



FU YU CORPORATION LIMITED

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

First 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 first quarter ended 31 March 2017.

GROUP	Quarter Ended 31-Mar		Change %
	2017 S\$'000	2016 S\$'000	
Revenue	44,744	52,042	(14.0)
Cost of sales	(37,259)	(43,238)	(13.8)
Gross profit	7,485	8,804	(15.0)
Other income	1,907	2,508	(24.0)
Selling and administrative expenses	(6,649)	(6,916)	(3.9)
Other operating expenses	(1,308)	(2,854)	(54.2)
Results from operating activities	1,435	1,542	(6.9)
Share of (loss)/profit of joint venture (net of tax)	(89)	54	NM
Profit before income tax	1,346	1,596	(15.7)
Tax expense	(671)	(468)	43.4
Profit for the quarter	675	1,128	(40.2)
Profit for the quarter attributable to:			
Owners of the Company	531	989	(46.3)
Non-controlling interests	144	139	3.6
Profit for the quarter	675	1,128	(40.2)
Earnings per share			
- basic and diluted earnings per share (cents)	0.07	0.13	(46.3)
N.M denotes Not Meaningful			

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Mar		Change %
	2017 S\$'000	2016 S\$'000	
Profit for the period	675	1,128	(40.2)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(3,327)	38	NM
Other comprehensive income for the period (net of tax)	(3,327)	38	NM
Total comprehensive income for the period	(2,652)	1,166	NM
Total comprehensive income attributable to:			
Owners of the Company	(2,416)	76	NM
Non-controlling interests	(236)	1,090	NM
Total comprehensive income for the quarter	(2,652)	1,166	NM

N.M denotes Not Meaningful

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

GROUP	Quarter Ended 31-Mar		Change %
	2017 S\$'000	2016 S\$'000	
Profit for the quarter is arrived at after charging/(crediting) the following:			
Interest income	(440)	(479)	(8.1)
Gain on disposal of property, plant and equipment	(52)	(18)	NM
Foreign exchange loss, net	1,291	2,843	(54.6)
Property, plant and equipment written off	11	11	-
Allowance for doubtful trade and other receivables	5	-	100.0
Depreciation of property, plant and equipment, and investment property	2,077	2,764	(24.9)
Allowance for inventory obsolescence and inventories written off	90	7	NM
Adjustments for underprovision of income tax in respects of the prior years	37	-	100.0

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 31 Mar 17 S\$'000	As at 31 Dec 16 S\$'000	As at 31 Mar 17 S\$'000	As at 31 Dec 16 S\$'000
Non-current assets				
Property, plant and equipment	46,302	47,703	14,045	12,175
Investment property	8,004	8,215	-	-
Subsidiaries	-	-	57,251	61,166
Joint venture	2,030	2,162	-	-
Deferred tax assets	1,983	2,100	-	-
	58,319	60,180	71,296	73,341
Current assets				
Inventories	15,846	15,968	2,534	1,958
Trade and other receivables	55,108	57,008	9,352	8,437
Tax recoverable	-	82	-	-
Amount due from subsidiary companies	-	-	3,210	5,153
Short term investments	2,492	2,678	-	-
Cash and cash equivalents	101,790	105,632	36,736	36,002
	175,236	181,368	51,832	51,550
Total assets	233,555	241,548	123,128	124,891
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	68,963	71,379	14,021	16,090
	171,121	173,537	116,179	118,248
Non-controlling interests	19,410	19,646	-	-
Total equity	190,531	193,183	116,179	118,248
Non-current liabilities				
Deferred tax liabilities	779	614	541	354
	779	614	541	354
Current liabilities				
Trade and other payables	40,041	45,376	6,381	5,924
Amounts due to subsidiary companies	-	-	27	365
Tax payable	2,204	2,375	-	-
	42,245	47,751	6,408	6,289
Total liabilities	43,024	48,365	6,949	6,643
Total equity and liabilities	233,555	241,548	123,128	124,891

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

The group has no borrowings and debts securities as at 31 March 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 31-Mar	
	2017 S\$'000	2016 S\$'000
Cash flows from operating activities		
Profit before income tax	1,346	1,596
Adjustments for:		
Depreciation of property, plant and equipment and investment property	2,077	2,764
Gain on disposal of property, plant and equipment	(52)	(18)
Property, plant and equipment written off	11	11
Interest income	(440)	(479)
Share of loss/(profit) of joint venture (net of tax)	89	(54)
Unrealised foreign exchange loss	117	38
	1,802	2,262
	3,148	3,858
Changes in working capital:		
Inventories	(217)	76
Trade and other receivables	714	452
Trade and other payables	(4,233)	(1,175)
Cash (used in)/from operating activities	(588)	3,211
Tax paid	(461)	(771)
Net cash (used in)/from operating activities	(1,049)	2,440
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,815)	(1,667)
Dividends from joint venture	-	382
Proceeds from disposal of property, plant and equipment	98	21
Interest income received	440	479
Withdrawal/(Placement) of short-term investments	132	(30)
Net cash used in investing activities	(1,145)	(815)
Cash flows from financing activities		
Deposit pledged	(22)	-
Net cash used in financing activities	(22)	-
Net (decrease)/increase in cash and cash equivalents	(2,216)	1,625
Cash and cash equivalents at beginning of quarter	102,602	99,939
Effects of exchange rate fluctuations on cash held	(1,587)	(16)
Cash and cash equivalents at end of quarter	98,799	101,548
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:		
Cash at bank and in hand	36,715	36,162
Deposits with banks	65,075	68,528
Cash and cash equivalents in the statement of financial position	101,790	104,690
Deposits pledged	(2,991)	(3,142)
Cash and cash equivalents in the consolidated cash flow statement	98,799	101,548

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 31 March (Group)

	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		
Group - 2017									
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 quarter									
- Foreign currency translation differences	-	-	-	-	(2,947)	-	(2,947)	(380)	(3,327)
Profit for the quarter	-	-	-	-	-	531	531	144	675
Total comprehensive income for the quarter	-	-	-	-	(2,947)	531	(2,416)	(236)	(2,652)
At 31 March 2017	102,158	140	7,616	789	(16,208)	76,626	171,121	19,410	190,531
	Attributable to equity holders of the Company								
	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	Non-controlling interests S\$'000	Total equity S\$'000
Group - 2016									
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 quarter									
- Foreign currency translation differences	-	-	-	-	(913)	-	(913)	951	38
Profit for the quarter	-	-	-	-	-	989	989	139	1,128
Total comprehensive income for the quarter	-	-	-	-	(913)	989	76	1,090	1,166
At 31 March 2016	102,158	140	6,561	789	(10,818)	79,313	178,143	20,767	198,910

For the Quarter Ended 31 March (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 January 2017	102,158	789	-	15,301	118,248
Loss for the quarter	-	-	-	(644)	(644)
Total comprehensive income for the quarter	-	-	-	(644)	(644)
*Amalgamation of business	-	-	(1,425)	-	(1,425)
At 31 March 2017	102,158	789	(1,425)	14,657	116,179

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2016	102,158	789	-	10,028	112,975
Loss for the quarter	-	-	-	(958)	(958)
Total comprehensive income for the quarter	-	-	-	(958)	(958)
At 31 March 2016	102,158	789	-	9,070	112,017

* 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 for 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 31 March 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, certain new standards and amendments to standards are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt these standards early and is currently assessing the potential impact of adopting the above standards on the financial statements of the Group.

• 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.

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 31-Mar	
	2017	2016
<u>Earnings per share</u> - basic and diluted (cents)	0.07	0.13

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 was no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 31 March 2017 and 31 March 2016.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury share 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	
	31 Mar 17	31 Dec 16	31 Mar 17	31 Dec 16
Net asset value (S\$'000)	171,121	173,537	116,179	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)	22.73	23.05	15.43	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

Business 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 printing and imaging, networking and communications, consumer, medical and automotive sectors.

Income Statement

Revenue

For the three months ended 31 March 2017 ("1Q17"), the Group's revenue declined 14.0% to S\$44.7 million from S\$52.0 million in 1Q16 due mainly to slower customer demand amid the global economic uncertainties and uneven business environment.

The Group recorded lower revenue from its Malaysia and China segments in 1Q17. Sales from the Malaysia segment decreased by 30.8% to S\$7.4 million from S\$10.7 million in 1Q16 while sales from the China segment eased 12.2% to S\$27.4 million from S\$31.2 million previously. Sales from the Singapore segment dipped marginally to S\$9.9 million in 1Q17 compared to S\$10.1 million in 1Q16. China remained as the Group's largest geographical segment, accounting for 61.3% of Group revenue in 1Q17. Singapore and Malaysia contributed to 22.1% and 16.6% of Group revenue respectively in 1Q17.

Gross Profit

Gross profit in 1Q17 decreased 15.0% to S\$7.5 million from S\$8.8 million in 1Q16 in tandem with lower revenue. The Group sustained its gross profit margin at 16.7% in 1Q17 compared to 16.9% in 1Q16, attributed mainly to lower depreciation charges as certain production assets have been fully depreciated but are still in use as well as its continual efforts to manage costs and achieve more efficient utilisation of the manufacturing facilities.

Other Income

Other income in 1Q17 declined 24.0% to S\$1.9 million from S\$2.5 million in 1Q16 due mainly to lower grants.

Selling and Administrative Expenses

Selling and administrative expenses decreased 3.9% to S\$6.6 million in 1Q17 from S\$6.9 million in 1Q16 due mainly to lower staff cost and other general administrative expenses.

Other Operating Expenses

Other operating expenses in 1Q17 amounted to S\$1.3 million, down 54.2% from S\$2.9 million in 1Q16 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 in 1Q17.

Profit Before Income Tax

The Group reported profit before income tax of S\$1.3 million in 1Q17, a decline of 15.7% from S\$1.6 million in 1Q16. This was attributed mainly to the decreases in gross profit and other income, which were partially buffered by lower operating expenses during 1Q17.

Tax expense

The Group incurred tax expense of S\$0.7 million for 1Q17 which translated to effective tax rate of 49.9%. Excluding the withholding taxes which arose from services rendered to China subsidiaries, the effective tax rate for 1Q17 was 46.2%. 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 and recognition of deferred tax liabilities.

Net Profit Attributable to Owners of the Company

After deducting tax expense, the Group's net profit attributable to owners of the Company in 1Q17 decreased 46.3% to S\$0.5 million from S\$1.0 million in 1Q16.

Balance Sheet

The Group maintained a sound financial position with a cash balance of S\$101.8 million and zero borrowings at the end of March 2017. Shareholders' equity stood at S\$171.1 million, equivalent to net asset value of 22.73 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 13.52 cents per share.

Total assets as at 31 March 2017 decreased by S\$7.9 million to S\$233.6 million from S\$241.5 million as at 31 December 2016. This was due mainly to (i) decrease of S\$1.4 million in property, plant and equipment to S\$46.3 million (ii) reduction of S\$1.9 million in trade and other receivables and (iii) decrease of S\$3.8 million in cash and cash equivalents.

As at 31 March 2017, total liabilities decreased by S\$5.4 million to S\$43.0 million from S\$48.4 million as at 31 December 2016. This was due mainly to a reduction of S\$5.4 million in trade and other payables to S\$40.0 million.

Cash Flow Analysis

Net cash used in operating activities in 1Q17 amounted to S\$1.0 million due mainly to the reduction in trade and other payables, and payment of income taxes. These were partially offset by operating profit before working capital changes of S\$3.1 million in 1Q17. Net cash used in investing activities during 1Q17 was S\$1.1 million, attributable mainly to capital expenditure. Net cash used in financing activities was S\$22,000 due to an increase in deposits pledged. As a result, the Group recorded a net decrease of S\$2.2 million in cash and cash equivalents during 1Q17 and closed the financial period with cash and cash equivalents of S\$101.8 million (including cash deposits pledged of S\$3.0 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 operating environment for the Group's industry is expected to remain challenging as ongoing uncertainties surrounding the global economy could continue to weigh on business sentiment and end-user demand. Intense competition is expected to prevail which 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.

With its sound financial backing and established reputation as a reliable and preferred supplier of one-stop precision plastic manufacturing solutions, the Group remains well positioned to weather difficult business periods and capitalise on opportunities that may arise.

With effect from 28 February 2017, the Group's wholly-owned subsidiaries, Nanotechnology Manufacturing Pte. Ltd. and Solidmicron Technologies Pte. Ltd., have completed an amalgamation with the Company which continues as the surviving entity. The amalgamation is expected to generate improved operational efficiencies, economies of scale and synergies over time from better allocation of resources, as well as reduction in audit, tax and other regulatory compliance costs.

In tandem with its ongoing initiatives to improve cost and operational efficiencies, the Group is also focusing on various business development plans aimed at driving sales growth and improving the utilisation rates of its plants. As part of its growth strategy, the Group plans to (i) expand its market share with existing and new customers by leveraging its proven track record; (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 (iii) broaden its product portfolio and seize opportunities in market segments with higher growth potential, such as 3D printing, security-related, medical and green products.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No dividends have been recommended or declared for the first quarter ended 31 March 2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividends were recommended or declared for the same quarter of last year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividends have been declared/recommended for the first quarter ended 31 March 2017.

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 31 March 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 Q1 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, 9 May 2017