富裕 FuYu

NEWS RELEASE

Fu Yu Registers Stable PATMI of S$0.5 million in 1Q18

- Group revenue in 1Q18 up 3.6% year-on-year to S$46.4 million
- Operations in Singapore and Malaysia generated higher sales in 1Q18 compared to 1Q17
- Balance sheet remained sound with cash balance of S$98.5 million and zero borrowings
- Group anticipates to complete the privatisation of its Bursa-listed subsidiary by end of June 2018

Singapore, 14 May 2018 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, today reported net profit attributable to owners of the Company ("PATMI") of S$0.5 million for the three months ended 31 March 2018 ("1Q18"), which was up 3.2% compared to 1Q17.

The Group's revenue in 1Q18 improved 3.6% year-on-year to S$46.4 million on the back of higher sales from its Singapore and Malaysia operations. Sales generated from the Singapore segment gained 10.1% to S$10.9 million while the Malaysia segment posted a 15.1% increase in sales to S$8.4 million in 1Q18. Sales from the China operations in 1Q18 eased marginally by 1.5% to S$27.1 million.

As a result, the revenue contributions from the Singapore and Malaysia operations in 1Q18 expanded to 23.5% and 18.1%, as compared to 22.1% and 16.5% respectively in 1Q17. China operations remained as the Group's largest geographical segment and accounted for a lower 58.4% of revenue in 1Q18.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "The improved revenue of our operations in Singapore was driven by higher sales of products in the printing & imaging segment. We also witnessed higher orders of products in the medical segment which led to higher revenue for our Malaysia operations. Although we attained higher overall revenue in 1Q18, the Group's gross profit margin was undermined by a shift in sales mix as well as pressure on selling prices for certain products. To mitigate the impact of market pressures on our gross profit margin, we are working continuously to raise automation and improve our production processes to extract better cost and operational efficiencies."

The Group's gross profit in 1Q18 declined slightly to S$7.4 million from S$7.5 million as gross profit margin eased to 16.0% from 16.7% previously. Other operating expenses of S$1.3 million in 1Q18 were largely unchanged compared to 1Q17. These expenses arose mainly from foreign exchange loss due to the

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

depreciation of the US Dollar against the Group's functional currencies. The Group also recorded a share of loss of joint venture of around S$0.2 million in 1Q18, up from S$0.1 million in 1Q17.

Excluding foreign exchange impact and share of results of joint venture, the Group's operating profit before tax in 1Q18 amounted to S$2.5 million. This represented a decline of around S$0.2 million from operating profit before tax of S$2.7 million in 1Q17, owing mainly to softer gross profit margin and higher selling and administrative expenses.

Nevertheless, the Group's balance sheet remained sound as at 31 March 2018. It had a cash balance of S$98.5 million and zero borrowings, while shareholders' equity stood at S$167.5 million. On a per share basis, the Group's had a net asset value of 22.25 cents, of which 13.08 cents was made up of cash and cash equivalents. During 1Q18, the Group's operating activities generated net cash of S$2.0 million.

Mr Hew said, "Our sound financial position is instrumental to the Group's ability to weather difficult business conditions and pursue corporate initiatives that could bring future benefits to the Group.

The High Court of Malaya today granted an order confirming the selective capital reduction and repayment exercise of our subsidiary, LCTH Corporation Berhad. With all the conditions satisfied, the delisting of LCTH from Bursa Malaysia Securities Berhad is expected to be completed in 2Q18, barring any unforeseen circumstances.

We have also embarked on a digital marketing platform as part of our business development strategy to extend our reach to a wider pool of target customers. On the manufacturing front, we continue to look at appropriate investments in automation to increase efficiency and reduce reliance on labour, as well as technology upgrades that will enable the Group to improve the quality, precision and cycle time of our products."

Against a challenging operating backdrop, the Group will continue to execute strategic initiatives that are aimed at driving sustainable growth over the long-term. These initiatives include strengthening its business development team, diversifying its customer base to ensure greater business stability and focusing on products with longer life cycles and higher growth potential.

Besides continuous efforts to enhance the efficiency of its manufacturing operations, the Group will also explore ways to further optimise the cost structure of its operating facilities in the region. These include but are not limited to, rightsizing exercises and the sale or lease of unutilised factory space if suitable opportunities arise.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 May 2018.

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 close to 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/