NEWS RELEASE

Fu Yu Reports 10.7% Rise in PATMI to S$5.0 million in 1H19; Declares higher interim dividend of 0.35 cent per share

- Group posts steady revenue despite persistent uncertainties plaguing the global economy
- Gross profit margin expands to 18.5% in 1H19 from 16.5% previously
- Operating profit in 1H19 jumps 41.7% to S$7.9 million
- Maintains sound balance sheet - cash balance of S$80.1 million and zero borrowings

Singapore, 13 August 2019 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, has reported a commendable financial performance for its first half ended 30 June 2019 ("1H19") amid challenging operating conditions in the global economy.

Net profit attributable to owners of the Company ("PATMI") in 1H19 increased 10.7% to S$5.0 million from S$4.6 million in 1H18. The improvement in the Group's bottom line performance was driven by an expansion of its gross profit margin to 18.5% in 1H19 from 16.5%. Revenue in 1H19 was relatively stable at S$96.8 million compared to S$97.2 million in 1H18.

For 1H19, the Group registered other operating expenses of S$0.5 million which arose mainly from foreign exchange loss caused by the depreciation of the US Dollar against its functional currencies. As the Group recorded other operating income of S$0.9 million in 1H18, this resulted in a negative change of approximately S$1.4 million between the two financial periods.

Excluding the foreign exchange impact and the share of results of joint venture, the Group's profit before tax ("operating profit") jumped 41.7% to S$7.9 million in 1H19 from S$5.6 million in 1H18.

For the three months ended 30 June 2019 ("2Q19"), the Group's revenue held relatively steady at S$50.1 million compared to S$50.8 million in 2Q18. Due to a significant reduction of S$2.2 million in foreign exchange gain, the Group's PATMI declined 13.8% to S$3.5 million in 2Q19. However, operating profit for 2Q19 jumped 53.4% to S$4.8 million from S$3.1 million in 2Q18.

MEDIA AND INVESTOR RELATIONS CONTACT
OCTANT CONSULTING
phone (65) 62963583
Herman Phua | mobile 9664 7582 | email herman@octant.com.sg
Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, “Fu Yu managed to deliver a positive set of results in 1H19 despite operating in a tough business environment caused by ongoing macroeconomic uncertainties.

While our sales to the printing & imaging and networking & communications segments were softer in 1H19, this was counterbalanced by improved sales to our customers in the consumer and medical segments. The shift in product mix, coupled with our continual efforts to achieve better cost and operational efficiencies, drove the expansion in our gross profit margin for 1H19 compared to 1H18. Indeed, this broad diversity in our product portfolio is a key element of Fu Yu’s strategy to achieve our goal of delivering stable and sustainable growth to shareholders over the long term.

To reward shareholders for their continued support, our Board of Directors has declared the payment of an interim dividend of 0.35 cent per share, which represents a payout of 52.2% of PATMI. This is a higher dividend compared to the payment of 0.30 cent per share for 1H18.”

During 1H19, the Group’s operations in Singapore and Malaysia generated higher sales which partially buffered against lower sales of its China segment. The Singapore segment’s sales increased 4.8% to S$23.9 million in 1H19, lifted mainly by higher sales of products in the consumer, medical and automotive segments. Sales of the Malaysia segment improved 17.3% to S$21.7 million in 1H19, driven mainly by higher sales of consumer and medical products, as well as power tools. Sales in the China segment decreased 8.4% to S$51.2 million in 1H19, attributed mainly to lower sales of the printing & imaging and networking & communications segments which were partially buffered by higher sales from the consumer and medical segments.

As a result, the Singapore and Malaysia segments contributed a higher 24.7% and 22.4% to the Group’s revenue in 1H19 as compared to 23.5% and 19.0% respectively in 1H18. China operations accounted for a lower 52.9% of Group revenue in 1H19 as compared to 57.5% in 1H18.

Fu Yu maintained a healthy balance sheet as at 30 June 2019 with cash holdings of S$80.1 million and zero borrowings. It had shareholders’ equity of S$160.9 million, equivalent to net asset value of 21.36 cents per share which includes cash and cash equivalents of around 10.63 cents per share.

Going forward, the Group expects the operating landscape to remain challenging in the second half of FY2019 due to increasing uncertainties over the global trading environment. Additionally, its financial performance is influenced by other factors such as industry competition, pressure on selling prices and movements in the US Dollar.

To attain its goal of sustainable and profitable growth over the long term, the Group will continue executing its strategy to expand market share, broaden and diversify its customer base, focus on products with high growth potential and improve operational efficiency.

"To ensure the Group is in a stronger position to face the challenges ahead, we have been working on a number of initiatives to streamline and optimise our organisational structure during the past two years. Our latest initiative is in relation to our 40%-owned joint venture in Malaysia, Berry Plastics Malaysia Sdn Bhd, for which we have commenced the process of members' voluntary liquidation in July 2019.

We plan to continue seeking ways to further optimise the cost structure of our operations in the region, such as rightsizing or consolidation of operations, or the sale / lease of unutilised factory space if suitable opportunities arise," said Mr Hew.

As part of the Group's plans to strengthen its Singapore operations, Fu Yu has accepted a letter of offer from Jurong Town Corporation ("JTC") to renew the lease of its premises at 7 and 9 Tuas Drive 1 for a further term of 20 years from 2021. This renewal is subject to compliance by the Group with the investment criteria stipulated by JTC. To expand and improve its operations in Singapore, the Group intends to redevelop the plot at 9 Tuas Drive 1 ("Redevelopment Project") and has submitted its plans to the regulatory authorities. The preliminary estimated capital expenditure is around S$13 million for this Redevelopment Project which is subject to any changes in the plans pending the approval by the authorities.

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

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 13 August 2019.

About Fu Yu Corporation Limited

Fu Yu provides vertically-integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies.

Since its inception in 1978, the Group has grown to become one of the largest manufacturers of high precision plastic parts and moulds in Asia. Today, the Group has established a strong presence in the region with manufacturing facilities located in Singapore, Malaysia and China.

Leveraging on over 40 years of operating history, the Group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

For further information on Fu Yu, please visit the Group's website at: http://www.fuyucorp.com/