



NEWS RELEASE

Fu Yu Declares its Second Interim Dividend for 2016

- Dividend of 0.25 cent per share brings total interim dividends to-date to 0.50 cent per share
- Posts higher profit before tax, excluding foreign exchange gain/loss, of S\$9.9 million for 9M16
- Gross profit margin improves to 16.0% in 9M16
- Solid balance sheet – Cash per share of 12.87 cents and zero debt
- Group focusing on initiatives to expand market share and enhance sales mix

Singapore, 11 November 2016 – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, has declared a second interim dividend of 0.25 cent per share, in conjunction with the release of its financial results for the nine months ended 30 September 2016 (“9M16”).

Together with its first interim dividend, this second interim dividend will bring the Group’s total interim dividends to-date to 0.50 cent per share, which translates to a payout ratio of approximately 75.7% of its earnings for 9M16. This is in line with the Group’s policy to reward shareholders by distributing at least 50% of its profits as dividends.

The Group’s financial performance in 9M16 was affected by the slower macroeconomic backdrop as well as the impact of unfavourable fluctuations in currency exchange rates. At the top line, Group revenue declined 12.9% to S\$150.1 million due to softer customer demand in its main geographical segments, particularly China.

Despite posting lower revenue, the Group’s gross profit margin expanded to 16.0% in 9M16 from 14.9% in 9M15, thanks to its concerted efforts to improve operational efficiencies and control costs. While the Group was also able to reduce its selling and administrative expenses in 9M16, its profit before tax fell 42.9% to S\$8.0 million from S\$14.1 million in 9M15, attributable entirely to the foreign exchange loss in 9M16. The Group recorded a foreign exchange loss of S\$1.8 million as opposed to a gain of S\$4.4 million in 9M15, resulting in a reduction of S\$6.2 million from its profit before tax in 9M16.

If these foreign exchange amounts are excluded, the Group would have reported higher profit before tax of S\$9.9 million in 9M16 compared to S\$9.7 million in 9M15.

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Correspondingly, the Group's net profit attributable to owners of the company decreased 51.4% to S\$5.0 million in 9M16 due largely to the foreign exchange related items.

Chief Executive Officer of Fu Yu, Mr Elson Hew said, "Operating conditions in the Group's industry have become increasingly challenging due to the continuing uncertainties surrounding the global economic outlook. As a result of the more cautious business sentiment, we witnessed a slowdown in orders from our customers during 9M16. Nevertheless, excluding the foreign exchange items, the Group was still able to deliver a steady bottom line performance for 9M16."

As at 30 September 2016, the Group remained in a sound financial position with a cash balance of S\$96.9 million and zero debt. Shareholders' equity stood at S\$169.2 million, equivalent to net asset value of 22.47 cents per share which includes cash and cash equivalents of 12.87 cents per share.

Looking ahead, the Group expects the operating environment to remain challenging due to prevailing economic uncertainties, intensifying competition, pressure on selling prices and volatility in currency exchange rates.

"The Group has an established reputation in Asia as a reliable supplier of one-stop solutions for precision plastic products to the information technology, telecommunications, consumer, medical and automotive industries. As part of our growth strategy, we are focusing our efforts on various business development initiatives to expand the Group's market share with existing and new customers, as well as to enhance our sales mix. We will also continue working to improve operational efficiency and ensure prudent cost management to maintain the Group's competitive position in our industry," said Mr Hew.

In view of current business conditions and the Group's results to-date, Fu Yu is cautiously optimistic of delivering a profitable performance for the financial year ending 31 December 2016.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 11 November 2016.

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 10 manufacturing facilities located in Singapore, Malaysia and China.

Leveraging on over 30 years of operating history, the Group has built a broad and diversified customer base of blue chip companies hailing from the information technology, telecommunications, to consumer, medical and automotive sectors.

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