

CIRCULAR DATED 24 JANUARY 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Fu Yu Corporation Limited (the “Company”). If you are in any doubt in relation to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED AMALGAMATION OF NANOTECHNOLOGY MANUFACTURING PTE. LTD. AND SOLIDMICRON TECHNOLOGIES PTE. LTD. WITH THE COMPANY PURSUANT TO SECTION 215D(1) OF THE COMPANIES ACT (CAP. 50)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	13 February 2017 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	15 February 2017 at 11.00 a.m.
Place of Extraordinary General Meeting	:	Picasso 1, Level 3, Pan Pacific Orchard 10 Claymore Road, Singapore 229540

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

COMPANIES AND ORGANISATIONS

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	Fu Yu Corporation Limited
“NTM”	:	Nanotechnology Manufacturing Pte. Ltd.
“SMT”	:	Solidmicron Technologies Pte. Ltd.
“Group”	:	The Company and its subsidiaries
“Registrar”	:	Registrar of Companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

GENERAL

“Acquisition”	:	Shall have the meaning ascribed to it in Section 2.2 of this Circular
“Amalgamated Company”	:	Shall have the meaning ascribed to it in Section 1.1 of this Circular
“Amalgamating Company”	:	Shall have the meaning ascribed to it in Section 2.1 of this Circular
“Amalgamation Proposal”	:	Shall have the meaning ascribed to it in Section 2.5 of this Circular
“Board”	:	The Board of Directors of the Company as at the date of this Circular
“Circular”	:	This circular to Shareholders dated 24 January 2017
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Directors”	:	The directors of the Company as at the date of this Circular
“Effective Date”	:	Shall have the meaning ascribed to it in Section 2.5 of this Circular

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company to be held on 15 February 2017 at 11.00 a.m., the notice of which is set out on page 19 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending on, as the case may be, 31 December
“Latest Practicable Date”	:	17 January 2017, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The Listing Manual of the SGX-ST
“NAV”	:	Net asset value
“NTA”	:	Net tangible assets
“Notice of EGM”	:	The notice of EGM as set out on page 19 of this Circular
“Proposed Amalgamation”	:	The proposed amalgamation of NTM, SMT and the Company, with the Company as the Amalgamated Company, pursuant to Section 215D(1) of the Act
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore
“Shareholders”	:	Persons who are registered as holders of Shares in the register of members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholders”	:	Persons who have an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5.0% of the total votes attached to all the voting shares of the Company

CURRENCIES AND OTHERS

“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular only shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

DEFINITIONS

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise specified.

Any discrepancies in figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)

Directors:

Dr John Chen Seow Phun (*Non-Executive Chairman and Independent Director*)
Mr Ching Heng Yang (*Vice Chairman and Executive Director*)
Mr Hew Lien Lee (*Executive Director, Chief Executive Officer and Chief Operating Officer*)
Mr Ho Nee Kit (*Executive Director*)
Mr Tam Wai (*Executive Director*)
Mr Tan Yew Beng (*Non-Executive Director and Independent Director*)
Mr Foo Say Tun (*Non-Executive Director and Independent Director*)

Registered Office:

8 Tuas Drive 1
Singapore 638675

24 January 2017

To: The Shareholders of the Company

Dear Sir/Madam

THE PROPOSED AMALGAMATION OF NTM AND SMT WITH THE COMPANY PURSUANT TO SECTION 215D(1) OF THE COMPANIES ACT

1. INTRODUCTION

1.1 The Board is proposing that NTM, SMT and the Company amalgamate and continue as one company, with the Company as the amalgamated company (the “**Amalgamated Company**”), pursuant to Section 215D(1) of the Companies Act. Each of NTM and SMT are wholly-owned subsidiaries of the Company based in Singapore which, similar to the Company, undertake manufacturing activities, amongst other things. In view of the foregoing, the Proposed Amalgamation is proposed in order to streamline the corporate structure and operations of the Group with a view to generate improved operational efficiencies, economies of scale and synergies from better allocation of resources, and thereby improve the financial performance of the Group. In addition, following the completion of the Proposed Amalgamation, NTM, SMT and the Company will be amalgamated and will continue as one company, which is expected to reduce audit, tax and other regulatory compliance costs.

Further information on the rationale for the Proposed Amalgamation is set out in Section 2.8 of this Circular.

1.2 The Proposed Amalgamation is subject to, *inter alia*, the approval of Shareholders at the EGM by way of a special resolution.

1.3 The purpose of this Circular is to provide Shareholders with information relating to, and to explain the rationale for, the Proposed Amalgamation and to seek Shareholders’ approval for the Proposed Amalgamation at the EGM.

LETTER TO SHAREHOLDERS

2. THE PROPOSED AMALGAMATION

2.1 Brief Description of a Short-Form Amalgamation

The Proposed Amalgamation will be effected by way of a short-form amalgamation under Section 215D(1) of the Companies Act, which provides, *inter alia*, that a company and one or more of its wholly-owned subsidiaries may amalgamate and continue as one company, if certain conditions are met, including that the shareholders of each amalgamating company approve the amalgamation by way of a special resolution at a general meeting. NTM, SMT and the Company are each, an “**Amalgamating Company**”. Following the Proposed Amalgamation, all the property, rights, privileges, liabilities and obligations of each of NTM and SMT will be transferred to and vest in, the Company (being the Amalgamated Company). Further information on the effect of the Proposed Amalgamation is set out in Sections 2.6 and 2.7 of this Circular.

2.2 Certain Information on NTM

NTM was incorporated in Singapore as a private company limited by shares on 1 September 2004 as the joint venture vehicle of the Company and EDB Ventures Pte Ltd. As at the Latest Practicable Date, the issued and paid-up share capital of NTM is S\$18,000,000 comprising 18,000,000 ordinary shares.

The principal activities of NTM are manufacturing of ultra-precision tools and dies, precision moulding and stamping.

The share capital of NTM was previously held as to 80% by the Company and 20% by EDB Ventures Pte Ltd. On 26 May 2016, the Company entered into a sale and purchase agreement to acquire the remaining 20% equity interest of NTM from EDB Ventures Pte Ltd (the “**Acquisition**”). The Acquisition was completed on 26 May 2016 and following such completion, NTM became a wholly-owned subsidiary of the Company.

The directors of NTM as at the Latest Practicable Date are Mr Ho Nee Kit, Mr Tam Wai and Mr Ching Heng Yang.

2.3 Certain Information on SMT

SMT was incorporated in Singapore as a private company limited by shares on 29 June 2006. As at the Latest Practicable Date, the issued and paid-up share capital of SMT is S\$4,500,000 comprising 4,500,000 ordinary shares, all of which are held by the Company.

The principal activities of SMT are manufacturing, product design and development, development and commercialisation of new technologies, and consultancy.

The directors of SMT as at the Latest Practicable Date are Mr Ho Nee Kit, Mr Tam Wai and Mr Ching Heng Yang.

LETTER TO SHAREHOLDERS

2.4 Certain Principal Terms of the Proposed Amalgamation

The Proposed Amalgamation will result in NTM, SMT and the Company amalgamating and continuing as one company, with the Company as the Amalgamated Company. There shall be no change in the name of the Company immediately following the completion of the Proposed Amalgamation. Under the Proposed Amalgamation:

- (a) the existing issued ordinary shares in the capital of NTM and SMT will be cancelled without any payment or any other consideration;
- (b) the Constitution of the Company shall become the Constitution of the Amalgamated Company; and
- (c) the following persons, who are the existing Directors of the Company, shall be the directors of the Amalgamated Company with effect from the Effective Date:
 - (i) Dr John Chen Seow Phun;
 - (ii) Mr Ching Heng Yang;
 - (iii) Mr Hew Lien Lee;
 - (iv) Mr Ho Nee Kit;
 - (v) Mr Tam Wai;
 - (vi) Mr Tan Yew Beng; and
 - (vii) Mr Foo Say Tun.

2.5 Requirements for the Proposed Amalgamation

In connection with the Proposed Amalgamation, the Companies Act provides, *inter alia*, that:

- (a) In relation to NTM:
 - (i) the directors of NTM shall, not less than 21 days before the general meeting convened to consider a special resolution to approve the Proposed Amalgamation, give written notice of the Proposed Amalgamation to every secured creditor of NTM;
 - (ii) the special resolution passed at the general meeting of NTM (the “**NTM EGM**”) shall be deemed to be an amalgamation proposal that has been approved;
 - (iii) the board of directors of NTM shall, before the date of the NTM EGM, make a solvency statement (the “**NTM Solvency Statement**”) in relation to the Amalgamated Company in accordance with the provisions as set out in the Companies Act;
 - (iv) every director of NTM who votes in favour of the making of the NTM Solvency Statement shall sign a declaration (the “**NTM Section 215D(6) Declaration**”) stating that in his opinion the conditions specified in the Companies Act in relation to the NTM Solvency Statement are satisfied, and the grounds for that opinion; and

LETTER TO SHAREHOLDERS

- (v) the directors of NTM shall, pursuant to Section 215E(1)(c) of the Companies Act, sign a declaration (the “**NTM Section 215E(1)(c) Declaration**”) stating that the Proposed Amalgamation has been approved in accordance with the Companies Act and the Constitution of NTM;
- (b) In relation to SMT:
- (i) the directors of SMT shall, not less than 21 days before the general meeting convened to consider a special resolution to approve the Proposed Amalgamation, give written notice of the Proposed Amalgamation to every secured creditor of SMT;
 - (ii) the special resolution passed at the general meeting of SMT (the “**SMT EGM**”) shall be deemed to be an amalgamation proposal that has been approved;
 - (iii) the board of directors of SMT shall, before the date of the SMT EGM, make a solvency statement (the “**SMT Solvency Statement**”) in relation to the Amalgamated Company in accordance with the provisions as set out in the Companies Act;
 - (iv) every director of SMT who votes in favour of the making of the SMT Solvency Statement shall sign a declaration (the “**SMT Section 215D(6) Declaration**”) stating that in his opinion the conditions specified in the Companies Act in relation to the SMT Solvency Statement are satisfied, and the grounds for that opinion; and
 - (v) the directors of SMT shall, pursuant to Section 215E(1)(c) of the Companies Act, sign a declaration (the “**SMT Section 215E(1)(c) Declaration**”) stating that the Proposed Amalgamation has been approved in accordance with the Companies Act and the Constitution of SMT; and
- (c) In relation to the Company:
- (i) the Directors shall, not less than 21 days before the general meeting convened to consider a special resolution to approve the Proposed Amalgamation, give written notice of the Proposed Amalgamation to every secured creditor of the Company;
 - (ii) the special resolution passed at the EGM shall be deemed to be an amalgamation proposal that has been approved;
 - (iii) the Board shall, before the date of the EGM, make a solvency statement (the “**Fu Yu Solvency Statement**”) in relation to the Amalgamated Company in accordance with the provisions as set out in the Companies Act;
 - (iv) every Director who votes in favour of the making of the Fu Yu Solvency Statement shall sign a declaration (the “**Fu Yu Section 215D(6) Declaration**”) stating that in his opinion the conditions specified in the Companies Act in relation to the Fu Yu Solvency Statement are satisfied, and the grounds for that opinion;
 - (v) the Directors shall, pursuant to Section 215E(1)(c) of the Companies Act, sign a declaration (the “**Fu Yu Section 215E(1)(c) Declaration**”) stating that the Proposed Amalgamation has been approved in accordance with the Companies Act and the Constitution of the Company; and

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- (vi) the Directors, or proposed proposed directors of the Company, being the Amalgamated Company, shall pursuant to Section 215E(1)(e) of the Companies Act, sign a declaration (the “**Fu Yu Section 215E(1)(e) Declaration**”) stating that, where the proportion of the claims of the creditors of the Amalgamated Company in relation to the value of the assets of the Amalgamated Company is greater than the proportion of the claims of the creditors of an Amalgamating Company in relation to the value of the assets of the Amalgamating Company, no creditor will be prejudiced by that fact.

As at the Latest Practicable Date, the requirements in Sections 2.5(a)(iii) and (iv), 2.5(b)(iii) and (iv) and 2.5(c)(iii) and (iv) above have been fulfilled. Each of the NTM EGM and the SMT EGM have been convened to be held on 15 February 2017. As at the Latest Practicable Date, NTM, SMT and the Company do not have any secured creditors.

Following the EGM, the NTM EGM and the SMT EGM, the declarations described in Sections 2.5(a)(v), 2.5(b)(v) and 2.5(c)(v) and (vi) will be obtained. Thereafter, the following documents, together with certain prescribed information and other relevant documents, will be submitted to ACRA in the prescribed form for the registration of the Proposed Amalgamation:

- (I) the amalgamation proposal (which is the special resolution respectively passed at the EGM, the NTM EGM and the SMT EGM) (the “**Amalgamation Proposal**”);
- (II) the NTM Solvency Statement;
- (III) the SMT Solvency Statement;
- (IV) the Fu Yu Solvency Statement;
- (V) the NTM Section 215D(6) Declaration;
- (VI) the SMT Section 215D(6) Declaration;
- (VII) the Fu Yu Section 215D(6) Declaration;
- (VIII) the NTM Section 215E(1)(c) Declaration;
- (IX) the SMT Section 215E(1)(c) Declaration;
- (X) the Fu Yu Section 215E(1)(c) Declaration; and
- (XI) the Fu Yu Section 215E(1)(e) Declaration.

Upon receipt by ACRA of the relevant registration documents and the prescribed fees, the Registrar will issue a notice of amalgamation in such form as he may determine. The Amalgamation Proposal will be effective on the date shown in such notice of amalgamation to be issued by the Registrar (the “**Effective Date**”).

The Registrar will, as soon as practicable after the Effective Date, remove NTM and SMT from the register and, upon the application of the Amalgamated Company and payment of the prescribed fee, the Registrar shall issue to the Amalgamated Company a certificate of confirmation of the Proposed Amalgamation.

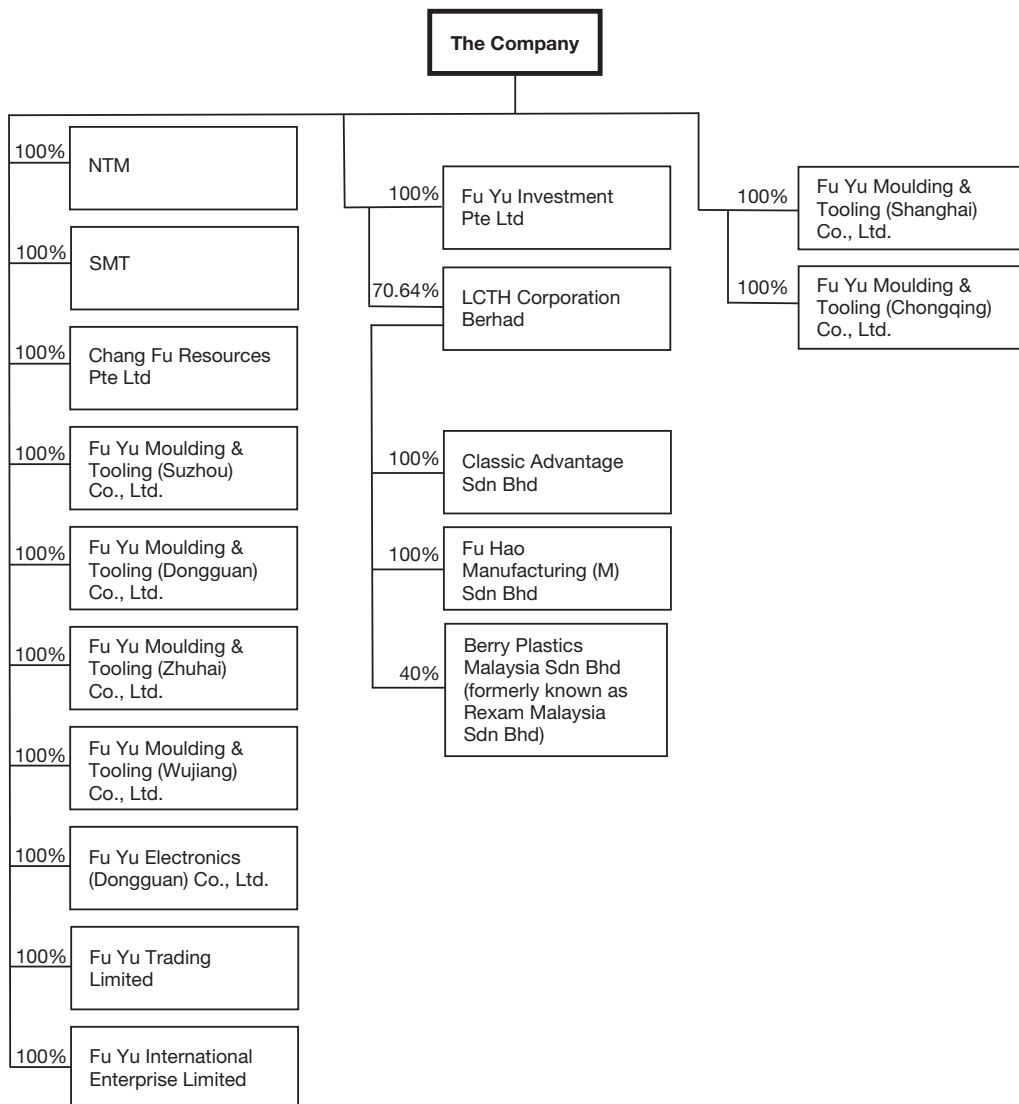
LETTER TO SHAREHOLDERS

2.6 Effect of the Proposed Amalgamation

Following the completion of the Proposed Amalgamation, NTM, SMT and the Company will be amalgamated and will continue as one company, with the Company as the Amalgamated Company. The shareholders and their respective shareholdings in the Amalgamated Company would remain the same as that of the Company immediately prior to the Effective Date. Upon completion of the Proposed Amalgamation, the Amalgamated Company and its subsidiaries will continue to carry on the same businesses as was carried on by the Group.

(a) Current Group Structure

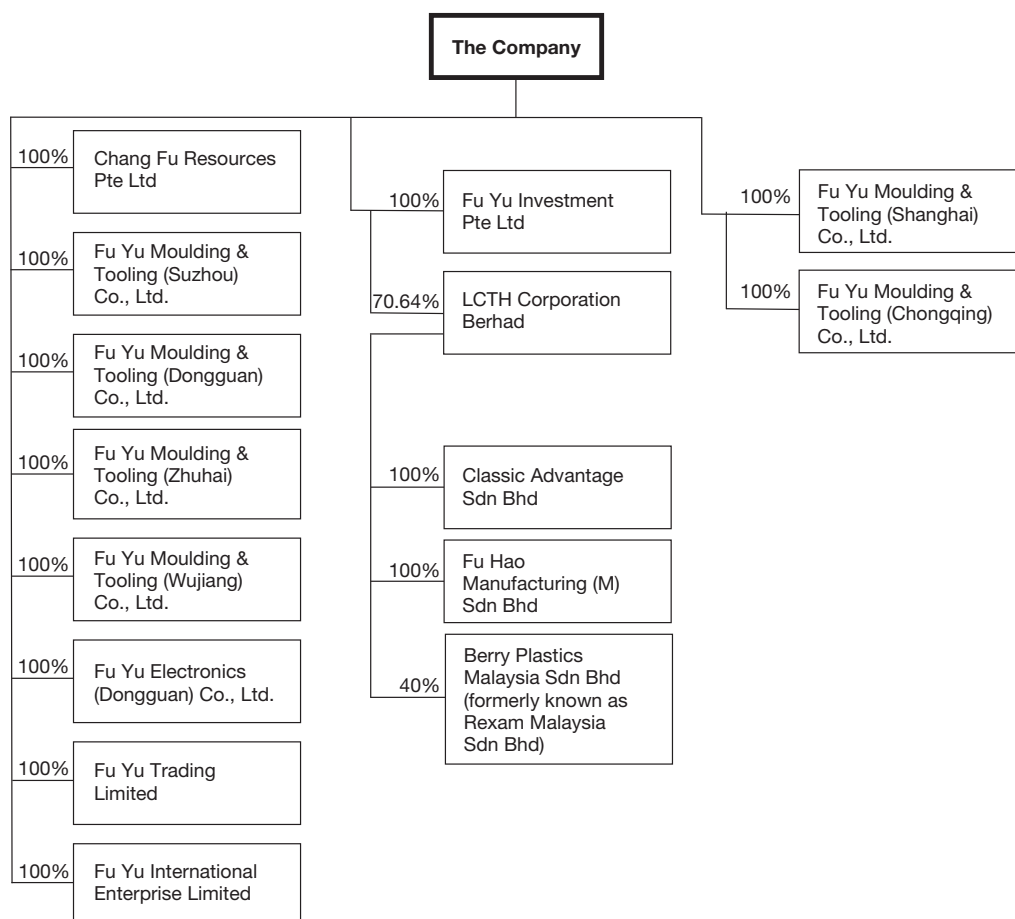
As at the Latest Practicable Date, the structure of the Group is as follows:



LETTER TO SHAREHOLDERS

(b) Group Structure After the Proposed Amalgamation

The structure of the Group immediately after the completion of the Proposed Amalgamation is as follows:



2.7 Effect on NTM and SMT

Under Section 215G of the Companies Act, with effect from the Effective Date, the Proposed Amalgamation will have the following effect on the rights and liabilities of NTM and SMT:

- (a) all the property, rights and privileges of each of NTM and SMT shall be transferred to and vest in the Amalgamated Company;
- (b) all the liabilities and obligations of each of NTM and SMT shall be transferred to and become the liabilities and obligations of the Amalgamated Company;
- (c) all proceedings pending by or against either NTM or SMT may be continued by or against the Amalgamated Company; and
- (d) any conviction, ruling, order or judgment in favour of or against either NTM or SMT may be enforced by or against the Amalgamated Company. As at the Latest Practicable Date, there is no conviction, ruling, order or judgment in favour of or against either NTM or SMT.

LETTER TO SHAREHOLDERS

The liabilities of NTM and SMT which shall be transferred to and become the liabilities of the Amalgamated Company as mentioned in Section 2.7(b) of this Circular include trade payables, accrued operating expenses, amounts due to related corporations and the Company, other payables, gross amounts due to customers for contract work and deferred income, the details of which are further elaborated below, based on the audited financial statements for the financial year ended 31 December 2015:

	NTM	SMT
	S\$	S\$
Trade payables	207,203	–
Accruals/Accrued operating expenses	339,436	139,991
Amounts due to related corporations		
– trade	154,942	23,042
– non-trade ⁽¹⁾	80,926	8,244
Amount due to immediate holding company (non-trade) ⁽¹⁾	10,080,551	1,273,851
Other payables	–	37,214
	10,863,058	1,482,342
Financial liabilities measured at amortised cost	10,863,058	1,482,342
Gross amount due to customers for contract work	17,516	19,926
Deferred income ⁽²⁾	130,936	–
	<i>11,011,510</i>	<i>1,502,268</i>

Notes:

- (1) The non-trade amounts due to the immediate holding company and related corporations are unsecured, interest-free and repayable on demand.
- (2) Included in deferred income is a government grant received by the Company under the Production and Innovations Credit scheme. The grant is amortised to match the depreciation of the related plant and machinery. There are no unfulfilled conditions or contingencies attached to this grant.

2.8 Rationale for the Proposed Amalgamation

The Proposed Amalgamation is to streamline the corporate structure and operations of the Group with a view to generate improved operational efficiencies, economies of scale and synergies from better allocation of resources, and thereby improve the financial performance of the Group.

The aforesaid operational efficiencies, economies of scale and synergies would arise in particular because NTM and SMT, similar to the Company, undertake manufacturing activities, amongst other things. NTM undertakes the manufacturing of ultra-precision tools and dies, precision moulding and stamping, SMT undertakes manufacturing, product design and development, development and commercialisation of new technologies and consultancy, while the Company undertakes manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies and investment holding. Both NTM and SMT are wholly-owned subsidiaries of the Company which are also based in Singapore with their own manufacturing facilities, and are located within the Company's premises in Singapore.

The Proposed Amalgamation would provide an opportunity for better coordinated sales efforts and support to customers, as well as enable the Amalgamated Company to have stronger price negotiation ability as a result of centralised purchasing. Administration, finance, purchases, sales, warehousing and maintenance will also be consolidated under the Amalgamated Company. These synergies would improve work efficiency and reduce operating costs.

LETTER TO SHAREHOLDERS

In addition, following the completion of the Proposed Amalgamation, NTM, SMT and the Company will be amalgamated and will continue as one company, which is expected to reduce audit, tax and other regulatory compliance costs.

2.9 Certain Financial Effects of the Proposed Amalgamation

Shareholders should note that the Proposed Amalgamation is an amalgamation of wholly-owned subsidiaries (i.e. NTM and SMT) with the Company, which will continue as the Amalgamated Company. There is no purchase transaction involved. Accordingly, the Company will adopt the pooling of interest method for combining the financial data of the Amalgamating Companies as follows:

- (a) the assets and liabilities of the Amalgamating Companies are combined at their respective book values and the intercompany balances of the Amalgamating Companies will be eliminated;
- (b) no goodwill is to be recorded; and
- (c) the reserves and current year profits of the Amalgamating Companies are added together, which is accounted for using the cost accounting method.

Given the above, the Proposed Amalgamation will not have any financial effect on the share capital, NTA and NAV per Share, EPS or the gearing of the Group as at the Effective Date.

A summary of the statement of financial position, statement of comprehensive income and statement of cash flows of NTM and SMT as at 31 December 2015 based on the audited financial statements of NTM and SMT for the financial year ended 31 December 2015 is set out at Appendix 1 to this Circular.

3. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on information in the Register of Substantial Shareholders and the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

Name of Director	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Dr John Chen Seow Phun	1,000,000	0.13	–	–
Mr Ching Heng Yang	88,965,475	11.81	–	–
Mr Hew Lien Lee	8,100,000	1.08	–	–
Mr Ho Nee Kit	96,999,225	12.88	–	–
Mr Tam Wai ⁽²⁾	96,715,475	12.84	300,000	0.04
Mr Tan Yew Beng	2,562,500	0.34	–	–
Substantial Shareholders				
Mr Ng Hock Ching ⁽³⁾	829,000	0.11	106,993,475	14.21

LETTER TO SHAREHOLDERS

Notes:

- (1) Based on 752,994,775 issued Shares as at the Latest Practicable Date.
- (2) Mr Tam Wai is deemed to be interested in 300,000 Shares held in the name of his spouse.
- (3) Mr Ng Hock Ching is deemed to be interested in 106,993,475 Shares held in the names of (a) Citibank Nominees Singapore Pte Ltd: 24,036,000 Shares; (b) DBS Nominees Pte Ltd: 28,958,000 Shares and (c) Philip Securities Pte Ltd: 53,999,475 Shares.

Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Amalgamation other than through their direct or indirect shareholdings in the Company.

4. DIRECTORS' RECOMMENDATION

The Directors, having considered, amongst other things, the rationale, benefits and financial effects of the Proposed Amalgamation, are of the opinion that the Proposed Amalgamation is in the interests of the Company and, accordingly, recommend that Shareholders vote in favour of the special resolution in respect of the Proposed Amalgamation as set out in the Notice of EGM contained in this Circular.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 19 of this Circular, will be held at Picasso 1, Level 3, Pan Pacific Orchard, 10 Claymore Road, Singapore 229540 on 15 February 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the special resolution set out in the Notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675 not less than 48 hours before the time appointed for holding of the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Amalgamation, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, during normal office hours from the date of this Circular up to and including the date of the EGM:

- (a) the annual report of the Company for FY2015;
- (b) the audited financial statements of NTM for FY2015;
- (c) the audited financial statements of SMT for FY2015;
- (d) the Constitution of the Company;
- (e) the Constitution of NTM; and
- (f) the Constitution of SMT.

Yours faithfully

For and on behalf of the Board of Directors of
FU YU CORPORATION LIMITED

Dr John Chen Seow Phun

Non-Executive Chairman and Independent Director

**APPENDIX 1 – SUMMARY OF FINANCIAL POSITION, STATEMENT OF
COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS OF
NTM AND SMT AS AT 31 DECEMBER 2015**

NTM	Audited as at 31 December 2015 S\$
<u>Statement of financial position</u>	
Non-current asset	
Plant and equipment	1,188,885
Current assets	
Inventories	341,723
Trade and other receivables	994,537
Cash and cash equivalents	616,583
	1,952,843
Total assets	3,141,728
Equity	
Share capital	18,000,000
Accumulated losses	(25,869,782)
Total equity	(7,869,782)
Current liability	
Trade and other payables	11,011,510
Total liability	11,011,510
Total equity and liability	3,141,728
<u>Statement of comprehensive income</u>	
Revenue	5,640,177
Cost of sales	(5,161,454)
Gross profit	478,723
Other income	255,410
Selling and administrative expenses	(601,837)
Profit before income tax	132,296
Income tax expense	–
Profit for the year, representing total comprehensive income for the year	132,296

**APPENDIX 1 – SUMMARY OF FINANCIAL POSITION, STATEMENT OF
COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS OF
NTM AND SMT AS AT 31 DECEMBER 2015**

NTM	Audited as at 31 December 2015 S\$
<u>Statement of cash flows</u>	
Operating activities	
Profit for the year	132,296
Adjustments for:	
Depreciation for the year	593,545
Loss on disposal of plant and equipment	17,525
Reversal of allowance for stock obsolescence	(13,853)
	729,513
Changes in working capital:	
Inventories	(18,944)
Trade and other receivables	103,905
Trade and other payables	(402,461)
Net cash from operating activities	412,013
Investing activities	
Purchase of plant and equipment	(68,357)
Cash flows used in investing activities	(68,357)
Net increase in cash and cash equivalents	343,656
Cash and cash equivalents at beginning of the year	272,927
Cash and cash equivalents at end of the year	616,583
SMT	
<u>Statement of financial position</u>	
Non-current asset	
Plant and equipment	1,048,039
Current assets	
Inventories	231,665
Trade and other receivables	517,031
Cash and cash equivalents	283,971
	1,032,667
Total assets	2,080,706
Equity	
Share capital	4,500,000
Accumulated losses	(3,921,562)
Total equity	578,438
Current liability	
Trade and other payables	1,502,268
Total equity and liability	2,080,706

**APPENDIX 1 – SUMMARY OF FINANCIAL POSITION, STATEMENT OF
COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS OF
NTM AND SMT AS AT 31 DECEMBER 2015**

SMT	Audited as at 31 December 2015 S\$
<u>Statement of comprehensive income</u>	
Revenue	1,921,266
Cost of sales	(2,547,086)
Gross loss	(625,820)
Other income	13,577
Selling and administrative expenses	(550,863)
Loss before income tax	(1,163,106)
Tax expense	–
Loss for the year, representing total comprehensive income for the year	(1,163,106)
 <u>Statement of cash flows</u>	
Cash flows from operating activities	
Loss before income tax	(1,163,106)
Adjustments for:	
Depreciation for the year	348,323
Allowance for inventory obsolescence	115,454
	(699,329)
Changes in working capital:	
Inventories	174,060
Trade and other receivables	587,352
Trade and other payables	118,433
Net cash from operating activities	180,516
 Cash flows from investing activities	
Purchase of plant and equipment	(22,468)
Net cash used in investing activities	(22,468)
 Net increase in cash and cash equivalents	
Cash and cash equivalents at beginning of the year	125,923
Cash and cash equivalents at end of the year	283,971

NOTICE OF EXTRAORDINARY GENERAL MEETING

FU YU CORPORATION LIMITED

(Company Registration No. 198004601C)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Fu Yu Corporation Limited (the “**Company**”) will be held at Picasso 1, Level 3, Pan Pacific Orchard, 10 Claymore Road, Singapore 229540 on 15 February 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution.

*Unless otherwise defined, all capitalised terms herein shall have the same meanings as defined in the circular to shareholders of the Company dated 24 January 2017 (the “**Circular**”).*

SPECIAL RESOLUTION

APPROVAL OF THE PROPOSED AMALGAMATION

THAT:

- (1) pursuant to Section 215D(1) of the Companies Act, the Company, NanoTechnology Manufacturing Pte. Ltd. (Company Registration No. 200411117K) (“**NTM**”) and SolidMicron Technologies Pte. Ltd. (Company Registration No. 200609531H) (“**SMT**”), both of which are wholly-owned subsidiaries of the Company, be amalgamated and shall continue with the Company, being the Amalgamated Company, with effect from the date to be determined by the directors of the Company (“**Effective Date**”), on the terms that with effect from the Effective Date:
 - (a) the shares of NTM and SMT be cancelled without payment or other consideration;
 - (b) the Constitution of the Amalgamated Company shall be the same as the Constitution of the Company;
 - (c) each of the directors of the Company, NTM and SMT is satisfied that the Amalgamated Company will be able to pay its debts as they fall due during the period of 12 months immediately after the Effective Date;
 - (d) the following persons, being the existing directors of the Company, shall be the directors of the Amalgamated Company:
 - (i) Dr John Chen Seow Phun;
 - (ii) Mr Ching Heng Yang;
 - (iii) Mr Hew Lien Lee;
 - (iv) Mr Ho Nee Kit;
 - (v) Mr Tam Wai;
 - (vi) Mr Tan Yew Beng; and
 - (vii) Mr Foo Say Tun;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (e) all the property, rights and privileges of each of NTM and SMT shall be transferred to and vest in the Amalgamated Company, at their respective book values appearing in the audited accounts of NTM and SMT as of the Effective Date;
 - (f) all the liabilities and obligations of each of NTM and SMT shall be transferred to and become the liabilities and obligations of the Amalgamated Company;
 - (g) all proceedings pending by or against either NTM or SMT may be continued by or against the Amalgamated Company; and
 - (h) any conviction, ruling, order or judgment in favour of or against either NTM or SMT may be enforced by or against the Amalgamated Company; and
- (2) all directors of the Company and each of them be and is hereby authorised to exercise such discretions, to complete and do all such acts and things, including without limitation, to sign, seal, execute, deliver or amend all such documents and deeds as he may in his absolute discretion consider expedient, necessary, appropriate or desirable in connection with and/or for the purpose of effecting the Proposed Amalgamation between the Company, NTM and SMT in accordance with the provisions of the Companies Act.

By Order of the Board
Dr John Chen Seow Phun
Non-Executive Chairman and Independent Director

24 January 2017

Notes:

- (1) A member (other than a Relevant Intermediary) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) Where a member (other than a Relevant Intermediary) appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to different share or shares held by him (which number and class of shares shall be specified).
“Relevant Intermediary” means:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to the or in accordance with that subsidiary legislation.
- (4) Completion and return of his instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
- (5) The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675, not less than forty-eight (48) hours before the time appointed for holding the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (6) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- (7) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
- (8) Investors who have used their CPF monies (“**CPF Investors**”) to buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

FU YU CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 198004601C)

PROXY FORM

(Please see notes overleaf before completing this form)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We* _____ (Name)

of _____ (Address)

being a member/members* of **Fu Yu Corporation Limited** (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport* No.	Proportion of Shareholdings	
			No. of Shares	%

*and/or

Name	Address	NRIC/ Passport* No.	Proportion of Shareholdings	
			No. of Shares	%

or, failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM to be held at Picasso 1, Level 3, Pan Pacific Orchard, 10 Claymore Road, Singapore 229540 on 15 February 2017 at 11.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for/against* the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/its* discretion, as he/she/it* will on any other matter arising at the EGM.

Special Resolution	On a poll	
	Number of Votes For**	Number of Votes Against**
1. Approval of the Proposed Amalgamation		

Dated this _____ day of _____ 2017

Total Number of Shares Held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal of
Corporate Member

* Please delete as appropriate

** If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act (Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
"Relevant Intermediary" means:
 - (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

Fold Here

Affix
Postage
Stamp

FU YU CORPORATION LIMITED

8 Tuas Drive 1
Singapore 638675

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6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675 not less than forty-eight (48) hours before the time appointed for the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.
9. Investors who have used their CPF monies ("**CPF Investors**") to buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the Meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 24 January 2017.

Fold along this line and glue overleaf
