



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED
31 DECEMBER 2018**

Full Year 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 fourth quarter and financial year ended 31 December 2018.

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2018 S\$'000	2017 S\$'000		2018 S\$'000	2017 S\$'000	
Revenue	48,066	52,723	(8.8)	197,687	194,973	1.4
Cost of sales	(39,378)	(42,633)	(7.6)	(162,409)	(161,656)	0.5
Gross profit	8,688	10,090	(13.9)	35,278	33,317	5.9
Other income	1,827	2,091	(12.6)	7,720	7,492	3.0
Selling and administrative expenses	(6,503)	(7,119)	(8.7)	(27,433)	(27,120)	1.2
Other operating income/(expenses)	56	(1,547)	NM	1,156	(4,668)	NM
Results from operating activities	4,068	3,515	15.7	16,721	9,021	85.4
Finance costs	-	-	NM	-	(1)	NM
Share of loss of joint venture (net of tax)	(245)	(280)	(12.5)	(798)	(700)	14.0
Profit before income tax	3,823	3,235	18.2	15,923	8,320	91.4
Tax expense	(888)	(446)	99.1	(3,726)	(2,860)	30.3
Profit for the quarter/year	2,935	2,789	5.2	12,197	5,460	NM
Profit for the quarter/year attributable to:						
Owners of the Company	2,935	2,411	21.7	11,885	4,477	NM
Non-controlling interests	-	378	NM	312	983	(68.3)
Profit for the quarter/year	2,935	2,789	5.2	12,197	5,460	NM
Earnings per share						
- basic and diluted earnings per share (cents)	0.39	0.32	21.7	1.58	0.59	NM

NM denotes Not Meaningful

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2018 S\$'000	2017 S\$'000		2018 S\$'000	2017 S\$'000	
Profit for the quarter/year	2,935	2,789	5.2	12,197	5,460	NM
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(172)	1,679	NM	(251)	(875)	(71.3)
Items that will not be reclassified subsequently to profit or loss:						
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from liquidation of subsidiaries	-	(110)	NM	-	(110)	NM
Other comprehensive income for the quarter/year (net of tax)	(172)	1,569	NM	(251)	(985)	(74.5)
Total comprehensive income for the quarter/year (net of tax)	2,763	4,358	(36.6)	11,946	4,475	NM
Total comprehensive income attributable to:						
Owners of the Company	2,763	3,478	(20.6)	11,088	3,066	NM
Non-controlling interests	-	880	NM	858	1,409	(39.1)
Total comprehensive income for the quarter/year	2,763	4,358	(36.6)	11,946	4,475	NM

NM denotes Not Meaningful

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

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2018 S\$'000	2017 S\$'000		2018 S\$'000	2017 S\$'000	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest income	(387)	(448)	(13.6)	(1,604)	(1,763)	(9.0)
Gain on disposal of property, plant and equipment	(108)	(167)	(35.3)	(899)	(285)	NM
Foreign exchange loss/(gain), net	80	1,185	(93.2)	(1,253)	4,209	NM
Property, plant and equipment written off (Write-back of)/Allowance for doubtful trade and other receivables	9	586	(98.5)	22	740	(97.0)
Depreciation and amortisation	(145)	13	NM	75	(43)	NM
Reversal of impairment on property, plant and equipment	1,695	1,797	(5.7)	6,987	7,698	(9.2)
Finance costs	-	(238)	(100.0)	-	(238)	(100.0)
Allowance for inventory obsolescence and inventories written off, net	-	-	-	-	1	(100.0)
Adjustments for under/(over)provision of income tax in respects of the prior years	99	161	(38.5)	481	522	(7.9)
Adjustments for under/(over)provision of deferred tax in respects of the prior years	38	40	(5.0)	(5)	5	NM
Gain on liquidation of subsidiaries	263	(309)	NM	226	(309)	NM
	-	(51)	(100.0)	-	(51)	(100.0)

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 31 Dec 18 S\$'000	As at 31 Dec 17 S\$'000	As at 31 Dec 18 S\$'000	As at 31 Dec 17 S\$'000
Non-current assets				
Property, plant and equipment	44,810	45,954	12,019	12,593
Investment property	8,043	8,204	-	-
Subsidiaries	-	-	48,355	48,811
Joint venture	705	1,490	-	-
Deferred tax assets	772	1,727	-	-
	54,330	57,375	60,374	61,404
Current assets				
Inventories	16,946	17,646	2,703	2,742
Trade and other receivables	54,026	58,999	11,746	10,048
Contract assets	2,353	3,430	923	1,100
Tax recoverable	24	7	-	-
Amount due from subsidiary companies	-	-	4,540	3,817
Short term investments	3,596	3,318	-	-
Cash and cash equivalents	80,310	95,437	44,400	43,576
	157,255	178,837	64,312	61,283
Total assets	211,585	236,212	124,686	122,687
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	61,963	63,150	12,612	11,497
	164,121	165,308	114,770	113,655
Non-controlling interests	-	20,186	-	-
Total equity	164,121	185,494	114,770	113,655
Non-current liabilities				
Deferred tax liabilities	953	616	859	523
	953	616	859	523
Current liabilities				
Trade and other payables	43,029	46,162	8,095	7,576
Contract liabilities	581	1,320	191	672
Amounts due to subsidiary companies	-	-	86	114
Tax payable	2,901	2,620	685	147
	46,511	50,102	9,057	8,509
Total liabilities	47,464	50,718	9,916	9,032
Total equity and liabilities	211,585	236,212	124,686	122,687

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

The Group has no borrowings and debts securities as at 31 December 2018 and 31 December 2017.

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-Dec		Year Ended 31-Dec	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cash flows from operating activities				
Profit before income tax	3,823	3,235	15,923	8,320
Adjustments for:				
Depreciation of property, plant and equipment and investment property	1,695	1,797	6,987	7,698
Reversal of impairment on property, plant and equipment	-	(238)	-	(238)
Gain on liquidation of subsidiaries	-	(51)	-	(51)
Gain on disposal of property, plant and equipment	(108)	(167)	(899)	(285)
Property, plant and equipment written off	9	586	22	740
Interest income	(387)	(448)	(1,604)	(1,763)
Finance costs	-	-	-	1
Share of loss of joint venture (net of tax)	245	280	798	700
Unrealised foreign exchange loss/(gain)	45	(492)	1,066	(1,000)
	<u>1,499</u>	<u>1,267</u>	<u>6,370</u>	<u>5,802</u>
	5,322	4,502	22,293	14,122
Changes in working capital:				
Inventories	1,286	(1,245)	387	(1,763)
Trade and other receivables	3,859	(1,420)	3,836	(5,923)
Contract assets	643	110	1,035	68
Trade and other payables	(2,046)	2,410	(1,438)	743
Contract liabilities	(207)	(164)	(727)	805
Cash from operating activities	<u>8,857</u>	<u>4,193</u>	<u>25,386</u>	<u>8,052</u>
Tax paid	(508)	(664)	(2,099)	(2,119)
Net cash from operating activities	<u>8,349</u>	<u>3,529</u>	<u>23,287</u>	<u>5,933</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,124)	(2,256)	(7,229)	(5,520)
Proceeds from disposal of property, plant and equipment	172	200	1,038	380
Placement of short term investments	(1,422)	(43)	(276)	(571)
Interest income received	387	448	1,604	1,763
Net cash used in investing activities	<u>(2,987)</u>	<u>(1,651)</u>	<u>(4,863)</u>	<u>(3,948)</u>
Cash flows from financing activities				
Finance costs paid	-	-	-	(1)
Proceeds from short term borrowings	-	-	-	500
Repayment of short term borrowings	-	-	-	(500)
Deposit pledged	(25)	(23)	(102)	(90)
Selective capital reduction *	-	-	(20,716)	-
Payment of transaction cost related to selective capital reduction	-	-	(555)	-
Dividends paid to non-controlling interest of a subsidiary	-	(190)	-	(869)
Dividends paid to owners of the Company	(2,259)	(1,883)	(12,048)	(11,295)
Net cash used in financing activities	<u>(2,284)</u>	<u>(2,096)</u>	<u>(33,421)</u>	<u>(12,255)</u>
Net increase/(decrease) in cash and cash equivalents	3,078	(218)	(14,997)	(10,270)
Cash and cash equivalents at beginning of financial quarter/year	74,053	91,549	92,252	102,602
Effects of exchange rate fluctuations on cash held	(113)	921	(237)	(80)
Cash and cash equivalents at end of financial quarter/year	<u>77,018</u>	<u>92,252</u>	<u>77,018</u>	<u>92,252</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:				
Cash at bank and in hand	26,545	23,867	26,545	23,867
Deposits with banks	53,765	71,570	53,765	71,570
Cash and cash equivalents in the statement of financial position	80,310	95,437	80,310	95,437
Deposits pledged	(3,292)	(3,185)	(3,292)	(3,185)
Cash and cash equivalents in the consolidated cash flow statement	<u>77,018</u>	<u>92,252</u>	<u>77,018</u>	<u>92,252</u>

* In June 2018, the Group has increased its ownership of LCTH Corporation Berhad ("LCTH") from 70.64% to 100% following the settlement of the selective capital reduction and repayment exercise ("SCR") of LCTH. The carrying amount of LCTH net asset in the Group consolidated financial statements on the effective date of SCR was S\$71.6 million. The Group recognised decreases of S\$21.0 million and S\$6.4 million in non-controlling interest ("NCI") and translation reserve respectively, offset by an increase in retained earnings of S\$27.5 million, resulting in a net decrease in equity attributable to owners of the Company of S\$0.2 million.

	\$'000
Carrying amount of NCI at effective date of SCR	21,044
Consideration of SCR	(20,716)
Payment of transaction cost related to SCR	(555)
Decrease in equity attributable to owners of the Company	<u>(227)</u>

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 December (Group)

Group - 2018	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	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
					translation reserve S\$'000				
At 1 October 2018	102,158	(415)	7,997	789	(21,717)	74,805	163,617	-	163,617
Other comprehensive income for the quarter									
- Foreign currency translation differences	-	-	-	-	(172)	-	(172)	-	(172)
Profit for the quarter	-	-	-	-	-	2,935	2,935	-	2,935
Total comprehensive income for the quarter	-	-	-	-	(172)	2,935	2,763	-	2,763
Dividends paid to shareholders of the company	-	-	-	-	-	(2,259)	(2,259)	-	(2,259)
Transfer of reserves	-	-	483	-	-	(483)	-	-	-
At 31 December 2018	102,158	(415)	8,480	789	(21,889)	74,998	164,121	-	164,121

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	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
					translation reserve S\$'000				
At 1 October 2017	102,158	140	8,181	789	(15,739)	68,184	163,713	19,496	183,209
Other comprehensive income for the quarter									
- Foreign currency translation differences	-	-	-	-	1,177	-	1,177	502	1,679
-Reclassification adjustment of foreign currency translation reserve arising from liquidation of subsidiaries	-	-	-	-	(110)	-	(110)	-	(110)
Profit for the quarter	-	-	-	-	-	2,411	2,411	378	2,789
Total comprehensive income for the quarter	-	-	-	-	1,067	2,411	3,478	880	4,358
Dividends paid to shareholders of the company	-	-	-	-	-	(1,883)	(1,883)	-	(1,883)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(190)	(190)
Transfer of reserves	-	-	(184)	-	-	184	-	-	-
At 31 December 2017	102,158	140	7,997	789	(14,672)	68,896	165,308	20,186	185,494

For the Year Ended 31 December (Group)

Group - 2018	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 2018	102,158	140	7,997	789	(14,672)	68,896	165,308	20,186	185,494
Other comprehensive income for the year	-	-	-	-	(797)	-	(797)	546	(251)
- Foreign currency translation differences	-	-	-	-	-	11,885	11,885	312	12,197
Profit for the year	-	-	-	-	-	11,885	11,885	312	12,197
Total comprehensive income for the year	-	-	-	-	(797)	11,885	11,088	858	11,946
Dividends paid to shareholders of the company	-	-	-	-	-	(12,048)	(12,048)	-	(12,048)
Selective capital reduction	-	-	-	-	-	(20,716)	(20,716)	-	(20,716)
Payment of transaction cost related to selective capital reduction	-	(555)	-	-	-	-	(555)	-	(555)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(6,420)	27,464	21,044	(21,044)	-
Transfer of reserves	-	-	483	-	-	(483)	-	-	-
At 31 December 2018	102,158	(415)	8,480	789	(21,889)	74,998	164,121	-	164,121

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 year	-	-	-	-	(1,301)	-	(1,301)	426	(875)
- Foreign currency translation differences	-	-	-	-	-	-	-	-	-
- Reclassification adjustment of foreign currency translation reserve arising from liquidation of subsidiaries	-	-	-	-	(110)	-	(110)	-	(110)
Profit for the year	-	-	-	-	-	4,477	4,477	983	5,460
Total comprehensive income for the year	-	-	-	-	(1,411)	4,477	3,066	1,409	4,475
Dividends paid to shareholders of the company	-	-	-	-	-	(11,295)	(11,295)	-	(11,295)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(869)	(869)
Transfer of reserves	-	-	381	-	-	(381)	-	-	-
At 31 December 2017	102,158	140	7,997	789	(14,672)	68,896	165,308	20,186	185,494

For the Quarter Ended 31 December (Company)

Company - 2018	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 October 2018	102,158	789	(1,425)	12,483	114,005
Profit for the quarter	-	-	-	3,024	3,024
Total comprehensive income for the quarter	-	-	-	3,024	3,024
Dividends paid to shareholders of the company	-	-	-	(2,259)	(2,259)
At 31 December 2018	102,158	789	(1,425)	13,248	114,770

Company - 2017	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 October 2017	102,158	789	(1,425)	14,149	115,671
Profit for the quarter	-	-	-	(133)	(133)
Total comprehensive income for the quarter	-	-	-	(133)	(133)
Dividends paid to shareholders of the company	-	-	-	(1,883)	(1,883)
At 31 December 2017	102,158	789	(1,425)	12,133	113,655

For the Year Ended 31 December (Company)

Company - 2018	Share capital S\$'000	Revaluation reserve S\$'000	Merger # reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2018	102,158	789	(1,425)	12,133	113,655
Profit for the year	-	-	-	13,163	13,163
Total comprehensive income for the year	-	-	-	13,163	13,163
Dividends paid to shareholders of the company	-	-	-	(12,048)	(12,048)
At 31 December 2018	102,158	789	(1,425)	13,248	114,770

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
Profit for the year	-	-	-	8,127	8,127
Total comprehensive income for the year	-	-	-	8,127	8,127
Dividends paid to shareholders of the company	-	-	-	(11,295)	(11,295)
*Amalgamation of business	-	-	(1,425)	-	(1,425)
At 31 December 2017	102,158	789	(1,425)	12,133	113,655

* 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 31 December 2018 was 752,994,775 (31 December 2017: 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

Accounting policies and methods of computation used in the consolidated financial statements for the fourth quarter ended 31 December 2018 are consistent with those applied in the financial statements for the year ended 31 December 2017, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2018 as disclosed in item 5 below.

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

The Group's financial statements for the financial period beginning 1 January 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council (ASC).

In addition, during the current financial year, the Group has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial period beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) *Clarifications to SFRS(I) 15*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

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-Dec		Year Ended 31-Dec	
	2018	2017	2018	2017
<i>Earnings per share</i> - basic and diluted (cents)	0.39	0.32	1.58	0.59

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 (2017: 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 December 2018 and 31 December 2017.

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	
	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
Net asset value (S\$'000)	164,121	165,308	114,770	113,655
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	21.80	21.95	15.24	15.09

- 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:-**
- 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.**
 - 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.

INCOME STATEMENT

Revenue

For the three months ended 31 December 2018 ("4Q18"), the Group reported revenue of S\$48.1 million, down 8.8% from S\$52.7 million in 4Q17 which saw exceptionally higher customer orders. The Group's operations in Singapore reported higher revenue in 4Q18 and partially offset the declines in sales from its Malaysia and China operations. On a quarter-on-quarter basis, Group revenue in 4Q18 was seasonally slower than revenue of S\$52.4 million in 3Q18.

For the year ended 31 December 2018 ("FY2018"), the Group's revenue edged higher by 1.4% to S\$197.7 million from S\$195.0 million in FY2017, attributable mainly to increased sales of its Singapore and Malaysia segments.

Sales from the Singapore operations increased 15.4% to S\$47.3 million in FY2018 from S\$41.0 million in FY2017, driven mainly by higher sales of products in the automotive, medical and consumer segments. Sales of the Malaysia segment also rose 6.5% to S\$38.1 million in FY2018 from S\$35.8 million in FY2017 due mainly to higher sales of products in the consumer and medical segments.

The increase in revenue generated from the Singapore and Malaysia operations offset lower sales from the China segment in FY2018. The China operations registered revenue of S\$112.3 million in FY2018, down 5.0% from S\$118.2 million in FY2017. This was attributed mainly to reduced sales of networking & communications products, which was buffered partly by higher sales of products in the consumer segment.

As a result, the Singapore and Malaysia segments accounted for a higher 23.9% and 19.3% of Group revenue in FY2018 as compared to 21.0% and 18.4% respectively in FY2017. Accordingly, the China segment's revenue contribution declined to 56.8% in FY2018 as compared to 60.6% in FY2017.

Gross Profit

Gross profit decreased 13.9% to S\$8.7 million in 4Q18 from S\$10.1 million in 4Q17. Correspondingly, gross profit margin softened slightly to 18.1% in 4Q18 from 19.1% in 4Q17 due mainly to lower revenue and a change in sales mix.

For FY2018, the Group's gross profit increased 5.9% to S\$35.3 million from S\$33.3 million in FY2017. As gross profit grew at a faster pace than revenue, gross profit margin increased to 17.8% in FY2018 compared to 17.1% in FY2017. This was attributed mainly to a shift in sales mix and the Group's continual efforts to streamline cost and raise operational efficiencies.

Other Income

Other income in 4Q18 declined 12.6% to S\$1.8 million from S\$2.1 million in 4Q17 due mainly to lower interest income and profit from sale of property, plant and equipment, as well as a decrease in income from sale of scrap and raw material. For FY2018, other income increased

slightly to S\$7.7 million from S\$7.5 million previously, attributed mainly to higher profit from sale of property, plant and equipment.

Selling and Administrative Expenses

Selling and administrative expenses decreased 8.7% to S\$6.5 million in 4Q18 from S\$7.1 million in 4Q17 in line with lower revenue. For FY2018, selling and administrative expenses were relatively stable at S\$27.4 million.

Other Operating Income / (Expenses)

The Group recorded other operating income of S\$56,000 in 4Q18, attributed mainly to a write-back of doubtful debts which was offset partly by a small foreign exchange loss. In contrast, the Group registered other operating expenses of S\$1.5 million in 4Q17 due mainly to a foreign exchange loss and property, plant and equipment written off. As a result, the Group benefited from a positive swing of around S\$1.6 million from other operating income in 4Q18 versus 4Q17.

For FY2018, the Group recorded other operating income of S\$1.2 million, attributed mainly to a foreign exchange gain as a result of the appreciation of the US Dollar against the functional currencies of the respective companies in the Group. On the other hand, the Group incurred other operating expenses of S\$4.7 million in FY2017, due mainly to a foreign exchange loss and property, plant and equipment written off. This resulted in a positive change of approximately S\$5.9 million between the two financial years.

The Group recognises foreign exchange gains or losses as a result of transactions denominated in foreign currencies, and 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 appreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed to the foreign exchange gain in FY2018.

Profit Before Income Tax

The Group's profit before income tax increased by 18.2% to S\$3.8 million in 4Q18 from S\$3.2 million in 4Q17. Profit before income tax for FY2018 jumped 91.4% to S\$15.9 million from S\$8.3 million in FY2017, primarily on the back of higher gross profit and other operating income.

The Group's profit before tax excluding foreign exchange impact and share of results of joint venture ("operating profit") eased to S\$4.1 million in 4Q18 from S\$4.7 million in 4Q17 due mainly to lower revenue. However, operating profit for FY2018 grew 16.9% to S\$15.5 million compared to S\$13.2 million in FY2017, attributed mainly to better gross profit margin and tight control of selling and administrative expenses.

Tax Expense

The Group incurred tax expense of S\$0.9 million for 4Q18 and S\$3.7 million for FY2018 which translated to effective tax rates of 23.2% and 23.4% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates were 22.8% for 4Q18 and 22.0% for FY2018. The

Group's effective tax rate is 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, and the varying statutory tax rates of the countries in which the Group operates.

Net Profit Attributable to Owners of the Company

Net profit attributable to owners of the Company increased 21.7% to S\$2.9 million from S\$2.4 million in 4Q17. For FY2018, the Group registered net profit attributable to owners of the Company of S\$11.9 million, up 165.5% from S\$4.5 million in FY2017.

Dividend

The Board of Directors has proposed a final tax exempt dividend of 1.0 cent per share in respect of FY2018. Together with the interim dividends of 0.6 cent per share, the Group's total dividend in respect of FY2018 would be 1.6 cents per share. This translates into a dividend payout of approximately 100% based on net profit attributable to owners of the Company for FY2018.

BALANCE SHEET

The Group maintained a sound financial position as at 31 December 2018 with a cash balance of S\$80.3 million and zero borrowings. Shareholders' equity stood at S\$164.1 million, equivalent to net asset value of 21.80 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 10.67 cents per share.

Total assets as at 31 December 2018 decreased to S\$211.6 million compared to S\$236.2 million as at 31 December 2017. The decline was attributed mainly to lower trade and other receivables as well as a reduction in cash and cash equivalents. Cash and cash equivalents decreased following the completion of a selective capital reduction ("SCR") exercise in June 2018 to privatise the Group's subsidiary LCTH Corporation Berhad ("LCTH") that was listed on Bursa Malaysia Securities Berhad. LCTH is now a wholly-owned subsidiary of Fu Yu Investment Pte Ltd and renamed as LCTH Corporation Sdn Bhd.

As at 31 December 2018, total liabilities decreased to S\$47.5 million from S\$50.7 million as at 31 December 2017 due primarily to lower trade and other payables.

CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$23.3 million in FY2018. This was attributed mainly to operating profit before working capital changes of around S\$22.3 million and a reduction of trade and other receivables, offset partially by a decrease in trade and other payables and payment for income taxes.

Net cash used in investing activities amounted to S\$4.9 million during FY2018. The Group incurred capital expenditure of S\$7.2 million which was offset partially by receipt of interest income and proceeds from disposal of property, plant and equipment.

The Group used cash of S\$33.4 million in financing activities during FY2018. Around S\$21.3 million was attributed to the SCR exercise (inclusive of transaction cost) for LCTH that was

completed in June 2018. The Group also paid total dividends amounting to approximately S\$12.0 million to shareholders of Fu Yu Corporation Limited during FY2018.

As a result, the Group recorded a net decrease of S\$15.0 million in cash and cash equivalents during FY2018 and closed the financial period with cash and cash equivalents of S\$77.0 million (excluding cash deposits pledged of S\$3.3 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 in FY2019 is expected to remain challenging. While ongoing trade tensions have not had a direct impact on the Group thus far, an escalation of the trade war will adversely affect the global economy and lead to increased business risks for the Group. The Group's financial performance is also influenced by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

Notwithstanding the challenging business conditions, Fu Yu delivered an improved set of results for FY2018 as its operating profit increased 16.9% to S\$15.5 million on higher revenue of S\$197.7 million.

The Group's revenue in FY2018 was buoyed by higher sales of consumer, medical and automotive segments which offset lower sales of networking & communications products. This can be attributed to the Group's continual efforts to secure additional projects with existing customers for product upgrades and new products, as well as projects awarded by new customers. Nevertheless, the Group's overall sales performance is dependent on, among other factors, end-user demand for customers' products and the individual performance of each segment in the Group's diverse product portfolio.

To drive sustainable and profitable growth over the long term, the Group will continue to execute the following strategic initiatives:

- i. strengthen its business development team to expand market share with existing customers and secure new customers in target market segments;
- ii. diversify its customer base across target market segments to ensure greater business resilience and stability;
- iii. focus on products that have longer life cycles and higher growth potential such as medical, automotive, eco-friendly and smart home consumer products, and 3D printers; and
- iv. continually improve its operations to achieve optimal capacity utilisation, high production efficiency and lean cost structure.

To maintain its competitive edge, the Group will focus its efforts on improving its core competencies to produce high precision and quality products, as well as raise the cost-effectiveness and efficiency of its manufacturing operations to ensure fast time-to-market for customers.

The Group will also continue to seek ways to further optimise the cost structure of its operations in the region, such as rightsizing exercises and the sale or lease of unutilised factory space if suitable opportunities arise.

With its strong one-stop manufacturing capabilities, strategically-located facilities in Asia, diversified customer base and sound financial position, the Group is well positioned to capitalise on future business opportunities and withstand challenging business periods.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 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	Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

Subject to shareholders' approval at the Annual General Meeting to be held on 24 April 2019.

(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 31 December 2018.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14.Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Geographical segments	Singapore		China		Malaysia		Total operations before adjustment		Group adjustment and elimination		Consolidated	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Revenue and expenses												
Total external revenue	47,265	40,958	112,268	118,180	38,154	35,835	197,687	194,973	-	-	197,687	194,973
Inter-segment revenue	160	409	125	113	440	125	725	647	(725)	(647)	-	-
Segment profit before income tax *	16,158	16,527	6,144	6,141	8,533	7,494	30,835	30,162	(8,380)	(9,234)	22,455	20,928
Depreciation of property, plant and equipment and investment property	(1,783)	(2,148)	(3,362)	(3,899)	(2,004)	(1,790)	(7,149)	(7,837)	162	139	(6,987)	(7,698)
Finance cost	-	(1)	-	-	-	-	-	(1)	-	-	-	(1)
Foreign exchange gain/(loss), (net)	1,026	(4,705)	(336)	(384)	78	(796)	768	(5,885)	485	1,676	1,253	(4,209)
Share of loss of joint venture (net of tax)	15,401	9,673	2,446	1,858	6,607	4,908	24,454	16,439	(7,733)	(7,419)	16,721	9,020
Profit before income tax	-	-	-	-	(798)	(700)	(798)	(700)	-	-	(798)	(700)
Tax expense											15,923	8,320
Net profit for the year											(3,726)	(2,860)
											12,197	5,460
Other segment information												
Non-current assets	60,052	60,177	15,829	18,214	25,982	25,036	101,863	103,427	(48,305)	(47,779)	53,558	55,648
Unallocated assets											772	1,727
Total non-current assets											54,330	57,375
Capital expenditure	1,216	1,391	1,554	2,528	3,643	2,464	6,413	6,383	-	-	6,413	6,383
Interest income	672	402	127	275	805	1,086	1,604	1,763	-	-	1,604	1,763
Segment reporting assets	128,705	125,580	81,386	89,124	57,836	75,552	267,927	290,256	(57,138)	(55,778)	210,789	234,478
Unallocated assets											796	1,734
Total assets											211,585	236,212
Segment reporting liabilities	8,408	8,375	34,907	38,242	8,522	7,883	51,837	54,500	(8,227)	(7,018)	43,610	47,482
Unallocated liabilities											3,854	3,236
Total liabilities											47,464	50,718

* After excluding share of results of joint venture, finance cost, foreign exchange gain/(loss) net and depreciation.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

SINGAPORE

Singapore segment's revenue increased by S\$6.3 million to S\$47.3 million in FY2018 from S\$41.0 million in FY2017. This was driven mainly by increased sales of products in the automotive, medical and consumer segments. As a result, Singapore segment accounted for 23.9% of Group revenue in FY2018, up from 21.0% in FY2017.

Excluding the dividend income from Malaysia and China subsidiaries totaling S\$8.0 million, Singapore segment would have recorded a profit of S\$7.4 million in FY2018 which is an increase of S\$6.8 million from S\$0.6 million reported in FY2017. This increase was attributed mainly to higher revenue and a foreign exchange gain in FY2018 as opposed to a foreign exchange loss in FY2017.

CHINA

China segment's revenue decreased S\$5.9 million to S\$112.3 million in FY2018 from S\$118.2 million in FY2017 due primarily to lower sales of networking and communications products. Nonetheless, China operations remained as the Group's largest geographical segment with a revenue contribution of 56.8% in FY2018, compared to 60.6% in FY2017.

Notwithstanding lower revenue, China segment's profit increased by S\$0.5 million to S\$2.4 million in FY2018 from S\$1.9 million in FY2017 due mainly to lower depreciation charges for property, plant and equipment.

MALAYSIA

Malaysia segment's revenue increased S\$2.3 million to S\$38.1 million in FY2018 from S\$35.8 million in FY2017. This was attributed primarily to higher sales from the consumer and medical segments. Malaysia segment's contribution to Group revenue increased to 19.3% in FY2018, from 18.4% in FY2017.

Malaysia segment's profit increased S\$1.7 million to S\$6.6 million in FY2018 from S\$4.9 million in FY2017, due mainly to improved sales as well as a foreign exchange gain in FY2018 compared to a foreign exchange loss in FY2017.

16. A breakdown of sales as follows:-

Group	Year Ended 31-Dec		Change %
	2018 S\$'000	2017 S\$'000	
First Half			
Sales reported for the first half year	97,184	92,041	5.6
Profit after tax before deducting non-controlling interests reported for the first half year	4,867	1,520	NM
Second Half			
Sales reported for the second half year	100,503	102,932	(2.4)
Profit after tax before deducting non-controlling interests reported for the second half year	7,330	3,940	86.0

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	2018	2017
	S\$'000	S\$'000
Declared and paid during the financial year:		
- Final tax exempt dividend (FY 2017) of 1.0 cent per share paid on 23 May 2018 (2017: 19 May 2017)	7,530	7,530
- An interim tax exempt dividend of 0.3 cent per share (2017:0.25 cent) paid on 10 September 2018 (2017: 7 September 2017)	2,259	1,882
- Second interim tax exempt dividend of 0.3 cent per share (2017:0.25 cent) paid on 5 December 2018 (2017: 29 December 2017)	2,259	1,883
Total	<u>12,048</u>	<u>11,295</u>
Proposed but not recognised as a liability as at 26 February 2019 (2017: 28 February 2018):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- A final tax exempt dividend of 1.0 cent per share	<u>7,530</u>	<u>7,530</u>

18. **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).

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the listing manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Kong Wei Fung
Company Secretary
Singapore, 26 February 2019