

**CIRCULAR DATED 11 JUNE 2015**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This circular (the “**Circular**”) is issued by Fu Yu Corporation Limited (the “**Company**”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular, Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



**FU YU CORPORATION LIMITED**

*(Company Registration Number: 198004601C)  
(Incorporated in the Republic of Singapore)*

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED CAPITAL REDUCTION AND  
THE PROPOSED CASH DISTRIBUTION TO SHAREHOLDERS**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	1 July 2015 at 11.30 a.m.
Date and time of Extraordinary General Meeting	:	3 July 2015 at 11.30 a.m.
Place of Extraordinary General Meeting	:	Bridge Rooms, Level 2, Raffles Marina 10 Tuas West Drive Singapore 638404

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated:

<b>“Accumulated Losses”</b>	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
<b>“ACRA”</b>	:	Accounting and Corporate Regulatory Authority of Singapore
<b>“Books Closure Date”</b>	:	A date to be determined by the Directors on which the transfer books and Register of Members of the Company will be closed for the purpose of determining the entitlements of Shareholders under the Proposed Cash Distribution
<b>“Cash Distribution Amount”</b>	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
<b>“Company”</b>	:	Fu Yu Corporation Limited
<b>“Comptroller of Income Tax”</b>	:	The Comptroller of Income Tax appointed under Section 3(1) of the Income Tax Act
<b>“Directors”</b>	:	The directors of the Company as at the date of this Circular
<b>“Effective Date”</b>	:	Has the meaning ascribed to it in Paragraph 2.8 of this Circular
<b>“EGM” or “Extraordinary General Meeting”</b>	:	The extraordinary general meeting of the Company to be convened to seek Shareholders’ approval for the special resolution, notice of which is set out in this Circular
<b>“Entitled Shareholders”</b>	:	Has the meaning ascribed to it in Paragraph 2.9 of this Circular
<b>“EPS”</b>	:	Earnings per Share
<b>“Expected Payment Date”</b>	:	Has the meaning ascribed to it in Paragraph 2.9 of this Circular
<b>“FY”</b>	:	Financial year ended or ending 31 December, as the case may be
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Income Tax Act”</b>	:	The Income Tax Act, Chapter 134 of Singapore, as may be amended or modified from time to time
<b>“Latest Practicable Date”</b>	:	28 May 2015, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST

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## DEFINITIONS

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<b>“Market Day”</b>	:	A day on which the SGX-ST is open for securities trading
<b>“Notice of EGM”</b>	:	The notice of the EGM as set out on pages 16 and 17 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Proposed Capital Reduction”</b>	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
<b>“Proposed Cash Distribution”</b>	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM which is attached to this Circular
<b>“Register of Members”</b>	:	The register of members of the Company
<b>“Resolution”</b>	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
<b>“Securities Account”</b>	:	Securities account maintained by a Depositor with CDP
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Persons who are registered as holders of the Shares in the Register of Members of the Company or, where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares, mean the Depositors who have Shares entered against their names in the Depository Register
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Solvency Statement”</b>	:	Has the meaning ascribed to it in Paragraph 2.5 of this Circular
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has a direct or indirect interest of not less than 5% of the total issued voting shares of the Company
<b>“\$”, “S\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent.”</b>	:	Per centum or percentage

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other gender. References to persons shall, where applicable, include corporations.

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## DEFINITIONS

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Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Listing Manual or any modification thereof and used in this Circular shall have the meaning ascribed to it under the Companies Act, the Listing Manual or any modification thereof (as the case may be) unless otherwise provided.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Where any word or expression is defined in this Circular, such definition shall extend to the grammatical variations and cognate expressions of such word or expression.

Any discrepancies in the figures included in this Circular between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

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## INDICATIVE TIMELINE

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The following indicative dates and times for the Proposed Capital Reduction and Proposed Cash Distribution are for illustrative purposes only<sup>(1)</sup>:

<i>Last date and time for lodgement of Proxy Forms for the EGM</i> <sup>(2)</sup>	:	1 July 2015 at 11.30 a.m.
<i>Date and time of the EGM</i>	:	3 July 2015 at 11.30 a.m.
<i>Expected last date and time of "cum" trading of the Shares on the SGX-ST</i>	:	On or about 13 August 2015 at 5.00 p.m.
<i>Expected commencement of "ex" trading of the Shares on the SGX-ST</i>	:	On or about 14 August 2015 at 9.00 a.m.
<i>Expected effective date of the Proposed Capital Reduction</i>	:	On or about 17 August 2015
<i>Expected Books Closure Date for the Proposed Capital Reduction</i>	:	On or about 18 August 2015 at 5.00 p.m.
<i>Expected payment date for the Proposed Cash Distribution pursuant to the Proposed Capital Reduction</i>	:	On or about 25 August 2015

- (1) Save for the date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced in due course by way of SGXNet announcement released on the SGX-ST.
- (2) All Proxy Forms must be duly completed and deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not later than forty-eight (48) hours before the time appointed for the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

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## LETTER TO SHAREHOLDERS

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### FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)  
(Incorporated in the Republic of Singapore)

#### Directors

Dr John Chen Seow Phun (*Non-Executive Chairman and Independent Director*)  
Ching Heng Yang (*Vice Chairman and Executive Director*)  
Hew Lien Lee (*Acting Chief Executive Officer and Chief Operating Officer, Executive Director*)  
Ho Nee Kit (*Executive Director*)  
Tam Wai (*Executive Director*)  
Tan Yew Beng (*Non-Executive Director and Independent Director*)  
Foo Say Tun (*Non-Executive Director and Independent Director*)

#### Registered Office

8 Tuas Drive 1  
Singapore 638675

11 June 2015

To: Shareholders of the Company

Dear Sir/Madam,

### THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION TO SHAREHOLDERS

#### 1. INTRODUCTION

1.1 On 20 April 2015, the Company announced that it intends to undertake a capital reduction exercise (the “**Proposed Capital Reduction**”) pursuant to Section 78A read with Section 78C of the Companies Act, which will involve (i) a write off of accumulated losses of the Company amounting to S\$15,253,773.19 as at 31 December 2014 (the “**Accumulated Losses**”) and (ii) a cash distribution (the “**Proposed Cash Distribution**”) to Shareholders as at the Books Closure Date amounting to an aggregate distribution of approximately S\$3,764,973.88 (“**Cash Distribution Amount**”).

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Capital Reduction and the Proposed Cash Distribution, and to seek Shareholders’ approval for the special resolution relating to the Proposed Capital Reduction and the Proposed Cash Distribution (the “**Resolution**”) to be proposed at the EGM, notice of which is set out in the Notice of EGM.

1.2 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

#### 2. THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION

##### 2.1 Introduction

The Company is proposing to undertake the Proposed Capital Reduction to write off the Accumulated Losses of the Company, as well as to return to Shareholders surplus capital of the Company in excess of its needs by way of the Proposed Cash Distribution.

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## LETTER TO SHAREHOLDERS

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It is a requirement under the Companies Act that a company that wishes to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting of shareholders by way of a special resolution.

The purpose of the Proposed Capital Reduction is partly to cancel issued and paid-up share capital of the Company no longer represented by available assets due to the Accumulated Losses. The Accumulated Losses arose mainly due to impairment losses on the carrying value of investments in subsidiaries of the Company as well as on receivables from subsidiaries of the Company.

In connection with the Proposed Capital Reduction, the Company will also make the Proposed Cash Distribution of approximately S\$3,764,973.88 to Shareholders as at the Books Closure Date, subject to the conditions set out in Paragraph 2.7 below having been satisfied. The respective entitlement of the Shareholders to the Cash Distribution Amount is approximately equal to S\$0.005 per Share (excluding treasury shares) based on the issued and paid-up share capital of the Company of S\$121,176,743.27 comprising 752,994,775 Shares as at the Latest Practicable Date. The actual amount to be returned to Shareholders pursuant to the Proposed Cash Distribution will be based on the issued and paid-up share capital of the Company as at the Books Closure Date.

The aggregate amount of cash to be paid to each Shareholder pursuant to the Proposed Cash Distribution will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

**The Proposed Capital Reduction and the Proposed Cash Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Proposed Capital Reduction and the Proposed Cash Distribution.**

### 2.2 Rationale

The Directors are of the view that undertaking the Proposed Capital Reduction to write off the Accumulated Losses would serve to rationalise and better present the balance sheet of the Company to reflect its underlying assets and financial position. In addition, the Proposed Capital Reduction will facilitate any future equity-related fund-raising to recapitalise and strengthen the balance sheet of the Company. The Proposed Capital Reduction, if effected, will eliminate in its entirety the Accumulated Losses and the Company would be in a better position to retain profits and enhance its ability to pay future dividends if the Accumulated Losses are written off.

The Proposed Cash Distribution would return to Shareholders as at the Books Closure Date the Cash Distribution Amount which comprises the paid-up capital in excess of the immediate requirements of the Company. The Proposed Capital Reduction and Proposed Cash Distribution, if effected, would result in the Company having a more efficient capital structure, thereby also improving Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Company has ensured that it retains sufficient capital for business and operational needs.



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## LETTER TO SHAREHOLDERS

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### 2.3 Details of the Proposed Capital Reduction and Proposed Cash Distribution

The Company proposes to carry out the Proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act.

The Proposed Capital Reduction and the Proposed Cash Distribution will be effected in the following manner:

- (a) reducing the issued and paid-up share capital of the Company by S\$19,018,747.07 from S\$121,176,743.27 (as at the Latest Practicable Date) to S\$102,157,996.20;
- (b) an amount equal to S\$15,253,773.19, being part of the credit arising from the cancellation of the issued and paid-up share capital of the Company, will be applied to write off the Accumulated Losses; and
- (c) the remaining amount of S\$3,764,973.88, being part of the credit arising from the cancellation of the issued and paid-up share capital of the Company, will be paid out to Shareholders on the basis of their shareholdings in the Company as at the Books Closure Date.

The amount of S\$15,253,773.19 to be applied to write off the Accumulated Losses comprises the issued and paid-up share capital of the Company which has been lost or unrepresented by available assets while the Cash Distribution Amount comprises the issued and paid-up capital in excess of the immediate requirements of the Company.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$121,176,743.27. Upon completion of the Proposed Capital Reduction and Proposed Cash Distribution, the Company will have an issued and paid-up share capital of S\$102,157,996.20.

### 2.4 Illustration

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Books Closure Date:

	<b>Shareholder</b>
<b><u>Position before the Proposed Capital Reduction</u></b> <sup>(1)</sup>	
Number of Shares currently held	100
<b><u>Position immediately after the Proposed Capital Reduction</u></b>	
Cash Distribution Amount received per 100 Shares held (S\$)	0.50
Number of Shares held after the Proposed Capital Reduction	100

**Note:**

- (1) Based on the assumption that such Shareholder did not dispose of any Shares between the Books Closure Date and the effective date of the Proposed Capital Reduction.

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## LETTER TO SHAREHOLDERS

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In summary, Shareholders will receive S\$0.50 in cash for every 100 Shares (or S\$0.005 in cash for each Share) held as at the Books Closure Date. Shareholders holding lots other than board lots of 100 Shares will likewise receive S\$0.005 in cash for each Share held by them or on their behalf as at the Books Closure Date.

**The Proposed Capital Reduction will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Proposed Capital Reduction and the Proposed Cash Distribution.**

### 2.5 Solvency Requirements

In determining the Proposed Cash Distribution to Shareholders, the Directors have ensured that the Company has retained sufficient capital to support its existing operations and pay its debts, if any. Pursuant to this and in compliance with the provisions of Section 78C of the Companies Act, all the Directors will each make a solvency statement (the “**Solvency Statement**”) confirming that:

- (a) as regards the Company’s situation at the date of the Solvency Statement, there is no ground on which the Company could be found to be unable to pay its debts; and
- (b) the Company will be able to pay its debts as and when they fall due during the period of twelve (12) months immediately following the date of the Solvency Statement; and
- (c) the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the Proposed Capital Reduction, become less than the value of its liabilities (including contingent liabilities).

Copies of the Solvency Statements signed by the Directors will be available for inspection at the EGM, as well as at the registered office of the Company throughout the six (6) weeks beginning with the date of the EGM.

### 2.6 Financial Effects of the Proposed Capital Reduction

For illustrative purposes only and based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014, a summary of the financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution on the Company’s issued and paid-up share capital, Shareholders’ funds, NTA, EPS and gearing of the Company and the Group are set out below.

The financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution as illustrated, are based on the assumptions that:

- (i) the Proposed Capital Reduction and the Proposed Cash Distribution were completed on 31 December 2014; and
- (ii) the number of issued Shares (excluding treasury shares) in the share capital of the Company is 752,994,775 as at 31 December 2014.

**Shareholders should note that the pro-forma financial effects have been prepared solely for illustrative purposes and do not purport to be indicative or a projection of the results and financial position of the Company after the Proposed Capital Reduction and the Proposed Cash Distribution have been effected.**

## LETTER TO SHAREHOLDERS

(a) Share Capital

<b>Share capital</b>	<b>As at 31 December 2014</b>	
	<b>No. of Shares</b>	<b>S\$'000</b>
Before the Proposed Capital Reduction and Proposed Cash Distribution	752,994,775	121,176
After the Proposed Capital Reduction and Proposed Cash Distribution	752,994,775	102,158

(b) Shareholders' Funds

	<b>As at 31 December 2014</b>			
	<u>Group</u>		<u>Company</u>	
	<b>Before the Proposed Capital Reduction and Proposed Cash Distribution</b>	<b>After the Proposed Capital Reduction and Proposed Cash Distribution</b>	<b>Before the Proposed Capital Reduction and Proposed Cash Distribution</b>	<b>After the Proposed Capital Reduction and Proposed Cash Distribution</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Share capital	121,176	102,158	121,176	102,158
Reserves	53,740	68,993	(13,311)	1,942
<b>Shareholders' funds</b>	<b>174,916</b>	<b>171,151</b>	<b>107,865</b>	<b>104,100</b>

(c) NTA

	<b>As at 31 December 2014</b>		
	<b>NTA attributable to equity holders of the Company</b>	<b>Number of issued and paid-up Shares</b>	<b>NTA per Share</b>
	<b>(S\$'000)</b>		<b>(S\$)</b>
Before the Proposed Capital Reduction and Proposed Cash Distribution	174,916	752,994,775	0.2323
After the Proposed Capital Reduction and Proposed Cash Distribution	171,151	752,994,775	0.2273

(d) EPS

The Proposed Capital Reduction and Proposed Cash Distribution will have no impact on the EPS of the Company.

(e) Gearing

	<b>As at 31 December 2014</b>		
	<b>Total borrowings</b>	<b>Net assets</b>	<b>Gearing</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>	<b>(%)</b>
Before the Proposed Capital Reduction and Proposed Cash Distribution	1,377	174,916	0.79
After the Proposed Capital Reduction and Proposed Cash Distribution	1,377	171,151	0.80

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## LETTER TO SHAREHOLDERS

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### 2.7 Conditions of the Proposed Capital Reduction

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the Directors making the Solvency Statements in relation to the reduction of the share capital of the Company and compliance with other relevant solvency requirements as prescribed by the Companies Act;
- (b) the approval of Shareholders by way of a special resolution at the EGM;
- (c) the notification to the Comptroller of Income Tax that the Resolution has been passed at the EGM within eight (8) days beginning from the date of the Resolution;
- (d) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (e) no application being made for the cancellation of the Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act or, if such application was made, the dismissal thereof by the judicial authorities;
- (f) lodgement with ACRA of copies of the Solvency Statements and the Resolution within fifteen (15) days beginning from the date of the Resolution; and
- (g) lodgement of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) commencing from the date of the Resolution.

### 2.8 Effective Date of the Proposed Capital Reduction and Payment Date of the Proposed Cash Distribution

As mentioned in Paragraph 2.7 of this Circular above, the Proposed Capital Reduction is subject to the satisfaction of, *inter alia*, the conditions set out therein. The Company wishes to further highlight that the dates set out in the table on page 5 of this Circular are tentative dates and are subject to the Proposed Capital Reduction being effective as provided under Section 78E of the Companies Act.

Following (a) the Company's notification to the Comptroller of Income Tax, within eight (8) days beginning with the date of the Resolution; and (b) the Company's lodgement with ACRA of a notice containing the text of the Resolution (if no creditor of the Company objects to, and applies to the High Court for the cancellation of, the Resolution), the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six (6) weeks, and before the end of eight (8) weeks, beginning with the date of the Resolution upon which the Proposed Capital Reduction will take effect.

The Company will then publicly announce and notify Shareholders of the effective date of the Proposed Capital Reduction ("**Effective Date**") through an SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com>.

The Books Closure Date shall not be later than fourteen (14) days from the Effective Date. The payment of the Cash Distribution Amount to the Entitled Shareholders by the Company shall be made as soon as practicable from the Books Closure Date.

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## LETTER TO SHAREHOLDERS

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### 2.9 Administrative Procedures for the Proposed Capital Reduction and the Proposed Cash Distribution

The following paragraphs set out the administrative procedures for the Proposed Capital Reduction and the Proposed Cash Distribution.

(a) Books Closure Date

Persons registered in the Register of Members of the Company and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date will be considered for purposes of the Proposed Capital Reduction on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date (the “**Entitled Shareholders**”). Accordingly, the Entitled Shareholders will receive a sum of S\$0.005 for each Share held by them as at the Books Closure Date.

If, however, a creditor objects to, and makes an application to the High Court of Singapore for the cancellation of, the Resolution, within the prescribed time periods, the Proposed Capital Reduction will only take effect if the High Court dismisses the creditor’s application.

The Company will make announcement(s) to notify Shareholders of (a) the Books Closure Date as soon as reasonably practicable after the EGM; and (b) the Effective Date and the Expected Payment Date (defined below) in due course.

(b) Shareholders holding scrip Shares

Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least twelve (12) Market Days prior to the Books Closure Date in order for their Securities Accounts to be credited with the relevant Shares by the Books Closure Date.

(c) Payment of the Proposed Cash Distribution

Payment pursuant to the Proposed Cash Distribution will be made to Entitled Shareholders in the following manner:

(i) *Entitled Shareholders holding scrip Shares*

Shareholders whose Shares are registered in the Register of Members of the Company as at the Books Closure Date will have the cheques for payment of their entitlements to the Proposed Cash Distribution under the Proposed Capital Reduction despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the Books Closure Date to be announced in due course (such payment date, the “**Expected Payment Date**”). The Company shall not be liable for any loss in transmission.

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## LETTER TO SHAREHOLDERS

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(ii) *Entitled Shareholders who are Depositors*

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date will have the cheques for payment of their respective entitlements to the Proposed Cash Distribution under the Proposed Capital Reduction despatched to them by CDP by ordinary post at their own risk on the Expected Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission. Alternatively, such Depositors will have payment of their respective entitlements to the Proposed Cash Distribution under the Proposed Capital Reduction made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions on the Expected Payment Date.

### 2.10 Taxation

**Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Capital Reduction and the Proposed Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside of Singapore should consult their own professional advisers.**

Section 10I of the Income Tax Act provides that where a Singapore resident company makes a payment to its shareholders upon a reduction of its share capital and such a capital reduction is made out of “contributed capital” of the company, the payment to the shareholders will be treated as a return of capital and not as a payment of dividend. For Singapore income tax purposes, a return of capital would generally be treated as capital in nature and would not be taxable to the shareholders in Singapore, except in certain cases, such as where shareholders are traders in securities or have classified their investments as trading stocks, marketable securities or short-term investments. However, where such a capital reduction is not made out of “contributed capital” of the company, the payment to the shareholders will be deemed as dividends paid by the company to its shareholders. Dividends paid by a Singapore resident company after 1 January 2008 are tax exempt for its shareholders pursuant to Section 13(1)(za) of the Income Tax Act.

In relation to the Proposed Cash Distribution to be made to Entitled Shareholders pursuant to the Proposed Capital Reduction, the amounts which are to be paid to Entitled Shareholders out of the paid-up share capital of the Company will likely be regarded as a return of capital and should not be treated as a distribution of dividend to Shareholders for purposes of Singapore income tax.

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## LETTER TO SHAREHOLDERS

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### 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings of the Company and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders are as follows:

Name of Director	Direct interest		Deemed interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Dr John Chen Seow Phun	1,000,000	0.13	–	–
Ching Heng Yang	88,965,475	11.81	–	–
Hew Lien Lee	8,100,000	1.08	–	–
Ho Nee Kit	96,999,225	12.88	–	–
Tam Wai	96,715,475	12.84	300,000 <sup>(2)</sup>	0.04
Tan Yew Beng	2,562,500	0.34	–	–
Foo Say Tun	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Ng Hock Ching	829,000	0.11	106,993,475 <sup>(3)</sup>	14.21

**Notes:**

- (1) Based on 752,994,775 issued Shares as at the Latest Practicable Date.
- (2) Mr Tam Wai is deemed to be interested in the 300,000 Shares held in the name of his spouse.
- (3) Mr Ng Hock Ching is deemed to be interested in the 106,993,475 Shares held in the names of (a) Citibank Nominees Singapore Pte Ltd: 24,036,000; (b) DBS Nominees Pte Ltd: 28,958,000; and (c) Philip Securities Pte Ltd: 53,999,475.

### 4. DIRECTORS' RECOMMENDATION

The Directors, having considered and reviewed, *inter alia*, the rationale for the Proposed Capital Reduction and the Proposed Cash Distribution, are of the opinion that the Proposed Capital Reduction and the Proposed Cash Distribution are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolution to be proposed at the EGM.

In giving the above recommendation, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisers.

### 5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 16 and 17 of this Circular, will be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 3 July 2015 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Resolution set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not less than forty-eight (48) hours before the time fixed for the EGM.

The completion and lodgment of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least forty-eight (48) hours before the time appointed for the EGM.

### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Capital Reduction, the Proposed Cash Distribution and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where any information contained in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for FY2014; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**FU YU CORPORATION LIMITED**

Dr John Chen Seow Phun  
Non-Executive Chairman and Independent Director



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)  
(Incorporated in the Republic of Singapore)  
(the "Company")

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404, on 3 July 2015 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the following special resolution:

***All capitalised terms used below which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 11 June 2015 ("Circular"), unless otherwise defined herein or where the context otherwise requires.***

#### **SPECIAL RESOLUTION:**

#### **PROPOSED CAPITAL REDUCTION AND PROPOSED CASH DISTRIBUTION**

RESOLVED THAT, pursuant to Article 10A of the Articles of Association of the Company and subject to the provisions of Section 78A read with Section 78C of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), as amended, modified or re-enacted from time to time:

- (1) the share capital of the Company be reduced by S\$19,018,747.07 and that such reduction be effected by:
  - (a) cancelling the share capital of the Company which has been lost or is unrepresented by available assets to the extent of S\$15,253,773.19, and that an amount equal to S\$15,253,773.19, being part of the credit arising from the cancellation of the share capital of the Company, be applied in writing off the accumulated losses of the Company as at 31 December 2014 to the extent of S\$15,253,773.19; and
  - (b) returning the sum of S\$3,764,973.88 from the issued share capital of the Company to the Shareholders, being registered holders of the Shares other than the Company, except that where the registered holder is The Central Depository (Pte) Limited, the term "Shareholders" shall mean Depositors (other than the Company) as defined under the Companies Act, on the basis of S\$0.005 for each Share held by a Shareholder or on his/her behalf as at a books closure date to be determined by the Directors; and
- (2) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they/he/she may consider necessary, desirable or expedient to give effect to the matters contemplated by this Resolution.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

Dr John Chen Seow Phun  
Non-Executive Chairman and Independent Director

11 June 2015

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Notes:**

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote in his stead.
- (2) 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 forty-eight (48) hours before the time appointed for holding the EGM.

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)

(Incorporated in the Republic of Singapore)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT:

1. For investors who have used their CPF monies to buy ordinary shares in the capital of the Company, this Circular to Shareholders is forwarded to them at the request of their 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 EGM 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 their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

\*I/We, \_\_\_\_\_ (Name) NRIC/Passport No.\* \_\_\_\_\_

of \_\_\_\_\_ (Address)

being \*a member/members of the Company, hereby appoint: \*Mr/Mrs/Ms:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

\*and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing \*him/her/them, the Chairman of the EGM as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf on a poll at the EGM to be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 3 July 2015 at 11.30 a.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of EGM. In the absence of specific directions, the \*proxy/proxies will vote or abstain as \*he/they may think fit, as \*he/they will on any other matter arising at the EGM).

No.	Special Resolution	To be used on a show of hands		To be used in the event of a poll	
		For**	Against**	Number of Votes For***	Number of Votes Against***
(1)	To approve the Proposed Capital Reduction and the Proposed Cash Distribution	Not Applicable	Not Applicable		

### Notes:

\* Please delete accordingly.

\*\* Please indicate your vote "For" or "Against" with an "X" within the box provided.

\*\*\* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Total Number of Shares Held in:	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES:**

- (a) 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 of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (b) A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (c) 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.
- (d) Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the EGM.
- (e) 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 forty-eight (48) hours before the time appointed for holding the EGM.
- (f) The instrument appointing a proxy or proxies must be signed 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 signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- (g) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.

**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 names in the Depository Register as at forty-eight (48) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the EGM dated 11 June 2015.