



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE SECOND QUARTER ENDED
30 JUNE 2017**

Second Quarter Financial Statement And Dividend Announcement

PART I – INFORMATIONS REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) (i) A Consolidated Income Statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of Fu Yu Corporation Limited wishes to announce the unaudited results of the Group for the second quarter ended 30 June 2017.

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)		2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)	
Revenue	47,297	49,956	(5.3)	92,041	101,998	(9.8)
Cost of sales	(39,975)	(41,760)	(4.3)	(77,234)	(84,998)	(9.1)
Gross profit	7,322	8,196	(10.7)	14,807	17,000	(12.9)
Other income	1,762	2,169	(18.8)	3,669	4,677	(21.6)
Selling and administrative expenses	(6,498)	(7,035)	(7.6)	(13,147)	(13,951)	(5.8)
Other operating (expenses)/income	(967)	194	NM	(2,275)	(2,660)	(14.5)
Results from operating activities	1,619	3,524	(54.1)	3,054	5,066	(39.7)
Share of (loss)/profit of joint venture (net of tax)	(167)	46	NM	(256)	100	NM
Profit before income tax	1,452	3,570	(59.3)	2,798	5,166	(45.8)
Tax expense	(607)	(1,141)	(46.8)	(1,278)	(1,609)	(20.6)
Profit for the quarter/period	845	2,429	(65.2)	1,520	3,557	(57.3)
Profit for the period attributable to:						
Owners of the Company	725	2,126	(65.9)	1,256	3,115	(59.7)
Non-controlling interests	120	303	(60.4)	264	442	(40.3)
Profit for the quarter/period	845	2,429	(65.2)	1,520	3,557	(57.3)
Earnings per share						
- basic and diluted earnings per share (cents)	0.10	0.28	(65.9)	0.17	0.41	(59.7)
NM denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)		2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)	
Profit for the quarter/period	845	2,429	(65.2)	1,520	3,557	(57.3)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	846	(3,419)	NM	(2,481)	(3,381)	(26.6)
Other comprehensive income for the quarter/period (net of tax)	846	(3,419)	NM	(2,481)	(3,381)	(26.6)
Total comprehensive income for the quarter/period	1,691	(990)	NM	(961)	176	NM
Total comprehensive income attributable to:						
Owners of the Company	1,295	(725)	NM	(1,121)	(649)	72.7
Non-controlling interests	396	(265)	NM	160	825	(80.6)
Total comprehensive income for the quarter/period	1,691	(990)	NM	(961)	176	NM

NM denotes Not Meaningful

1(a) (ii) Notes to Consolidated Income Statement

GROUP	Quarter Ended 30-Jun		Change %	Half Year 30-Jun		Change %
	2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)		2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest income	(447)	(475)	(5.9)	(887)	(954)	(7.0)
Gain on disposal of property, plant and equipment	(45)	(303)	(85.1)	(97)	(321)	(69.8)
Foreign exchange loss/(gain), net	929	(202)	NM	2,220	2,641	(15.9)
Property, plant and equipment written off	26	5	NM	37	16	NM
Allowance for doubtful trade and other receivables	13	3	NM	18	3	NM
Depreciation and amortisation	1,978	2,504	(21.0)	4,055	5,268	(23.0)
Allowance for/(write-back) of inventory obsolescence and inventories written off, net	56	(31)	NM	226	46	NM
Adjustments for (over)/underprovision of income tax in respects of the prior years	(10)	10	NM	27	10	NM

NM denotes Not Meaningful

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30 Jun 17 S\$'000 (unaudited)	As at 31 Dec 16 S\$'000 (audited)	As at 30 Jun 17 S\$'000 (unaudited)	As at 31 Dec 16 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	46,101	47,703	13,556	12,175
Investment property	8,083	8,215	-	-
Subsidiaries	-	-	56,881	61,166
Joint venture	1,894	2,162	-	-
Deferred tax assets	1,992	2,100	-	-
	58,070	60,180	70,437	73,341
Current assets				
Inventories	16,159	15,968	2,718	1,958
Trade and other receivables	58,005	57,008	10,544	8,438
Tax recoverable	-	82	-	-
Amount due from subsidiary companies	-	-	4,117	5,152
Short term investments	2,809	2,678	-	-
Cash and cash equivalents	96,866	105,632	31,172	36,002
	173,839	181,368	48,551	51,550
Total assets	231,909	241,548	118,988	124,891
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	62,728	71,379	8,703	16,090
	164,886	173,537	110,861	118,248
Non-controlling interests	19,298	19,646	-	-
Total equity	184,184	193,183	110,861	118,248
Non-current liabilities				
Deferred tax liabilities	927	614	705	354
	927	614	705	354
Current liabilities				
Trade and other payables	44,640	45,376	7,346	5,924
Amounts due to subsidiary companies	-	-	76	365
Tax payable	2,158	2,375	-	-
	46,798	47,751	7,422	6,289
Total liabilities	47,725	48,365	8,127	6,643
Total equity and liabilities	231,909	241,548	118,988	124,891

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group has no borrowings and debts securities as at 30 June 2017 and 31 December 2016.

1(b)(iii) Details of any collaterals

Nil.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	Quarter Ended 30-Jun		Half Year 30-Jun	
	2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)	2017 S\$'000 (unaudited)	2016 S\$'000 (unaudited)
Cash flows from operating activities				
Profit before income tax	1,452	3,570	2,798	5,166
Adjustments for:				
Depreciation of property, plant and equipment and investment property	1,978	2,504	4,055	5,268
Gain on disposal of property, plant and equipment	(45)	(303)	(97)	(321)
Property, plant and equipment written off	26	5	37	16
Interest income	(447)	(475)	(887)	(954)
Share of loss/(profit) of joint venture (net of tax)	167	(46)	256	(100)
Unrealised foreign exchange (gain)/loss	(407)	853	(290)	891
	<u>1,272</u>	<u>2,538</u>	<u>3,074</u>	<u>4,800</u>
	2,724	6,108	5,872	9,966
Changes in working capital:				
Inventories	(232)	(954)	(449)	(878)
Trade and other receivables	(2,653)	(705)	(1,939)	(253)
Trade and other payables	3,636	(623)	(597)	(1,798)
Cash from operating activities	<u>3,475</u>	<u>3,826</u>	<u>2,887</u>	<u>7,037</u>
Tax paid	(500)	(716)	(961)	(1,487)
Net cash from operating activities	<u>2,975</u>	<u>3,110</u>	<u>1,926</u>	<u>5,550</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(708)	(1,914)	(2,523)	(3,581)
Proceeds from disposal of property, plant and equipment	54	480	152	501
Dividend from joint venture	-	(2)	-	380
(Placement)/Withdrawal of short term investments	(277)	761	(145)	731
Interest income received	447	475	887	954
Acquisition of subsidiary with non-controlling interests *	-	-	-	-
Net cash used in investing activities	<u>(484)</u>	<u>(200)</u>	<u>(1,629)</u>	<u>(1,015)</u>
Cash flows from financing activities				
Deposit pledged	(22)	(49)	(44)	(49)
Dividends paid to non-controlling interest of a subsidiary	(508)	(1,064)	(508)	(1,064)
Dividends paid to owners of the company	(7,530)	(7,530)	(7,530)	(7,530)
Net cash used in financing activities	<u>(8,060)</u>	<u>(8,643)</u>	<u>(8,082)</u>	<u>(8,643)</u>
Net decrease in cash and cash equivalents	<u>(5,569)</u>	<u>(5,733)</u>	<u>(7,785)</u>	<u>(4,108)</u>
Cash and cash equivalents at beginning of financial quarter/period	98,799	101,548	102,602	99,939
Effects of exchange rate fluctuations on cash held	577	(1,956)	(1,010)	(1,972)
Cash and cash equivalents at end of financial quarter/period	<u>93,807</u>	<u>93,859</u>	<u>93,807</u>	<u>93,859</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:				
Cash at bank and in hand	36,936	37,496	36,936	37,496
Deposits with banks	59,930	59,470	59,930	59,470
Cash and cash equivalents in the statement of financial position	<u>96,866</u>	<u>96,966</u>	<u>96,866</u>	<u>96,966</u>
Deposits pledged	(3,059)	(3,107)	(3,059)	(3,107)
Cash and cash equivalents in the consolidated cash flow statement	<u>93,807</u>	<u>93,859</u>	<u>93,807</u>	<u>93,859</u>

* The consideration for the acquisition was a nominal of S\$1.00. Please refer to the Company's announcement on 26 May 2016 for further details.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

For the Quarter Ended 30 Jun (Group)

Group - 2017	Attributable to equity holders of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 April 2017	102,158	140	7,616	789	(16,208)	76,626	171,121	19,410	190,531
Other comprehensive income for the quarter									
- Foreign currency translation differences	-	-	-	-	570	-	570	276	846
Profit for the quarter	-	-	-	-	-	725	725	120	845
Total comprehensive income for the quarter	-	-	-	-	570	725	1,295	396	1,691
Dividends paid to shareholders of the company	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(508)	(508)
At 30 June 2017	102,158	140	7,616	789	(15,638)	69,821	164,886	19,298	184,184

Group - 2016	Attributable to equity holders of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 April 2016	102,158	140	6,561	789	(10,818)	79,313	178,143	20,767	198,910
Other comprehensive income for the quarter									
- Foreign currency translation differences	-	-	-	-	(2,851)	-	(2,851)	(568)	(3,419)
Profit for the quarter	-	-	-	-	-	2,126	2,126	303	2,429
Total comprehensive income for the quarter	-	-	-	-	(2,851)	2,126	(725)	(265)	(990)
Dividends paid to shareholders of the company	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,064)	(1,064)
Acquisition of subsidiary from non-controlling interests	-	-	-	-	-	(418)	(418)	418	-
At 30 June 2016	102,158	140	6,561	789	(13,669)	73,491	169,470	19,856	189,326

For the Period Ended 30 Jun (Group)

Group - 2017	Attributable to equity holders of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 January 2017	102,158	140	7,616	789	(13,261)	76,095	173,537	19,646	193,183
Other comprehensive income for the period									
- Foreign currency translation differences	-	-	-	-	(2,377)	-	(2,377)	(104)	(2,481)
Profit for the period	-	-	-	-	-	1,256	1,256	264	1,520
Total comprehensive income for the period	-	-	-	-	(2,377)	1,256	(1,121)	160	(961)
Dividends paid to shareholders of the company	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(508)	(508)
At 30 June 2017	102,158	140	7,616	789	(15,638)	69,821	164,886	19,298	184,184

Group - 2016	Attributable to equity holders of the Company							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 January 2016	102,158	140	6,561	789	(9,905)	78,324	178,067	19,677	197,744
Other comprehensive income for the period									
- Foreign currency translation differences	-	-	-	-	(3,764)	-	(3,764)	383	(3,381)
Profit for the period	-	-	-	-	-	3,115	3,115	442	3,557
Total comprehensive income for the period	-	-	-	-	(3,764)	3,115	(649)	825	176
Dividends paid to shareholders of the company	-	-	-	-	-	(7,530)	(7,530)	-	(7,530)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,064)	(1,064)
Acquisition of subsidiary from non-controlling interests	-	-	-	-	-	(418)	(418)	418	-
At 30 June 2016	102,158	140	6,561	789	(13,669)	73,491	169,470	19,856	189,326

For the Quarter Ended 30 Jun (Company)

Company - 2017	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 April 2017	102,158	789	(1,425)	14,657	116,179
Profit for the quarter	-	-	-	2,212	2,212
Total comprehensive income for the quarter	-	-	-	2,212	2,212
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
At 30 June 2017	102,158	789	(1,425)	9,339	110,861

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 April 2016	102,158	789	-	9,070	112,017
Profit for the quarter	-	-	-	11,463	11,463
Total comprehensive income for the quarter	-	-	-	11,463	11,463
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
At 30 June 2016	102,158	789	-	13,003	115,950

Company - 2017	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 Jan 2017	102,158	789	-	15,301	118,248
Profit for the period	-	-	-	1,568	1,568
Total comprehensive income for the period	-	-	-	1,568	1,568
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
*Amalgamation of business	-	-	(1,425)	-	(1,425)
At 30 June 2017	102,158	789	(1,425)	9,339	110,861

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 Jan 2016	102,158	789	-	10,028	112,975
Profit for the period	-	-	-	10,505	10,505
Total comprehensive income for the period	-	-	-	10,505	10,505
Dividends paid to shareholders of the company	-	-	-	(7,530)	(7,530)
At 30 June 2016	102,158	789	-	13,003	115,950

* On 28 Feb 2017, the Company merged with its wholly owned subsidiaries NanoTechnology Manufacturing Pte Ltd ("NTM") and Solidmicron Technologies Pte Ltd ("SMT") by way of a short form amalgamation pursuant to and in accordance with Section 215D of the Singapore Companies Act, Chapter 50. The assets and liabilities were transferred at net book value as at 28 Feb 2017. The amalgamation is accounted for using "as-if-pooling" method. No restatement was made to the comparatives.

The merger reserve relates to the amalgamation of NTM and SMT ("amalgamated subsidiaries") into the Company. It represents (1) retained earnings of the amalgamated subsidiaries, (2) the difference between the Company's cost of investment (net of impairment made in prior years) and share capital of the amalgamated subsidiaries, and reversal of impairment on receivables of the amalgamated subsidiaries made in prior years.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

The total number of issued ordinary shares excluding treasury shares as at 30 June 2017 was 752,994,775 (31 December 2016: 752,994,775).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2016.

However, the Group adopted the new and revised Financial Reporting Standards and interpretations that are mandatory and relevant to the Group for the financial year beginning on or after 1 January 2017. These are assessed to have no material impact to the Group's financial statements.

As set out below, These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018, and FRS 116 *Leases* which is mandatory for adoption by the Group for annual periods beginning on or after 1 January 2019.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements.

FRS 116 Leases

The standard replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a lease*.

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for financial year ending 31 December 2018 onwards. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Group	Quarter Ended 30-Jun		Half Year 30-Jun	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<u>Earnings per share</u> - basic and diluted (cents)	0.10	0.28	0.17	0.41

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 752,994,775 (2016: 752,994,775).

There is no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 30 June 2017 and 30 June 2016.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group As at		Company As at	
	30 June 17 (unaudited)	31 Dec 16 (audited)	30 June 17 (unaudited)	31 Dec 16 (audited)
Net asset value (S\$'000)	164,886	173,537	110,861	118,248
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	21.90	23.05	14.72	15.70

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Overview

Fu Yu Corporation Limited provides vertically-integrated services for the manufacture of precision plastic components, parts and sub-assemblies, as well as the fabrication of precision moulds and dies. With manufacturing facilities located in Singapore, Malaysia and China, the Group has a large footprint in Asia to serve a broad and diversified customer base in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

Profitability

Revenue

For the three months ended 30 June 2017 ("2Q17"), the Group's revenue eased 5.3% to S\$47.3 million from S\$50.0 million in 2Q16 due mainly to slower customer demand. On a quarter-on-quarter basis, Group revenue in 2Q17 was around 5.8% higher than S\$44.7 million in 1Q17.

The Group posted revenue of S\$92.0 million for the six months ended 30 June 2017 ("1H17"), down 9.8% from S\$102.0 million in 1H16. This was attributed mainly to lower revenue from its Malaysia and China segments. Sales from the Malaysia segment declined 24.3% to S\$15.3 million while sales from the China segment dipped 8.4% to S\$57.0 million in 1H17. On the other hand, the Singapore segment posted slightly higher revenue of S\$19.7 million in 1H17, up 1.0% from S\$19.5 million in 1H16.

China remained as the Group's largest geographical segment, accounting for 61.9% of Group revenue in 1H17. Singapore and Malaysia contributed to 21.4% and 16.7% of Group revenue respectively in 1H17.

Gross profit

Gross profit in 2Q17 decreased 10.7% to S\$7.3 million from S\$8.2 million in 2Q16 due to lower revenue. Gross profit margin softened to 15.5% in 2Q17 compared to 16.4% previously. Similarly, the Group's gross profit margin in 1H17 decreased marginally to 16.1% from 16.7% in 1H16. The contractions in gross profit margin were attributed to lower absorption of fixed overhead costs which was partially mitigated by reduced depreciation charges. The decrease in depreciation charges was due to certain production assets that have been fully depreciated but continue to be in use.

Other Income

Other income in 2Q17 and 1H17 declined to S\$1.8 million and S\$3.7 million respectively from S\$2.2 million in 2Q16 and S\$4.7 million in 1H16 due mainly to lower grants and gain from sale of plant and equipment.

Selling and Administrative Expenses

Selling and administrative expenses decreased 7.6% to S\$6.5 million in 2Q17 from S\$7.0 million in 2Q16 due mainly to decreases in staff cost and other general administrative expenses. For 1H17, selling and administrative expenses also declined 5.8% to S\$13.1 million from S\$14.0 million in 1H16.

Other Operating (Expenses)/Income

Other operating expenses in 2Q17 amounted to S\$1.0 million due mainly to a foreign exchange loss. This represented a negative swing of S\$1.2 million from 2Q16 during which the Group recorded a foreign exchange gain of S\$0.2 million. For 1H17, other operating expenses decreased to S\$2.3 million from S\$2.7 million in 1H16 due mainly to lower foreign exchange loss.

The Group recognises foreign exchange gains or losses as a result of the translation of receivables, cash and payables denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. As the Group

is in net US Dollar assets position, the weakening of the US Dollar against the Singapore Dollar and Malaysia Ringgit resulted in a foreign exchange loss during 1H17.

Profit Before Income Tax

The Group reported profit before income tax of S\$1.5 million in 2Q17, a decline of 59.3% from S\$3.6 million in 2Q16. This was attributed mainly to decreases in gross profit and other income, as well as the foreign exchange loss during 2Q17. On a quarter-on-quarter basis, the Group's profit before tax in 2Q17 was higher than S\$1.3 million in 1Q17.

For 1H17, profit before tax was reduced by 45.8% to S\$2.8 million from S\$5.2 million in 1H16, due primarily to the decline in gross profit in tandem with lower sales.

Tax expense

The Group incurred tax expense of S\$0.6 million for 2Q17 and S\$1.3 million for 1H17 which translated to effective tax rates of 41.8% and 45.7% respectively. Excluding the withholding taxes which arose from services rendered to China subsidiaries, the effective tax rate was 35.2% for 2Q17 and 40.5% for 1H17. The effective tax rate was higher than Singapore's statutory tax rate of 17% due mainly to losses incurred by certain entities which cannot be offset against profits earned by other companies within the Group, the varying statutory tax rates of the countries in which the Group operates, non-deductible expenses and the recognition of deferred tax liabilities.

Net Profit Attributable to Owners of the Company

After deducting tax expense, the Group posted lower net profit attributable to owners of the Company of S\$0.7 million in 2Q17 and S\$1.3 million in 1H17, compared to S\$2.1 million in 2Q16 and S\$3.1 million in 1H16.

Dividend

The Board of Directors has declared an interim dividend of 0.25 cent per share. This translates into a dividend payout of 150% based on net profit attributable to owners of the Company for 1H17.

Balance Sheet

The Group's financial position as at 30 June 2017 remained sound, backed by a cash balance of S\$96.9 million and zero borrowings. Shareholders' equity stood at S\$164.9 million, equivalent to net asset value of 21.90 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which includes cash and cash equivalents of around 12.86 cents per share.

Total assets as at 30 June 2017 decreased by S\$9.6 million to S\$231.9 million from S\$241.5 million as at 31 December 2016. This was due mainly to a decrease of S\$1.6 million in property, plant and equipment to S\$46.1 million, and a decline of S\$8.8 million in cash and cash equivalents, offset partially by higher inventories and trade and other receivables.

As at 30 June 2017, total liabilities remained relatively stable at S\$47.7 million compared to S\$48.4 million as at 31 December 2016.

Cash Flow Statement Analysis

The Group generated net cash from operating activities of S\$1.9 million in 1H17. This was attributable to operating profit before working capital changes of S\$5.9 million which was partially offset by increases in inventories and trade and other receivables, as well as payment of income taxes. Net cash used in investing activities during 1H17 was S\$1.6 million due mainly to capital expenditure. Net cash used in financing activities amounted to S\$8.1 million due mainly to the payment of dividends to shareholders of the Company and non-controlling interests of a subsidiary. As a result, the Group recorded a net decrease of S\$7.8 million in cash and cash equivalents during 1H17 and closed the financial period with cash and cash equivalents of S\$93.8 million (excluding cash deposits pledged of S\$3.1 million).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group expects challenging operating conditions to prevail as uncertainties continue to cloud the global economic outlook and end-user demand remains uneven across various sectors. In addition, intense industry competition could result in pressure on product selling prices. As the Group is in net US Dollar assets position, fluctuations in the US Dollar will also have an effect on the Group's financial performance.

As a preferred supplier of one-stop precision plastic manufacturing solutions, the Group has a diversified product portfolio spanning multiple sectors. While softer demand conditions were seen for certain product categories during 1H17, sales of the medical and automotive segments remained stable. The Group will continue to focus on various business development plans to drive sales growth and improve the utilisation of its plants.

As part of its long-term growth strategy, the Group plans to (i) expand its market share with existing and new customers; (ii) increase the diversity of its customer base to improve revenue contributions from sectors with greater stability and longer product life cycles, such as medical and automotive; and (iii) broaden its product portfolio and seize opportunities in market segments with higher growth potential, such as 3D printers, security-related, medical and green products.

Given its sound financial backing and established manufacturing capabilities in Asia, the Group remains well-positioned to weather difficult business periods and capitalise on opportunities that may arise.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

12. If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from shareholders for IPTs.

There were no IPTs for the period ended 30 June 2017.

14. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual

We, Hew Lien Lee and Ching Heng Yang, being two directors of Fu Yu Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to attention of the Board of Directors of the Company which may render the Q2 2017 financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hew Lien Lee
Executive Director
Chief Executive Officer

Ching Heng Yang
Vice Chairman
Executive Director

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has procured all the required undertakings as required under Rule 720(1).

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary
Singapore, 11 August 2017