



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE FIRST QUARTER ENDED
31 MARCH 2018**

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 2018.

GROUP	Quarter Ended 31-Mar		Change %
	2018 S\$'000	2017 S\$'000	
Revenue	46,372	44,744	3.6
Cost of sales	(38,931)	(37,259)	4.5
Gross profit	7,441	7,485	(0.6)
Other income	1,865	1,907	(2.2)
Selling and administrative expenses	(6,854)	(6,649)	3.1
Other operating expenses	(1,345)	(1,308)	2.8
Results from operating activities	1,107	1,435	(22.9)
Share of loss of joint venture (net of tax)	(152)	(89)	70.8
Profit before income tax	955	1,346	(29.0)
Tax expense	(331)	(671)	(50.7)
Profit for the quarter	624	675	(7.6)
Profit for the quarter attributable to:			
Owners of the Company	548	531	3.2
Non-controlling interests	76	144	(47.2)
Profit for the quarter	624	675	(7.6)
Earnings per share			
- basic and diluted earnings per share (cents)	0.07	0.07	3.2
NM denotes Not Meaningful			

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Mar		Change %
	2018 S\$'000	2017 S\$'000	
Profit for the quarter	624	675	(7.6)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	2,295	(3,327)	NM
Other comprehensive income for the quarter (net of tax)	2,295	(3,327)	NM
Total comprehensive income for the quarter (net of tax)	2,919	(2,652)	NM
Total comprehensive income attributable to:			
Owners of the Company	2,223	(2,416)	NM
Non-controlling interests	696	(236)	NM
Total comprehensive income for the quarter	2,919	(2,652)	NM

NM denotes Not Meaningful

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

GROUP	Quarter Ended 31-Mar		Change %
	2018 S\$'000	2017 S\$'000	
Profit before income tax is arrived at after charging/(crediting) the following:			
Interest income	(481)	(440)	9.3
Gain on disposal of property, plant and equipment	(10)	(52)	(80.8)
Foreign exchange loss, net	1,347	1,291	4.3
Property, plant and equipment written off (Write-back of)/ allowance for doubtful trade and other receivables	3	11	(72.7)
	(5)	5	NM
Depreciation and amortisation	1,801	2,077	(13.3)
Allowance for inventory obsolescence and inventories written off, net	108	170	(36.5)
Adjustments for (over)/underprovision of income tax in respects of the prior years	(119)	37	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 31 Mar 18 S\$'000	As at 31 Dec 17 S\$'000	As at 31 Mar 18 S\$'000	As at 31 Dec 17 S\$'000
Non-current assets				
Property, plant and equipment	45,682	45,954	12,193	12,593
Investment property	8,411	8,204	-	-
Subsidiaries	-	-	48,387	48,811
Joint venture	1,383	1,490	-	-
Deferred tax assets	1,798	1,727	-	-
	57,274	57,375	60,580	61,404
Current assets				
Inventories	19,676	17,646	3,186	2,742
Trade and other receivables	57,877	62,429	11,737	11,148
Tax recoverable	19	7	-	-
Amount due from subsidiary companies	-	-	3,745	3,817
Short term investments	2,928	3,318	-	-
Cash and cash equivalents	98,476	95,437	43,080	43,576
	178,976	178,837	61,748	61,283
Total assets	236,250	236,212	122,328	122,687
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	65,373	63,150	11,496	11,497
	167,531	165,308	113,654	113,655
Non-controlling interests	20,882	20,186	-	-
Total equity	188,413	185,494	113,654	113,655
Non-current liabilities				
Deferred tax liabilities	637	616	562	523
	637	616	562	523
Current liabilities				
Trade and other payables	44,742	47,482	7,785	8,248
Amounts due to subsidiary companies	-	-	203	114
Tax payable	2,458	2,620	124	147
	47,200	50,102	8,112	8,509
Total liabilities	47,837	50,718	8,674	9,032
Total equity and liabilities	236,250	236,212	122,328	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 March 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-Mar	
	2018 S\$'000	2017 S\$'000
Cash flows from operating activities		
Profit before income tax	955	1,346
Adjustments for:		
Depreciation of property, plant and equipment and investment property	1,801	2,077
Gain on disposal of property, plant and equipment	(10)	(52)
Property, plant and equipment written off	3	11
Interest income	(481)	(440)
Share of loss of joint venture (net of tax)	152	89
Unrealised foreign exchange (gain)/loss	(760)	117
	705	1,802
	1,660	3,148
Changes in working capital:		
Inventories	(1,727)	(217)
Trade and other receivables	5,499	714
Trade and other payables	(2,862)	(4,233)
Cash from/(used in) operating activities	2,570	(588)
Tax paid	(553)	(461)
Net cash from/(used in) operating activities	2,017	(1,049)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,303)	(1,815)
Proceeds from disposal of property, plant and equipment	10	98
Interest income received	481	440
Withdrawal of short-term investments	489	132
Net cash used in investing activities	(323)	(1,145)
Cash flows from financing activities		
Deposit pledged	(24)	(22)
Net cash used in financing activities	(24)	(22)
Net increase/(decrease) in cash and cash equivalents	1,670	(2,216)
Cash and cash equivalents at beginning of financial quarter	92,252	102,602
Effects of exchange rate fluctuations on cash held	1,247	(1,587)
Cash and cash equivalents at end of financial quarter	95,169	98,799
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:		
Cash at bank and in hand	29,729	36,715
Deposits with banks	68,747	65,075
Cash and cash equivalents in the statement of financial position	98,476	101,790
Deposits pledged	(3,307)	(2,991)
Cash and cash equivalents in the consolidated cash flow statement	95,169	98,799

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 - 2018									
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 quarter									
- Foreign currency translation differences	-	-	-	-	1,675	-	1,675	620	2,295
Profit for the quarter	-	-	-	-	-	548	548	76	624
Total comprehensive income for the quarter	-	-	-	-	1,675	548	2,223	696	2,919
At 31 March 2018	102,158	140	7,997	789	(12,997)	69,444	167,531	20,882	188,413
	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

For the Quarter Ended 31 March (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
Loss for the quarter	-	-	-	(1)	(1)
Total comprehensive income for the quarter	-	-	-	(1)	(1)
At 31 March 2018	102,158	789	(1,425)	12,132	113,654

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

* 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 March 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 first quarter ended 31 March 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-Mar	
	2018	2017
<i>Earnings per share</i> - basic and diluted (cents)	0.07	0.07

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 March 2018 and 31 March 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 Mar 18	31 Dec 17	31 Mar 18	31 Dec 17
Net asset value (S\$'000)	167,531	165,308	113,654	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)	22.25	21.95	15.09	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:-**
- (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.

Income Statement

Revenue

For the three months ended 31 March 2018 ("1Q18"), the Group's revenue increased 3.6% to S\$46.4 million from S\$44.7 million in 1Q17, driven mainly by higher sales of its Singapore and Malaysia operations.

Sales generated from the Singapore segment in 1Q18 gained 10.1% to S\$10.9 million from S\$9.9 million in 1Q17. This increase was attributed mainly to higher sales of products in the printing & imaging segment. The Malaysia segment also recorded a 15.1% year-on-year increase in sales from S\$7.3 million in 1Q17 to S\$8.4 million in 1Q18, lifted primarily by higher orders of products in the medical segment. Sales from the China operations in 1Q18 eased marginally by 1.5% to S\$27.1 million compared to S\$27.5 million in 1Q17.

As a result, the revenue contributions from Singapore and Malaysia operations in 1Q18 widened to 23.5% and 18.1% compared to 22.1% and 16.5% respectively in 1Q17. China segment accounted for 58.4% of Group revenue in 1Q18 as compared to 61.4% in the year-ago period.

Gross profit

Gross profit in 1Q18 declined slightly to S\$7.4 million from S\$7.5 million in 1Q17. Correspondingly, gross profit margin eased to 16.0% in 1Q18 from 16.7% in 1Q17. The decline in gross profit margin was attributed mainly to a shift in sales mix and selling price pressure. The Group is working continuously to raise automation and improve its production processes to achieve better cost and operational efficiencies.

Other Income

Other income in 1Q18 was relatively unchanged at S\$1.9 million compared to 1Q17.

Selling and Administrative Expenses

Selling and administrative expenses in 1Q18 increased by 3.1% to S\$6.9 million from S\$6.6 million in 1Q17 in line with higher revenue.

Other Operating Expenses

Other operating expenses in 1Q18 were largely unchanged at S\$1.3 million compared to 1Q17. These expenses consisted mainly of foreign exchange loss which was due primarily to the depreciation of the US Dollar against the functional currencies of the respective companies in the Group.

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 weakening of the US Dollar against the Singapore Dollar and Malaysia Ringgit contributed partly to the foreign exchange loss in 1Q18.

Profit Before Income Tax

The Group reported profit before tax of S\$1.0 million in 1Q18, down 29.0% from S\$1.3 million in 1Q17. The decrease of S\$0.3 million was attributed mainly to softer gross profit margin, higher selling and administrative expenses and a larger share of loss of joint venture in 1Q18.

The Group's profit before tax excluding foreign exchange impact and share of results of joint venture ("operating profit") in 1Q18 amounted to S\$2.5 million compared to S\$2.7 million in 1Q17. The decline in operating profit of around S\$0.2 million was due primarily to softer gross profit margin and higher selling and administrative expenses.

Tax expense

The Group incurred tax expense of S\$0.3 million for 1Q18 which translated to effective tax rate of 34.7%. Excluding the withholding taxes which arose from services rendered to China subsidiaries, the effective tax rate was 34.1% for 1Q18. 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 non-deductible expenses.

Net Profit Attributable to Owners of the Company

The Group's net profit attributable to owners of the Company in 1Q18 was largely unchanged at S\$0.5 million as compared to 1Q17.

Balance Sheet

The Group's financial position as at 31 March 2018 remained sound with a cash balance of S\$98.5 million and zero borrowings. Shareholders' equity stood at S\$167.5 million, equivalent to net asset value of 22.25 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 13.08 cents per share.

Total assets as at 31 March 2018 remained steady at S\$236.3 million compared to S\$236.2 million as at 31 December 2017. The decline in trade and other receivables was offset by increases in inventories and cash and cash equivalents.

As at 31 March 2018, total liabilities decreased by S\$2.9 million to S\$47.8 million from S\$50.7 million as at 31 December 2017 due primarily to a reduction in trade and other payables.

Cash Flow Statement Analysis

The Group generated net cash from operating activities of S\$2.0 million in 1Q18. This was attributed to operating profit before working capital changes of around S\$1.7 million and a reduction of trade and other receivables, offset partially by an increase in inventories as well as payments for trade and other payables and income taxes.

Net cash used in investing activities during 1Q18 amounted to S\$0.3 million. The Group incurred capital expenditure of S\$1.3 million which was offset partially by proceeds from interest income as well as withdrawal of short term investments.

As a result, the Group recorded a net increase of S\$1.7 million in cash and cash equivalents during 1Q18 and closed the financial period with cash and cash equivalents of S\$95.2 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

While the global economy is widely anticipated to show a resilient performance in 2018, the Group expects operating conditions of the industries it serves to remain challenging due to uneven end-user demand across various sectors. The Group's financial performance is also affected by other factors such as intensifying industry competition, pressure on selling prices and continued volatility in the US Dollar.

To drive sustainable growth over the long term, the Group is executing the following strategic initiatives:

- (i) strengthen its business development team to expand market share with existing customers and make inroads with new customers;
- (ii) diversify its customer base across target market segments to ensure greater business stability;
- (iii) focus on products that have greater stability, longer life cycles and higher growth potential such as medical, automotive, green and security-related products, and 3D printers; and
- (iv) continuously improve its operations to achieve optimal capacity utilisation, high production efficiency and lean cost structure.

To enhance its profile and extend its reach to a wider pool of target customers, the Group has embarked on a digital marketing platform. This and other business development efforts would enable the Group to make further progress with customers in its target market segments.

On 14 May 2018, the High Court of Malaya granted an order confirming the selective capital reduction and repayment exercise ("SCR") of the Group's subsidiary, LCTH Corporation Berhad ("LCTH"). All the conditions of the SCR have been satisfied. Barring any unforeseen circumstances, the Group anticipates completion of LCTH's delisting from Bursa Malaysia Securities Berhad in 2Q18. Besides benefiting from cost savings related to LCTH's public listing, full ownership of LCTH will enable the Group to better manage the production and financial resources of its operations in Asia.

The Group will continue to explore 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.

Backed by its strong one-stop manufacturing capabilities, strategically-located facilities in Asia, diversified customer base and sound financial position, the Group is confident it has a solid platform to capitalise on opportunities that arise as well as to withstand challenging business periods.

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 2018.

(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 2018.

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 2018.

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 2018 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

Tan Wee Sin
Company Secretary
Singapore, 14 May 2018