash-generating units within the Group. The recoverable amounts of such cash-generating units have been determined based on the calculations of value-in-use of the recipient cash-generating units. These calculations are based on the management's cash flow projections that in particular include the cash flows expected to be generated from the transferred production assets. Key assumptions used in the calculation of the value-in-use are the same as for other cash-generating units and are presented below.

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As at 31 December 2009

3 Property, plant and equipment *(cont'd)*

Impairment loss (cont'd)

- The recoverable amount of all other cash-generating units have been determined based on the calculation of their value-in-use derived from the management's cash flows projections for these cash-generating units. Key assumptions used in the calculation of the value-in-use are presented below.

	2009 Singapore	**2009 Malaysia**	**2009 China**	2008 Singapore	2008 China
Average growth rate in revenue	**5% to 10%**	**4.5% to 5.3%**	**5%**	7%	7%
Number of years projected in the discounted cash flow	**5 to 8 years**	**6 years**	**5 years**	10 years	10 years
Gross profit	**-14% to 30%**	**5.3% to 6.2%**	**8% to 28%**	-10% to 10%	-10% to 10%
Terminal value of property, plant and equipment	**2% to 10%**	**–**	**2%**	2%	2%
Pre-tax discount rate	**15.6%**	**17%**	**19.5%**	14.7%	14.7%

The impairment loss for leasehold properties, factory equipment, plant and machinery, motor vehicles, office equipment, furniture and fittings and other assets (2008: factory equipment, plant and machinery) was recognised and presented as "Other expenses – exceptional expenses" in the consolidated profit or loss for the year.

4 Investment property

Movements in investment property during the financial year are as follows:

	Group	
	2009 $	2008 $
At 1 January	**9,787,256**	10,622,281
Depreciation	**(198,804)**	(203,828)
Currency realignment	**(37,125)**	(631,197)
At 31 December	**9,551,327**	9,787,256

The fair value of the investment property based on indicative valuation from third parties as at 31 December 2009 is approximately $12,707,000 (2008: $12,744,000). This investment property is leased to an associate.

5 Prepaid land lease

	Group	
	2009	2008
	$	$
At 1 January	**9,320,031**	9,311,185
Addition	**3,642**	–
Amortisation	**(219,975)**	(214,334)
Currency realignment	**(171,103)**	223,180
At 31 December	**8,932,595**	9,320,031

Refer to Note 3 for impairment assessment.

6 Subsidiaries

	Company	
	2009	2008
	$	$
Equity investments, at cost	**123,002,792**	123,002,792
Impairment losses	**(70,014,306)**	(63,593,448)
	52,988,486	59,409,344

During the current year, certain Company's subsidiaries in China and Singapore continued to incur operating losses. Accordingly, the Company performed an assessment of the recoverable amount of investments in subsidiaries together with the recoverable amount of receivables from subsidiaries. The recoverable amounts of investments and receivables were estimated based on value-in-use. Based on the assessment, the carrying amounts of investments and receivables from subsidiaries were determined to be $79,741,350 (2008: $65,143,448) higher than their recoverable amounts, and an impairment loss of $14,597,902 (2008: $56,840,000) was recognised in profit or loss. The assumptions used for projecting the value-in-use are disclosed below.

6 Subsidiaries *(cont'd)*

The approach to determine the recoverable amounts of investments and receivables from subsidiaries is categorised as follows:

- Investments and receivables from subsidiaries that are loss-making and are not expected to generate any economic benefits in the period of forecast, including investments and receivables from subsidiaries that are considered for their potential liquidation. The recoverable amount of such investments and receivables from subsidiaries has been determined to be nil.

- The recoverable amount of investments and receivables from the remaining subsidiaries have been determined based on the calculation of their value-in-use derived from the management's cash flows projections. Key assumptions used in the calculation of the value-in-use are presented below. These assumptions are grouped by countries for presentation purposes as similar trends in cash flow projections are expected for each subsidiary located in the same country.

	2009 Singapore	**2009 Malaysia**	**2009 China**	2008 Singapore	2008 China
Average growth rate in revenue	**5% to 10%**	**4.5% to 5.3%**	**5%**	7%	7%
Number of years projected in the discounted cash flow	**5 to 8 years**	**6 years**	**5 years**	10 years	10 years
Gross profit	**-14% to 30%**	**5.3% to 6.2%**	**8% to 28%**	-10% to 10%	-10% to 10%
Pre-tax discount rate	**15.7%**	**17%**	**15.7%**	14.7%	14.7%

The movement in the allowance for impairment in respect of investments in subsidiaries during the year is as follows:

	Company	
	2009 $	2008 $
At 1 January	**63,593,448**	8,303,448
Allowance made during the year	**6,420,858**	55,290,000
At 31 December	**70,014,306**	63,593,448

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As at 31 December 2009

6 Subsidiaries *(cont'd)*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity held by the Group	
		2009	2008
		%	%
Chang Fu Resources Pte Ltd	Singapore	**100**	100
Fu Yu Investment Pte Ltd	Singapore	**100**	100
IFN Pte Ltd	Singapore	**100**	100
NanoTechnology Manufacturing Pte Ltd	Singapore	**80**	80
SolidMicron Technologies Pte Ltd	Singapore	**100**	100
Fu Ying Moulding & Tooling (Shanghai) Co., Ltd. [1]	People's Republic of China	**–**	100
Fu Yu Electronics (Dongguan) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Tianjin) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Wujiang) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Wuxi) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.	People's Republic of China	**100**	100
QingDao Fu Qiang Electronics Co., Ltd.	People's Republic of China	**100**	100
Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd.	People's Republic of China	**100**	–
Classic Advantage Sdn. Bhd.	Malaysia	**70.64**	70.64
Fu Hao Manufacturing (M) Sdn. Bhd.	Malaysia	**70.64**	70.64
LCTH Corporation Berhad	Malaysia	**70.64**	70.64
Fu Yu International Enterprise Limited	Hong Kong	**100**	100
Fu Yu Trading Limited	Hong Kong	**100**	100
Fu Yu Guadalajara S.A. De C.V.	Mexico	**100**	100

[1] Fu Ying Moulding & Tooling (Shanghai) Co., Ltd. was deregistered in 2009.

KPMG Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for LCTH Corporation Berhad and its subsidiaries, which is audited by Ernst & Young, Malaysia. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Notes to the Financial Statements

As at 31 December 2009

7 Associates

	Group	
	2009	2008
	$	$
Unquoted investment, at cost	**2,692,880**	2,692,880
Share of post-acquisition reserves		
– prior financial year brought forward	**345,407**	(195,242)
– current financial year movement	**719,496**	540,649
Currency realignment	**(78,954)**	(63,881)
At 31 December	**3,678,829**	2,974,406

Details of the associate are as follows:

Name of company	**Country of incorporation**	**Effective equity held by the Group**	
		2009	2008
		%	%
Rexam Malaysia Sdn. Bhd.	Malaysia	**28.26**	28.26

Financial information of the associate, not adjusted for the percentage of ownership held by the Group, are as follows:

	Group	
	2009	2008
	$	$
Assets and liabilities		
Non-current assets	**4,583,714**	5,394,128
Current assets	**5,723,784**	3,974,764
Total assets	**10,307,498**	9,368,892
Total liabilities	**1,213,216**	1,593,712
Results		
Revenue	**13,035,730**	14,851,055
Profit after income tax	**2,546,348**	1,913,395

8 Deferred tax

Movements in deferred tax assets and liabilities of the Group and of the Company (prior to offsetting of balances) during the year are as follows:

	At 1/1/2008 $	Recognised in profit or loss (Note 24) $	Exchange differences $	At 31/12/2008 $	Recognised in profit or loss (Note 24) $	Reduction in tax rates $	Exchange differences $	At 31/12/2009 $
Group								
Deferred tax assets								
Property, plant and equipment	(1,715,335)	1,715,335	–	–	–	–	–	**–**
Employee benefits	(177,769)	93,576	3,556	(80,637)	45,998	4,480	–	**(30,159)**
Provision	(19,671)	–	–	(19,671)	(5,953)	1,093	–	**(24,531)**
Others	(733,337)	315,339	1,856	(416,142)	1,880	19,193	1,953	**(393,116)**
	(2,646,112)	2,124,250	5,412	(516,450)	41,925	24,766	1,953	**(447,806)**
Deferred tax liabilities								
Property, plant and equipment	9,101,377	(1,949,570)	(338,727)	6,813,080	(767,694)	(133,891)	(17,408)	**5,894,087**
Others	–	165	–	165	65,100	(9)	(317)	**64,939**
	9,101,377	(1,949,405)	(338,727)	6,813,245	(702,594)	(133,900)	(17,725)	**5,959,026**
Company								
Deferred tax assets								
Employee benefits	(76,789)	(3,848)	–	(80,637)	45,998	4,480	–	**(30,159)**
Provision	(19,671)	–	–	(19,671)	(5,953)	1,093	–	**(24,531)**
Others	(733,337)	387,862	–	(345,475)	347,164	19,193	–	**20,882**
	(829,797)	384,014	–	(445,783)	387,209	24,766	–	**(33,808)**
Deferred tax liabilities								
Property, plant and equipment	2,767,503	(357,459)	–	2,410,044	(823,600)	(133,891)	–	**1,452,553**
Others	–	165	–	165	(123)	(9)	–	**33**
	2,767,503	(357,294)	–	2,410,209	(823,723)	(133,900)	–	**1,452,586**

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8 Deferred tax *(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. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Deferred tax liabilities	**5,511,220**	6,296,795	**1,418,778**	1,964,426

As at 31 December, deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009	2008
	$	$
Unutilised capital allowances	**4,031,585**	2,878,994
Unutilised tax losses	**59,374,293**	51,186,803
Reinvestment allowances	**641,275**	1,162,646
Temporary differences	**(225,248)**	(2,430,755)
	63,821,905	52,797,688

The above temporary differences are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

9 Inventories

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Raw materials	**8,928,353**	8,728,970	**790,591**	863,887
Work-in-progress	**1,037,965**	938,547	**78,600**	44,432
Finished goods	**7,428,723**	10,898,547	**1,243,923**	1,204,668
	17,395,041	20,566,064	**2,113,114**	2,112,987

In 2009, raw materials, consumables and changes in finished goods and work-in-progress recognised as cost of sales amounted to $132,912,868 (2008: $208,857,571) and $17,147,949 (2008: $26,229,615) for the Group and the Company respectively. In 2009, the reversal of previous write-down of inventories to net realisable value amounted to $6,373,235 (2008: $4,181,872) and $31,282 (2008: $157,982) for the Group and the Company respectively.

10 Trade and other receivables

		Group		Company	
	Note	**2009**	2008	**2009**	2008
		$	$	**$**	$
Trade receivables		**86,373,343**	99,326,752	**7,827,531**	10,709,995
Allowance for impairment		**(11,837,181)**	(12,803,352)	**(183,024)**	(307,572)
Net receivables		**74,536,162**	86,523,400	**7,644,507**	10,402,423
Other receivables		**1,389,651**	2,175,366	**713,515**	763,946
Amounts due from					
– subsidiaries	11	**–**	–	**67,365,397**	62,224,493
– customers for contract work	12	**1,137,799**	3,338,983	**500,463**	2,704,326
Deposits		**3,575,582**	2,932,214	**3,051,470**	2,561,460
Loans and receivables		**80,639,194**	94,969,963	**79,275,352**	78,656,648
Prepayments		**1,672,766**	1,582,236	**108,842**	275,681
Advances to suppliers		**1,687,741**	2,173,897	**311**	378,561
		83,999,701	98,726,096	**79,384,505**	79,310,890

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in Note 27.

11 Amounts due from subsidiaries

	Company	
	2009	2008
	$	$
Amounts due from subsidiaries		
– trade	**5,239,881**	3,505,149
– non-trade	**71,852,560**	60,269,344
	77,092,441	63,774,493
Allowance for impairment – non-trade	**(9,727,044)**	(1,550,000)
	67,365,397	62,224,493

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. Management assesses recoverability of amounts due from individual subsidiaries together with investments in those subsidiaries based on cash flow forecasts prepared for these subsidiaries, as described in Note 6. Should individual subsidiaries not be able to achieve forecasted results, the Company would be required to record additional impairment loss.

The movement in the allowance for impairment in respect of amounts due from subsidiaries during the year is as follows:

	Company	
	2009	2008
	$	$
At 1 January	**1,550,000**	–
Allowance made during the year	**8,177,044**	1,550,000
At 31 December	**9,727,044**	1,550,000

12 Amount due from/(to) customers for contract work

	Note	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Contract costs incurred to date		**7,202,079**	16,571,252	**2,910,827**	12,953,332
Recognised profits less recognised losses to date		**180,611**	976,860	**151,487**	1,060,955
		7,382,690	17,548,112	**3,062,314**	14,014,287
Progress billings		**(7,432,448)**	(16,032,617)	**(2,913,006)**	(12,962,272)
Amount due (to) from/customers, net		**(49,758)**	1,515,495	**149,308**	1,052,015
Gross amount due from customers for contract work	10	**1,137,799**	3,338,983	**500,463**	2,704,326
Gross amount due to customers for contract work	18	**(1,187,557)**	(1,823,488)	**(351,155)**	(1,652,311)
		(49,758)	1,515,495	**149,308**	1,052,015

13 Cash and cash equivalents

	Group 2009 $	Group 2008 $	Company 2009 $	Company 2008 $
Cash at bank and in hand	**23,288,085**	29,000,638	**3,917,074**	3,368,845
Deposits with banks	**11,489,668**	17,298,942	**2,245,600**	4,862,043
Short-term investments	**13,084,615**	11,089,770	**–**	–
Cash and cash equivalents	**47,862,368**	57,389,350	**6,162,674**	8,230,888
Deposits pledged	**(2,948,400)**	(7,821,963)		
Cash and cash equivalents in the cash flow statement	**44,913,968**	49,567,387		

Fixed deposits of $2,948,400 (2008: $7,821,963) have been pledged to banks to secure letters of guarantee and trade facilities.

Deposits with banks mature on varying periods within 12 months (2008: 12 months) from the financial year end. Effective interest rates range from 0.20% to 1.90% (2008: 1.25% to 3.20%) per annum. Short term investments earn a weighted average effective interest rate of 1.67% – 3.33% (2008: 3.26%) per annum during the year.

The short-term investments refer to funds deposited with trust fund and money market funds.

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14 Share capital

	Group and Company			
	2009	2008	**2009**	2008
	$	$	**No. of shares**	
Fully paid ordinary shares, with no par value:				
At 1 January	**117,330,143**	117,330,143	**710,254,775**	710,254,775
Exercise of share options	**22,500**	–	**250,000**	–
At 31 December	**117,352,643**	117,330,143	**710,504,775**	710,254,775

In 2009, 250,000 ordinary shares were issued as a result of the exercise of vested options arising from the Fu Yu Share Option Scheme granted on 5 October 2008. Options were exercised at an exercise price of S$0.09 per option. All issued shares are fully paid.

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.

Capital management

The Group's policy is to maintain adequate capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

15 Reserves

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Capital reserve	**140,256**	140,256	**–**	–
Statutory reserve	**8,877,025**	8,799,911	**–**	–
Revaluation reserve	**788,607**	788,607	**788,607**	788,607
Foreign currency translation reserve	**(5,126,927)**	(5,233,091)	**–**	–
Share option reserve	**1,627,055**	275,474	**1,153,055**	220,124
Revenue reserve	**35,358,783**	60,672,045	**16,315,891**	23,378,804
	41,664,799	65,443,202	**18,257,553**	24,387,535

15 Reserves *(cont'd)*

The statutory reserve is computed based on 10% of the after tax profits of subsidiaries established in the People's Republic of China. It is maintained to comply with the law and regulations in the People's Republic of China.

The revaluation reserve represents increase in value of certain properties that were subject to one-off revaluation conducted in 1994, net of decrease in the revaluation reserve to the extent that such decrease relates to impairment loss or disposal of these properties.

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.

The share option reserve comprises the cumulative value of employee services received for the issue of the share options.

16 Employee share options

The Fu Yu Employee Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting on 29 April 2008. The Scheme is administered by the Company's Committee comprising all executive directors.

Information regarding the Scheme is as follows:

- The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on Singapore Exchange for five consecutive market days immediately preceding the date of the grant.
- The options can be exercised 1 year after the date of grant.
- The options granted expire after 5 October 2014.
- All options are settled by physical delivery of shares.
- No options are granted at a discount to the prevailing market price of share.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	2009		2008	
	Weighted average exercise price $	**No. of options**	Weighted average exercise price $	No. of options
At 1 January	**0.09**	**84,270,000**	–	–
Granted during the year	**–**	**–**	0.09	84,270,000
Forfeited during the year	**0.09**	**(3,400,000)**	–	–
Exercised during the year	**0.09**	**(250,000)**	–	–
At 31 December	**0.09**	**80,620,000**	0.09	84,270,000

16 Employee share options *(cont'd)*

The weighted average share price at the date of exercise for share options exercised in 2009 was $0.11 (2008: no options exercisable).

Share options outstanding at the end of the year have the following expiry date and exercise price:

Date of grant of options	Expiry date	Exercise price	Options outstanding	
		$	**2009**	2008
5 October 2008	5 October 2014	0.09	**80,620,000**	84,270,000

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions

Date of grant of options	5 October 2008
Fair value at measurement date	$0.09
Share price	$0.09
Exercise price	$0.09
Expected volatility	19%
Expected option life (years)	5 years
Expected dividend rate	0%
Risk-free interest rate	2.25%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

17 Financial liabilities

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Non-current liabilities				
Finance lease liabilities	**240,669**	894,581	**66,272**	84,629
Current liabilities				
Secured bank loans	**18,384,300**	22,247,995	**4,403,500**	2,000,000
Finance lease liabilities	**688,063**	947,454	**18,357**	26,705
	19,072,363	23,195,449	**4,421,857**	2,026,705
	19,313,032	24,090,030	**4,488,129**	2,111,334

Secured bank loans

The Group's and the Company's short-term secured loans bear interest rates ranging from 2.14% to 5.31% (2008: 2.09% to 6.41%) and 2.14% to 3.04% (2008: 2.09%) respectively per annum and can be rolled forward for periods of between 1 week and 1 year after the maturity date.

The secured bank loans are secured by:

(i) Fixed and floating charges over various assets and mortgages over the Company's Singapore properties;
(ii) Fu Yu Investment Pte Ltd's 254,295,643 ordinary shares (after bonus issue, capital reduction and share consolidation) in the share capital of LCTH Corporation Berhad;
(iii) Mortgages over the Company's subsidiary, Fu Yu Moulding & Tooling (Suzhou) Co., Ltd's properties; and
(iv) Mortgages over the Company's subsidiary, Fu Yu Moulding & Tooling (Shanghai) Co., Ltd's properties.

Included in loans and borrowings of the Group is an amount of approximately $1,403,500 (2008: $7,203,700) denominated in US dollars. Other loans and borrowings are denominated in the functional currencies of the respective Group entities.

Covenants

As at 31 December 2009, the Group and the Company have secured bank loans that total to S$18.4 million and S$4.4 million respectively.

17 Financial liabilities *(cont'd)*

Covenants (cont'd)

The Company did not satisfy certain financial convenants relating to a banking facility. The related short-term loans relating to this breach of US$1 million and S$3 million are classified as current liability as these are repayable within the next 12 months. Subsequent to the balance sheet date, the Company has obtained the waiver from the lending bank for the breach of financial covenants up to 31 December 2009. The Company shall continue to comply with the financial covenants.

Finance lease liabilities

At 31 December, the Group and the Company have obligations under finance leases as follows:

		2009			2008	
	Principal	**Interest**	**Payments**	Principal	Interest	Payments
	$	**$**	**$**	$	$	$
Group						
Payable:						
Within 1 year	**688,063**	**27,872**	**715,935**	947,454	74,181	1,021,635
After 1 year but within 5 years	**240,669**	**10,639**	**251,308**	894,581	37,659	932,240
	928,732	**38,511**	**967,243**	1,842,035	111,840	1,953,875
Company						
Payable:						
Within 1 year	**18,357**	**4,227**	**22,584**	26,705	5,197	31,902
After 1 year but within 5 years	**66,272**	**5,228**	**71,500**	84,629	9,455	94,084
	84,629	**9,455**	**94,084**	111,334	14,652	125,986

The effective interest rates implicit in the leases range from 2.30% to 5.60% (2008: 2.30% to 6.14%) per annum.

The finance lease liabilities are secured by the leased assets.

18 Trade and other payables

		Group		Company	
	Note	**2009**	2008	**2009**	2008
		$	$	**$**	$
Trade payables		**37,892,510**	52,535,406	**4,063,554**	6,252,012
Accrued expenses		**11,695,924**	12,295,193	**2,689,925**	3,061,511
Amounts payable for purchase of property, plant and equipment		**809,362**	3,608,623	**7,455**	101,954
Amounts due to customers for contract work	12	**1,187,557**	1,823,488	**351,155**	1,652,311
Other payables		**11,569,417**	13,767,932	**889,656**	1,139,560
Amounts due to subsidiaries					
– trade		**–**	–	**1,078,873**	1,356,179
– non-trade		**–**	–	**616,556**	1,146,004
Deposits and advances		**1,782,088**	1,989,454	**1,323,386**	1,111,305
Advances from directors		**3,000,000**	3,000,000	**3,000,000**	3,000,000
Financial liabilities measured at amortised cost		**67,936,858**	89,020,096	**14,020,560**	18,820,836
Advance billings		**2,527,123**	2,469,335	**1,906,930**	2,264,856
Sales/withholding taxes		**1,804,265**	1,420,014	**–**	–
		72,268,246	92,909,445	**15,927,490**	21,085,692

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand. Advances from directors are unsecured, interest-free and subordinated to bank borrowings from one of the lending banks.

19 Revenue

	Group	
	2009	2008
	$	$
Sale of goods	**194,551,332**	282,949,279
Revenue from tooling contracts	**37,887,920**	43,305,005
	232,439,252	326,254,284

Notes to the Financial Statements

As at 31 December 2009

20 Other income

	Group	
	2009	2008
	$	$
Interest and investment income	**647,596**	1,061,501
Rental income	**4,637,156**	3,995,264
Government grants		
– assets related	**–**	3,903
– income related	**44,941**	125,583
Loss on liquidation of a subsidiary	**(104,650)**	(26,608)
Gain on disposal of property, plant and equipment	**1,336,391**	719,995
Sale of scrap and raw materials	**667,842**	1,666,178
Foreign exchange (loss)/gain, net	**(3,039,907)**	4,617,064
Write-back of indirect taxes	**1,528,598**	–
Others	**792,781**	180,790
	6,510,748	12,343,670

21 Other expenses – exceptional expenses

	Group	
	2009	2008
	$	$
Gain on sale of a leasehold property previously classified as an asset held for sale	**–**	5,152,495
Impairment of property, plant and machinery (Note 3)	**(5,501,313)**	(36,130,055)
	(5,501,313)	(30,977,560)

22 Finance costs

	Group	
	2009	2008
	$	$
Interest expenses		
– bank loans	**997,388**	1,875,646
– finance leases	**73,279**	118,238
	1,070,667	1,993,884

23 Loss before income tax

The following items have been included in arriving at loss before income tax:

	Group	
	2009	2008
	$	$
Directors of the Company		
– fees	**295,553**	293,957
– contributions to defined contribution plans	**51,669**	47,169
– share options granted	**354,236**	80,506
– salaries, bonuses and other costs	**2,415,854**	2,447,544
Directors of subsidiaries		
– fees	**85,232**	67,293
– contributions to defined contribution plans	**–**	7,323
– salaries, bonuses and other costs	**19,546**	190,120
Non-audit fees paid to		
– other auditors	**15,711**	23,104
Staff costs		
– salaries, bonuses and other costs	**44,996,936**	60,652,333
– contributions to defined contribution plans	**4,471,253**	6,624,942
– share options granted	**997,345**	194,968
Operating lease expenses	**8,823,806**	8,241,157
Property, plant and equipment written off	**1,212,055**	320,756
Allowance made/(written-back) for doubtful trade and other receivables	**934,485**	(2,463,792)
(Write-back) of allowance/allowance made for inventory obsolescence and inventories written off	**(1,684,405)**	1,358,416
Operating expenses in relation to investment property	**251,147**	230,340

24 Income tax (credit)/expense

	Group	
	2009	2008
	$	$
Current tax (credit)/expense		
Current year	**524,902**	3,860,899
Overprovision of prior years	**(1,237,898)**	(441,511)
	(712,996)	3,419,388
Deferred tax (credit)/expense		
Movements in temporary differences	**(351,782)**	(1,386,971)
Reduction in tax rates	**(109,134)**	–
(Over)/Under provision in prior years	**(308,887)**	1,561,816
	(769,803)	174,845
Income tax (credit)/expense	**(1,482,799)**	3,594,233

Reconciliation of effective tax rate

	Group	
	2009	2008
	$	$
Loss before income tax	**(26,788,852)**	(52,241,140)
Tax calculated using Singapore tax rate of 17% (2008: 18%)	**(4,554,105)**	(9,403,405)
Effect of reduction in tax rates	**(109,134)**	–
Effect of different tax rates in foreign jurisdictions	**(1,398,269)**	1,610,527
Income not subject to tax	**(1,026,846)**	(1,549,492)
Expenses not deductible for tax purposes	**5,233,930**	6,264,495
Utilisation of capital allowances, reinvestment allowances and tax losses	**(45,259)**	(314,299)
Recognition of deferred tax assets on reinvestment allowances	**(306,919)**	–
(Over)/Under provision in prior years	**(1,546,785)**	1,120,305
Deferred tax assets not recognised	**2,413,869**	4,376,826
Shortfall of tax credit	**–**	1,845,362
Others	**(143,281)**	(356,086)
	(1,482,799)	3,594,233

24 Income tax (credit)/expense *(cont'd)*

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.

Some of the subsidiaries in the People's Republic of China are entitled to tax concessions whereby the profit for the first two profit-making financial years is exempt from income tax and the profit of the subsequent three financial years is taxed at 50% of the standard income tax rate.

25 Loss per share

	Group	
	2009	2008
Net loss attributable to ordinary shareholders ($)	**(25,236,148)**	(56,991,155)
Number of shares:		
Issued ordinary shares at 1 January	**710,254,775**	710,254,775
Effect of shares issued during the year	**52,740**	–
Weighted average number of ordinary shares at 31 December	**710,307,515**	710,254,775
Basic loss per share (cents)	**(3.55)**	(8.02)
Diluted loss per share (cents)	**(3.55)**	(8.02)

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares is adjusted to take into account the dilutive effect arising from the dilutive share options to ordinary shares, with the potential ordinary shares weighted for the period outstanding. As the effect is anti-dilutive, the dilutive loss per share (cents) is the same as the basic loss per share (cents).

26 Operating segments

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Other items comprise mainly interest income, finance costs, other expenses – exceptional expenses, and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

Performance is measured based on profit before tax, interest income, finance costs and exceptional expenses, as included in internal management reports that are reviewed by the Group's chief operating decision maker. Profit before tax, interest income, finance costs and exceptional expenses is used to measure performance as management believes that 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 the terms agreed by the counterparties.

Concentration of revenue

Revenue of approximately $144,628,000 (2008: $167,456,000) relate to 4 (2008: 3) external customers with revenue in excess of 10% of Group revenue. This revenue relates to Singapore, Malaysia and China segments.

26 Operating segments *(cont'd)*

Geographical segments

	Singapore		China		Malaysia		Others		Total operations	
	2009 $	2008 $	**2009 $**	2008 $	**2009 $**	2008 $	**2009 $**	2008 $	**2009 $**	2008 $
Revenue and expenses										
Total external revenue	**39,099,645**	51,337,503	**105,737,094**	154,741,077	**87,602,513**	120,175,704	**–**	–	**232,439,252**	326,254,284
Inter-segment revenue	**2,566,688**	9,297,175	**7,365,946**	11,273,509	**1,317,164**	2,001,241	**–**	–	**11,249,798**	22,571,925
Profit before tax, interest income, finance costs and exceptional expenses	**(7,745,130)**	(7,641,968)	**(16,495,730)**	(18,273,357)	**2,656,896**	5,043,949	**–**	(470)	**(21,583,964)**	(20,871,846)
Other expenses – exceptional expenses (Note 21)	**(2,235,011)**	(9,635,000)	**(3,266,302)**	(26,495,055)	**–**	5,152,495	**–**	–	**(5,501,313)**	(30,977,560)
Share of results of associates									**719,496**	540,649
Interest income									**647,596**	1,061,501
Finance costs									**(1,070,667)**	(1,993,884)
									(26,788,852)	(52,241,140)
Income tax credit/(expenses)									**1,482,799**	(3,594,233)
Net loss for the year									**(25,306,053)**	(55,835,373)
Assets and liabilities										
Segment assets										
– Non-current assets	**16,437,971**	16,388,411	**67,888,503**	82,971,132	**32,771,725**	45,287,569	**–**	–	**117,098,199**	144,647,112
– Current assets	**22,374,704**	32,553,358	**58,991,200**	80,639,469	**70,004,943**	65,765,481	**56,092**	54,476	**151,426,939**	179,012,784
Other unallocated assets									**13,659,497**	11,810,758
Total assets									**282,184,635**	335,470,654
Segment liabilities	**13,133,690**	16,658,309	**34,827,429**	55,806,202	**12,914,475**	17,447,243	**63**	–	**60,875,657**	89,911,754
Other unallocated liabilities									**37,334,771**	37,334,771
Total liabilities									**98,210,428**	127,246,525
Other segment information										
Capital expenditure	**`642,955**	1,755,984	**1,997,727**	1,287,334	**641,129**	1,969,326	**–**	–	**3,281,811**	5,012,644
Depreciation of property, plant and equipment, investment property and amortisation of prepaid land lease	**3,527,231**	6,084,129	**9,835,366**	15,100,671	**6,503,157**	7,088,524	**–**	–	**19,865,754**	28,273,324

27 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. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there is a concentration of credit risk to customers located in the following geographical areas:

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Singapore	**6,326,647**	9,614,704	**5,375,876**	8,057,428
China	**32,466,299**	49,054,614	**520,764**	436,715
Malaysia	**19,995,345**	22,812,051	**1,189,000**	1,223,779
United States	**2,837,526**	1,708,768	**439,536**	244,655
Hong Kong	**8,200,503**	1,575,567	**15,943**	–
Others	**4,709,842**	1,757,696	**103,388**	439,846
	74,536,162	86,523,400	**7,644,507**	10,402,423

At the balance sheet date, there is a concentration of credit risk relating to four major customers with outstanding receivable balance of approximately $45,537,000 (2008: three major customers with outstanding balance of approximately $52,026,000). These customers relate to Singapore, Malaysia and China segments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

27 Financial risk management *(cont'd)*

Credit risk (cont'd)

The ageing analysis of the trade receivables is as follows:

	2009		2008	
	Gross trade receivables	**Allowance for impairment**	Gross trade receivables	Allowance for impairment
	$	**$**	$	$
Group				
Not past due	**61,387,723**	**–**	65,171,963	–
Past due 0 to 30 days	**8,561,431**	**–**	17,272,847	–
Past due 31 to 90 days	**3,620,049**	**154,734**	3,021,056	–
Past due more than 90 days	**12,804,140**	**11,682,447**	13,860,886	12,803,352
	86,373,343	**11,837,181**	99,326,752	12,803,352
Company				
Not past due	**4,173,292**	**–**	8,264,400	–
Past due 0 to 30 days	**783,691**	**–**	1,401,751	–
Past due 31 to 90 days	**1,906,443**	**–**	535,826	–
Past due more than 90 days	**964,105**	**183,024**	508,018	307,572
	7,827,531	**183,024**	10,709,995	307,572

Movements in the allowance for impairment loss in respect of trade receivables during the year are as follows:

	Group		**Company**	
	2009	2008	**2009**	2008
	$	$	**$**	$
At 1 January	**12,803,352**	15,423,292	**307,572**	1,839,829
Allowance made/(written-back)	**934,485**	(2,463,792)	**(101,188)**	(828,770)
Allowance utilised	**(1,524,720)**	(971,752)	**(23,360)**	(703,487)
Currency realignment	**(375,936)**	815,604	**–**	–
At 31 December	**11,837,181**	12,803,352	**183,024**	307,572

Based on historical default rates, the Group believes that no impairment allowance, other than those specifically identified, is necessary in respect of trade receivables not past due or past due up to 90 days. These receivables are mainly arising by customers that have a good record with the Group.

27 Financial risk management *(cont'd)*

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 contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount $	Contractual cash flows $	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Group						
2009						
Non-derivative financial liabilities						
Trade and other payables	**72,268,246**	**72,268,246**	**72,268,246**	**–**	**–**	**–**
Financial liabilities						
– Finance lease liabilities	**928,732**	**967,243**	**715,934**	**216,674**	**34,635**	**–**
– Secured bank loans	**18,384,300**	**18,626,347**	**18,626,347**	**–**	**–**	**–**
	91,581,278	**91,861,836**	**91,610,527**	**216,674**	**34,635**	**–**
2008						
Non-derivative financial liabilities						
Trade and other payables	92,909,445	92,909,445	92,909,445	–	–	–
Financial liabilities						
– Finance lease liabilities	1,842,035	1,953,875	1,021,637	751,728	180,510	–
– Secured bank loans	22,247,995	22,566,455	22,566,455	–	–	–
	116,999,475	117,429,775	116,497,537	751,728	180,510	–

27 Financial risk management *(cont'd)*

Liquidity risk (cont'd)

	Carrying amount $	Contractual cash flows $	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $
Company						
2009						
Non-derivative financial liabilities						
Trade and other payables	**15,927,490**	**15,927,490**	**15,927,490**	**–**	**–**	**–**
Financial liabilities						
– Finance lease liabilities	**84,629**	**94,084**	**22,584**	**71,500**	**–**	**–**
– Secured bank loans	**4,403,500**	**4,407,564**	**4,407,564**	**–**	**–**	**–**
	20,415,619	**20,429,138**	**20,357,638**	**71,500**	**–**	**–**
2008						
Non-derivative financial liabilities						
Trade and other payables	21,085,692	21,085,692	21,085,692	–	–	–
Financial liabilities						
– Finance lease liabilities	111,334	125,986	31,902	94,084	–	–
– Secured bank loans	2,000,000	2,000,687	2,000,687	–	–	–
	23,197,026	23,212,365	23,118,281	94,084	–	–

It is not expected that the cash flows included in the maturity analysis could 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 which 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

The Group's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

27 Financial risk management *(cont'd)*

Interest rate risk (cont'd)

Sensitivity analysis

	Increase/(decrease) in profit or decrease/(increase) in loss			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Group	$	$	$	$
2009				
Variable rate instruments	**(183,843)**	**183,843**	**(44,035)**	**44,035**
2008				
Variable rate instruments	(222,480)	222,480	(20,000)	20,000

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings 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 dollar.

The Group's and Company's exposures to foreign currency are as follows:-

	Group		Company	
	2009 US dollar $	2008 US dollar $	**2009 US dollar $**	2008 US dollar $
Trade and other receivables	**46,790,027**	58,684,040	**7,405,752**	8,981,807
Cash and cash equivalents	**14,259,620**	17,235,466	**3,634,576**	2,996,531
Financial liabilities	**(1,403,500)**	(7,203,700)	**(1,403,500)**	–
Trade and other payables	**(21,249,705)**	(29,704,423)	**(2,405,769)**	(3,460,430)
	38,396,442	39,011,383	**7,231,059**	8,517,908

Sensitivity analysis

A one percentage point strengthening/weakening of the Singapore dollar against the US dollar at the balance sheet date would decrease/increase the Group's loss before income tax by approximately $384,000 (2008: $390,000) and decrease/increase the Company's profit before income tax by approximately $72,000 (2008: $85,000). This analysis assumes that all other variables in particular interest rates, remain constant.

27 Financial risk management *(cont'd)*

Fair values

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents, secured bank loans and trade and other payables) are assumed to approximate their fair values given the short period to maturity or re-pricing.

28 Commitments

Capital expenditure commitments

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Capital expenditure contracted for as at balance sheet date but not recognised in the financial statements	**5,046,875**	5,977,974	**4,930,953**	3,968,857

Included in the Company's commitments is $4,930,953 (2008: $3,762,359) relating to the injection of capital in subsidiaries.

Operating lease commitments

As at 31 December, the Group and Company lease certain properties and land under lease arrangements that are non-cancellable within one year. Other leases, which include the renewal options, expire at various dates till 2044 (2008: 2044) and contain provisions for rental adjustments to restrict the Group and the Company to further leasing and sub-leasing. At 31 December, the Group and Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Payable:				
Within 1 year	**7,073,740**	9,292,840	**5,042,867**	5,636,506
After 1 year but within 5 years	**8,468,531**	19,066,949	**2,006,771**	6,427,114
After 5 years	**15,685,225**	28,797,451	**6,228,216**	6,524,910
	31,227,496	57,157,240	**13,277,854**	18,588,530

Notes to the Financial Statements

As at 31 December 2009

28 Commitments *(cont'd)*

Operating lease commitments (cont'd)

The Company has entered into cancellable and non-cancellable commercial property leases to lease out its surplus space. The cancellable commercial property leases can be cancelled by way of the lessees giving notice in advance to the Company and vice versa. The non-cancellable leases have remaining non-cancellable lease terms of between 2 to 3 years as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Receivable:				
Within 1 year	**3,487,873**	4,971,394	**3,224,191**	4,092,162
After 1 year but within 5 years	**603,539**	2,786,818	**76,175**	2,633,066
	4,091,412	7,758,212	**3,300,366**	6,725,228

29 Contingent liabilities

In 2008, the Company has corporate guarantees and standby letter of credit given to banks in connection with facilities granted to a subsidiary amounting to $7,900,000 (2009: $ Nil). Amounts utilised by the subsidiary amounted to $7,203,697 (2009: $ Nil).

The Company has an outstanding corporate guarantee given to a supplier in connection with hire purchase obligations of the subsidiaries amounting to $112,077 (2008: $297,008).

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the bank would have charged had these guarantees not been available. The directors have assessed the fair value of these financial guarantees to have no material financial impact on the results and the accumulated profits of the Company.

30 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 comprise:

	Group	
	2009	2008
	$	$
Short-term employee benefits	**3,812,459**	3,722,055
Contributions to defined contribution plans	**91,981**	80,335
Share options expenses	**767,637**	188,796
	4,672,077	3,991,186
Comprise amounts paid/payable to:		
– directors of the Company	**3,117,312**	2,869,176
– key executives	**1,554,765**	1,122,010
	4,672,077	3,991,186

The following information relates to the remuneration of directors of the Company during the financial year:

	Group	
	2009	2008
Number of directors in remuneration bands		
– $500,000 and above	**5**	3
– $250,000 to $499,999	**–**	2
– below $250,000	**3**	3
	8	8

30 Related parties *(cont'd)*

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Sale of goods to subsidiaries	**–**	–	**2,231,275**	9,297,175
Sale of equipment to subsidiaries	**–**	–	**–**	123,148
Rental income from a subsidiary	**–**	–	**729,493**	642,373
Dividend income from a subsidiary	**–**	–	**8,059,140**	21,000,000
Management fees from a subsidiary	**–**	–	**567,600**	639,600
Purchase of goods from subsidiaries	**–**	–	**1,770,637**	2,012,173
Transfer of property, plant and equipment to subsidiaries	**–**	–	**442,078**	642,808
Rental income from an associate	**897,111**	919,784	**–**	–
Sale of goods to an associate	**–**	17,798	**–**	17,798
Dividend income from associate	**477,340**	–	**–**	–

31 Subsequent event

On 30 March 2010, the Company announced that it had injected a total of US$2,000,036 (approximately S$2,814,800) in Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd ("Fu Ying Shenzhen"), its newly set up subsidiary in China.

32 New standards and interpretations not yet adopted

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as at the balance sheet date but are not yet effective:

- Amendments to FRS 102 *Share-based Payment – Group cash-settled share-based payment transactions*. The amendments to FRS 102 on group cash-settled share-based payment transactions will become effective for the Company's financial statements for the year ending 31 December 2011. The amendments require an entity receiving goods or services in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate financial statements. The application of these amendments is not expected to have any significant impact on the Company's financial statements.

- FRS 103 (revised 2009) *Business Combinations* will become effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (NCI) (previously minority interests). The revised FRS 103 will be applied prospectively and therefore there will be no impact on prior periods in the Group's financial statements for the year ending 31 December 2010.

- FRS 27 (amended) *Separate and Consolidated Financial Statements* will become effective for the Group's financial statements for the year ending 31 December 2010. The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments will be applied prospectively to transactions with NCI and therefore there will be no impact on prior periods in the Group's financial statements for the year ending 31 December 2010.

- *Improvements to FRSs 2009* will become effective for the Group's financial statements for the year ending 31 December 2010 for amendments relating to FRS 102 *Share-based payment* and FRS 38 *Intangible assets*. *Improvements to FRSs 2009* will become effective for the Group's financial statements for the year ending 31 December 2011 for amendments relating to FRS 1 *Presentation of financial statements*, FRS 7 *Statement of cash flows*, FRS 17 *Leases*, FRS 36 *Impairment of assets*, FRS 39 *Financial Instruments: Recognition and measurement*, FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* and FRS 108 *Operating segments. Improvements to FRSs 2008* will become effective for the Group's financial statements for the year ending 31 December 2010 for the amendment relating to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations. Improvements to FRSs 2009 and 2008* contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement and disclosure purposes. The Group is in the process of assessing the impact of these amendments.

Other than standards and interpretations that management is currently assessing as detailed above, including standards dealing with disclosure and presentation, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's and the Company's financial statements.

Additional Information

required by the Listing Manual

Risk Management (Listing Rule 1207(4)(b)(iv))

The Group faces internal and external risks that are categorized as environmental and operational risks.

Operational risk is the risk of loss arising from external events, or from inadequate or failed internal processes, people or systems.

The main risks arising from the Group's financial assets and liabilities are credit risk, liquidity risk, market risk, interest rate risk and foreign exchange risk. The Board reviews and agrees on policies to manage its exposure to financial risks. Details of the various financial risk factors are outlined in Note 27 to the Financial Statements on pages 78 to 83.

Material Contracts (Listing Rule 1207(8))

There were no material contracts entered into by the Company and/or its subsidiaries with the directors or chief executive officer 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.

However, there were loans from substantial shareholders cum executive directors since the financial year ended 31 December 2007. Mr Ching Heng Yang, Mr Tam Wai, Mr Ho Nee Kit, who are substantial shareholders and Executive Directors of the Company, had each loaned S$1,000,000 to the Company in October 2007. The loans are unsecured, interest free and subordinated to bank borrowings from DBS Bank Ltd as at 31 December 2009.

Interested Person Transactions (Listing Rule 1207(16))

The Singapore Stock Exchange requires listed company to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

There were no interested person transactions for the year ended 31 December 2009.

Dealings with Company's Securities (Listing Rule 1207(18))

The Company has adopted an internal code to provide guidance to its officers with regard to dealings in the Company's securities by directors and employees. The code states officers of the Company should not deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Additional Information

required by the Listing Manual

Land and Buildings (Listing Rule 1207(10)(b))

No	Company Name	Location of the properties	Existing Use	Year of acquisition	Land Area/Built-up Area	Percentage interest in property	Tenure
1	Fu Yu Corporation Limited	5 Tuas Drive 1 Singapore 638672	Warehouse, factory and office	1981	Land: 4,756 sq m Building: 5,179 sq m	100%	Leasehold for 60 years expiring on 15 Nov 2041
		7 Tuas Drive 1 Singapore 638674	Warehouse, factory and office	1981	Land: 4,756 sq m Building: 2,646 sq m	100%	Leasehold for 40 years expiring on 15 Nov 2021
		8 Tuas Drive 1 Singapore 638675	Warehouse, factory and office	1988	Land: 5,000 sq m Building: 3,606 sq m	100%	Leasehold for 56 years expiring on 31 Oct 2044
		9 Tuas Drive 1 Singapore 638676	Warehouse, factory and office	1981	Land: 4,755 sq m Building: 2,572 sq m	100%	Leasehold for 40 years expiring on 15 Nov 2021
		10 Tuas Drive 1 Singapore 638677	Warehouse, factory and office	1988	Land: 3,366 sq m Building: 3,334 sq m	100%	Leasehold for 56 years expiring on 31 Oct 2044
		43 Senoko Drive Singapore 758227	Warehouse, factory and office	1982	Land: 6,445 sq m Building: 6,961 sq m	100%	Leasehold for 38 years expiring on 15 Sep 2020
2	Classic Advantage Sdn Bhd	21, Jalan Teknologi 2 Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim Malaysia	Warehouse, factory and office	2004	Land: 16,4756 sq m Building: 1,1427 sq m	100%	Leasehold for 60 years expiring on 31 Mar 2066
3	Fu Hao Manufacturing (M) Sdn Bhd	Plot 562 Mukim 1 Jalan Perusahaan Baru 1, Perai III Perai Industrial Estate 13600 Perai, Penang Malaysia	Warehouse, factory and office	1995	Land: 1756 sq m Building: 4,865 sq m	100%	Leasehold for 60 years expiring on 11 Dec 2050

Additional Information

required by the Listing Manual

No	Company Name	Location of the properties	Existing Use	Year of acquisition	Land Area/Built-up Area	Percentage interest in property	Tenure
4	Fu Yu Moulding & Tooling (Suzhou) Co. Ltd	89 Xing Nan Road Wuzhong Economic Skill Development Zone Suzhou, China 215128	Warehouse, factory and office	2006	Land: 58,847 sq m Building: 47,800 sq m	100%	Leasehold for 50 years expiring on 18 Mar 2054
5	Fu Yu Moulding & Tooling (Dongguan) Co., Ltd	Jing Fu Road, Xin Cheng Industry Area Heng Li Town, Dongguan, Guangdong, China 523477	Warehouse, factory and office	1997	Land: 15,000 sq m Building: 21,110 sq m	100%	Leasehold for 50 years expiring on 14 Dec 2047
				2001	Land: 10,000 sq m Building: 18,890 sq m	100%	Leasehold for 50 years expiring on 17 May 2051
6	Fu Yu Moulding & Tooling (Shanghai) Co., Ltd	888 Xin Ling Road WaiGaoQiao Free Trade Zone Shanghai, China 200131	Warehouse, factory and office	1997	Land: 33,280 sq m Building: 8,031 sq m	100%	Leasehold for 50 years expiring on 28 Feb 2046
7	Fu Yu Moulding & Tooling (TianJin) Co., Ltd	71 Bai He Road Tianjin, Economic Development Zone Tianjin, China 300457	Warehouse, factory and office	1997	Land: 3,390 sq m Building: 3,406 sq m	100%	Leasehold for 50 years expiring on 17 Jul 2044
		73 Bai He Road Tianjin, Economic Development Zone Tianjin, China 300457	Warehouse, factory and office	1997	Land: 12,411 sq m Building: 13,133 sq m	100%	Leasehold for 50 years expiring on 15 Dec 2042

Shareholders' Information

As at 24 March 2010

Class of equity securities	:	Ordinary Shares
Number of equity securities	:	710,504,775 ordinary shares
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 999	257	3.57	104,792	0.01
1,000 – 10,000	3,873	53.85	19,518,257	2.75
10,001 – 1,000,000	3,034	42.18	145,602,902	20.49
1,000,001 and above	29	0.40	545,278,824	76.75
	7,193	100.00	710,504,775	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2010

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest		%
Ching Heng Yang	88,965,475	12.52	–		–
Tam Wai	96,715,475	13.61	300,000	(1)	0.04
Ho Nee Kit	96,999,225	13.65	–		–
Lui Choon Hay	92,202,475	12.98	–		–
Ng Hock Ching	15,829,000	2.23	20,000,000	(2)	2.81

Notes:

1. Mr Tam Wai is deemed to be interested in 300,000 shares held in the name of his spouse.

2. Mr Ng Hock Ching is deemed to be interested in the shares held in the name of Citibank Nominees Singapore Pte Ltd.

Shareholders' Information

As at 24 March 2010

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Ho Nee Kit	96,999,225	13.65
2.	Tam Wai	96,715,475	13.61
3.	Lui Choon Hay	92,202,475	12.98
4.	Ching Heng Yang	88,965,475	12.52
5.	Raffles Nominees (Pte) Ltd	28,689,055	4.04
6.	Citibank Nominees Singapore Pte Ltd	27,583,000	3.88
7.	DBS Nominees Pte Ltd	16,316,325	2.30
8.	Ng Hock Ching	15,829,000	2.23
9.	UOB Kay Hian Pte Ltd	14,067,000	1.98
10.	Lim Chye Huat @ Bobby Lim Chye Huat	10,689,000	1.50
11.	OCBC Securities Private Ltd	7,332,250	1.03
12.	United Overseas Bank Nominees Pte Ltd	7,325,029	1.03
13.	DBSN Services Pte Ltd	5,707,250	0.80
14.	Ng Chung Ming	5,000,000	0.70
15.	Kim Eng Securities Pte. Ltd.	3,903,255	0.55
16.	OCBC Nominees Singapore Pte Ltd	3,592,260	0.51
17.	Phillip Securities Pte Ltd	3,430,750	0.48
18.	UOB Nominees (2006) Pte Ltd	2,942,500	0.41
19.	Dennis Ng Kok Kee	2,550,000	0.36
20.	Low Ee Hwee	2,500,000	0.35

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

41.76% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fu Yu Corporation Limited ("the Company") will be held at Function Room, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 29 April 2010 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:–

   a) Dr John Chen Seow Phun (Article 91) **(Resolution 2)**
   b) Mr Hew Lien Lee (Article 91) **(Resolution 3)**
   c) Mr Ng Hock Ching (Article 97) **(Resolution 4)**

   Dr John Chen will, upon re-election as a Director of the Company, remain as the Non-executive Chairman, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent.

3. To approve the payment of Directors' fees of S$240,000/- for the year ended 31 December 2009. [2008: S$237,000/-] **(Resolution 5)**

4. To approve the payment of Directors' fees of S$252,000/- for the year ending 31 December 2010. **(Resolution 6)**

5. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolutions, with or without any modifications:

7. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "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) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (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 shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) 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) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Notice of Annual General Meeting

(3) (until 31 December 2010 or such other expiration date as may be determined by Singapore Exchange Securities Trading Limited), the limit on the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) of fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company set out in sub-paragraph (1) above, shall be increased to 100%, for purposes of enabling the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.
[See Explanatory Note (i)] **(Resolution 8)**

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST.**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares (other than on a pro-rata basis to the shareholders of the Company) at a discount ('the Discount") not exceeding ten per centum (10%) to the weighted average price ("the Price") for trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that in exercising the authority conferred by this Resolution:–

(a) the Company complies 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

(b) the Company may, until 31 December 2010 or such other expiration date as may be determined by SGX-ST increase the Discount to an amount exceeding ten per cent (10%) but not more than twenty per cent (20%) of the Price for shares to be issued,

unless revoked or varied by the Company in general meeting, such authority shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company, or (b) 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 (ii)] **(Resolution 9)**

Notice of Annual General Meeting

9. **Authority to issue shares under the Fu Yu Employees Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorized and empowered to offer and grant options under the Fu Yu Employees Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time 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 (iii)] **(Resolution 10)**

By Order of the Board

Low Geok Eng Susie
Company Secretary
Singapore, 14 April 2010

Notice of Annual General Meeting

Explanatory Note:

(i) The Ordinary Resolution 8 in item 7 above, 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 issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues subject to timeline stated below.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 until 31 December 2010. The effectiveness of these measures will be reviewed by the SGX-ST at the end of the period. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(ii) The Ordinary Resolution 9 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009 until 31 December 2010. The effectiveness of these measures will be reviewed by SGX-ST at the end of the period. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

Notice of Annual General Meeting

(iii) The Ordinary Resolution 10 in item 9 above, 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 issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Tuas Drive 1 Singapore 638675 not less than 48 hours before the time appointed for holding the Meeting.

FU YU CORPORATION LIMITED

(Incorporated In The Republic of Singapore with limited liability)

(Co Reg No. 198004601C)

IMPORTANT:

1. For investors who have used their CPF monies to buy Fu Yu Corporation Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...

of ....

being a member/members of Fu Yu Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, 29 April 2010 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2009		
2	Re-election of Dr John Chen Seow Phun as a Director		
3	Re-election of Mr Hew Lien Lee as a Director		
4	Re-election of Mr Ng Hock Ching as a Director		
5	Approval of Directors' fees amounting to $240,000 for the year ended 31 December 2009		
6	Approval of Directors' fees amounting to $252,000 for the year ending 31 December 2010		
7	Re-appointment of Messrs KPMG LLP as Auditors		
8	Authority to issue shares		
9	Authority to issue shares at discount		
10	Authority to issue shares under the Fu Yu Employees Share Option Scheme		

Dated this__________day of__________2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Tuas Drive 1 Singapore 638675 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies 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.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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 or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

FU YU CORPORATION LIMITED
Co.Reg.No. 198004601C

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