NEWS RELEASE

Fu Yu Posts Net Profit of S$1.3M and Declares Interim Dividends of S$1.9M for 1H17

- Interim dividend maintained at 0.25 cent per share, representing 150% of 1H17 net profit
- Group revenue declined 9.8% to S$92.0 million in 1H17
- Generated net cash from operating activities of S$1.9 million in 1H17
- Financial position remains sound with cash of S$96.9 million and zero debt

Singapore, 11 August 2017 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, has reported net profit attributable to owners of the Company of S$1.3 million for the six months ended 30 June 2017 ("1H17"). The Group has also declared an interim dividend of 0.25 cent per share which is the same as the dividend paid in the corresponding period last year. This will amount to S$1.9 million in total dividends, translating into a dividend payout of 150% based on the Group's 1H17 net profit.

The Group's bottom line performance in 1H17 was softer compared to net profit of S$3.1 million in 1H16. This was dragged by the decline in gross profit in tandem with lower sales. Group revenue in 1H17 decreased 9.8% year-on-year to S$92.0 million amid slower customer demand.

The Group's China segment, which accounted for the largest share of revenue, saw its sales decrease 8.4% to S$57.0 million during 1H17. The Malaysia segment also posted a 24.3% decline in sales to S$15.3 million. On the other hand, the Group's operations in Singapore continued to deliver a steady performance with marginally higher revenue of S$19.7 million compared to S$19.5 million in 1H16.

Gross profit margin in 1H17 dipped slightly to 16.1% from 16.7% previously due mainly to lower capacity utilisation. Profit before tax in 1H17 decreased 45.8% to S$2.8 million which included a foreign exchange loss of S$2.2 million.

For the second quarter ended 30 June 2017 ("2Q17"), the Group's revenue eased 5.3% to S$47.3 million while net profit reduced to S$0.7 million from S$2.1 million in 2Q16. The weaker net profit was attributed mainly to the decreases in gross profit and other income as well as the foreign exchange loss in 2Q17 versus a foreign exchange gain in 2Q16.

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Nevertheless, the Group's financial position as at 30 June 2017 remained sound, backed by a cash balance of S$96.9 million and zero borrowings. During 1H17, the Group generated net cash from operating activities of S$1.9 million. Shareholders' equity stood at S$164.9 million, equivalent to net asset value of 21.90 cents per share which includes cash and cash equivalents of around 12.86 cents per share.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "Despite posting lower net profit in 1H17, the Group has maintained the quantum of interim dividend at 0.25 cent per share, same as in 1H16, to reward our shareholders. The operating environment during 1H17 was challenging as the Group's sales orders were affected by softer end-user demand for certain products. In contrast, sales of our medical and automotive segments remained steady in 1H17.

Going forward, driving sales growth and raising the plant utilisation rates remain as the Group's top priorities. We will continue with our strategy to target product and market segments that exhibit better future growth potential and higher level of stability."

The Group expects challenging operating conditions to prevail as uncertainties continue to cloud the global economic outlook and end-user demand remains uneven across various sectors. Intense competition could result in pressure on selling prices while the volatility in currency exchange rates will also have an effect on the Group's financial performance.

Given its sound financial backing and established manufacturing capabilities in Asia, the Group remains well-positioned to weather difficult business periods and capitalise on opportunities that may arise.

The Group will continue to work on expanding its market share with existing and new customers while pursuing opportunities in market segments with higher growth potential such as 3D printers, security-related, medical and green products. The Group will also focus on sharpening its competitive edge with ongoing initiatives to enhance automation and work processes to raise operational efficiencies, achieve shorter lead time, and deliver higher quality of precision plastic products.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 11 August 2017.

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/