



NEWS RELEASE

**Fu Yu Posts 44.4% Increase in Net Profit to S\$5.6 million for 4Q16;
Proposes Final Dividend of 1 cent Per Share**

- Final dividend brings total dividends with respect to FY2016 to 1.5 cents per share
- Group registered net profit of S\$10.5 million on revenue of S\$198.6 million for FY2016
- Strong balance sheet with cash of S\$105.6 million and zero debt
- Group continues to focus on business development initiatives to drive revenue

Singapore, 22 February 2017 – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, posted net profit attributable to owners of the company of S\$5.6 million for the three months ended 31 December 2016 (“4Q16”), an increase of 44.4% from S\$3.9 million in 4Q15.

The Group has proposed a final tax exempt dividend of 1.0 cent per share. Together with the interim dividends of 0.5 cents per share, the Group’s total dividends with respect to the financial year ended 31 December 2016 (“FY2016”) would be 1.5 cents per share, which translates to a dividend payout ratio of 107%. The Group’s policy is to reward shareholders by distributing at least 50% of its profits as dividends. The total dividends of 1.5 cents per share represent a yield of 6.8% based on Fu Yu’s closing share price of 22.0 cents on 21 February 2017.

During 4Q16, the Group’s revenue softened 3.5% year-on-year to S\$48.5 million amid slower business conditions. Notwithstanding this, the Group achieved higher net profit attributable to owners of the company in 4Q16, driven mainly by a foreign exchange gain versus a foreign exchange loss in 4Q15.

Reflecting the general slowdown in demand from customers, the Group reported a 10.7% decline in revenue to S\$198.6 million for FY2016. Sales in China decreased 10.8% to S\$121.9 million and made up 61.4% of Group revenue in FY2016. The Group also witnessed slower sales from its Singapore and Malaysia segments which registered revenue declines of 13.1% and 7.8% to S\$39.1 million and S\$37.6 million respectively in FY2016.

Despite lower revenue, the Group’s gross profit margin improved to 16.3% in FY2016 from 15.9% in FY2015. This was achieved on the back of the Group’s consistent efforts to control costs and improve operational efficiencies of its manufacturing facilities. Selling and administrative expenses in FY2016 declined 5.4% to S\$27.9 million from S\$29.5 million in FY2015.

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As the higher gross profit margin and lower selling and administrative expenses could not fully offset the decreases in revenue, other income and foreign exchange gain, the Group's net profit attributable to owners of the company was reduced by 25.1% to S\$10.5 million in FY2016, compared to S\$14.1 million in FY2015.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "During FY2016, the Group experienced slower order momentum amid uncertainties in the business environment. Against this backdrop, we continued to focus on lean management and prudent cost control measures to ensure that the Group's operating structure is aligned with prevailing market conditions. These actions have helped to blunt the impact of lower revenue on the Group's profitability in FY2016.

Despite recording a lower profit, the Group has maintained its dividend payment of 1.5 cents per share for FY2016. This ability to deliver a consistent reward to our shareholders is underpinned by the Group's robust financial position as we place high emphasis on sustaining the strength of our balance sheet."

The Group continued to boast a sound financial position with a cash balance of S\$105.6 million and zero debt as at 31 December 2016. Shareholders' equity stood at S\$173.5 million, equivalent to net asset value of 23.05 cents per share which includes cash and cash equivalents of 14.03 cents per share.

The operating environment is expected to remain difficult as the prevailing uncertainties surrounding the global economic outlook may dampen business sentiment. As such, the Group will continue to proactively manage the challenges arising from intensifying competitive landscape, pressure on selling prices and volatility in currency exchange rates.

"With a sound financial backing and established track record, I believe the Group has the ability to remain competitive in the precision plastic components manufacturing field. We are in a good position to step up our business development initiatives as we work towards expanding our market share to drive sales and plant utilisation rates. At the same time, the Group will continue with our strategy to enhance sales mix, and keep abreast of customers' developments and market trends to seize opportunities in high growth market segments such as security-related, medical and green products," said Mr Hew.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 22 February 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 over 30 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/>