



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND
CASH FLOWS FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2016**

Third Quarter Financial Statement And Dividend Announcement

PART I – INFORMATIONS REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) (i) A Consolidated Income Statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The Board of Directors of Fu Yu Corporation Limited wishes to announce the unaudited results of the Group for the third quarter ended 30 September 2016.

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Revenue	48,055	55,647	(13.6)	150,053	172,188	(12.9)
Cost of sales	(41,040)	(46,918)	(12.5)	(126,038)	(146,608)	(14.0)
Gross profit	7,015	8,729	(19.6)	24,015	25,580	(6.1)
Other income	1,892	2,523	(25.0)	6,569	7,040	(6.7)
Selling and administrative expenses	(6,865)	(8,844)	(22.4)	(20,816)	(23,447)	(11.2)
Other operating income/(expenses)	808	3,353	(75.9)	(1,852)	4,322	NM
Results from operating activities	2,850	5,761	(50.5)	7,916	13,495	(41.3)
Finance costs	-	-	-	-	(11)	(100.0)
Share of profit of joint venture (net of tax)	32	207	(84.5)	132	604	(78.1)
Profit before income tax	2,882	5,968	(51.7)	8,048	14,088	(42.9)
Tax expense	(716)	(480)	49.2	(2,325)	(2,219)	4.8
Profit for the period	2,166	5,488	(60.5)	5,723	11,869	(51.8)
Profit for the period attributable to:						
Owners of the Company	1,838	4,734	(61.2)	4,953	10,201	(51.4)
Non-controlling interests	328	754	(56.5)	770	1,668	(53.8)
Profit for the period	2,166	5,488	(60.5)	5,723	11,869	(51.8)
Earnings per share						
- basic and diluted earnings per share (cents)	0.24	0.63	(61.9)	0.66	1.35	(51.1)
N.M denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Profit for the period	2,166	5,488	(60.5)	5,723	11,869	(51.8)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit and loss:						
Foreign currency translation differences for foreign operations	(599)	(4,795)	(87.5)	(3,980)	(7,303)	(45.5)
Other comprehensive income for the period (net of tax)	(599)	(4,795)	(87.5)	(3,980)	(7,303)	(45.5)
Total comprehensive income for the period	1,567	693	NM	1,743	4,566	(61.8)
Total comprehensive income attributable to:						
Owners of the Company	1,617	2,059	(21.5)	968	6,198	(84.4)
Non-controlling interests	(50)	(1,366)	(96.3)	775	(1,632)	NM
Total comprehensive income for the period	1,567	693	NM	1,743	4,566	(61.8)

N.M denotes Not Meaningful

1(a) (ii) Notes to Consolidated Income Statement

GROUP	Quarter Ended 30-Sep		Change %	9 Months Ended 30-Sep		Change %
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)		2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	
Profit for the period is arrived at after charging/(crediting) the following:						
Interest and investment income	(417)	(453)	(7.9)	(1,371)	(1,255)	9.2
Loss/(Gain) on disposal of property, plant and equipment	23	(20)	NM	(298)	(307)	(2.9)
Foreign exchange (gain)/loss, net	(808)	(3,388)	(76.2)	1,833	(4,390)	NM
Property, plant and equipment written off	-	22	(100.0)	16	51	(68.6)
Allowance for doubtful trade and other receivables	-	14	(100.0)	3	17	(82.4)
Depreciation and amortisation	2,277	3,387	(32.8)	7,545	10,556	(28.5)
Allowance for /(write-back) inventory obsolescence and inventories written off	49	130	(62.3)	(43)	178	NM
Finance costs	-	-	-	-	11	(100.0)
Adjustments for (over)/underprovision of income tax in respects of the prior years	-	(64)	(100.0)	10	(64)	NM
Adjustments for over-provision of deferred tax liabilities in respects of the prior years	(406)	-	100.0	(406)	-	100.0
Adjustments for over-provision of deferred tax assets in respects of the prior years	-	312	(100.0)	-	312	(100.0)
Gain on liquidation of subsidiary	-	(391)	(100.0)	-	(391)	(100.0)

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30 Sep 16 S\$'000 (unaudited)	As at 31 Dec 15 S\$'000 (audited)	As at 30 Sep 16 S\$'000 (unaudited)	As at 31 Dec 15 S\$'000 (audited)
Non-current assets				
Property, plant and equipment	47,479	52,399	11,890	12,069
Investment property	8,447	8,585	-	-
Subsidiaries	-	-	64,562	65,593
Joint venture	2,247	2,484	-	-
Deferred tax assets	1,920	2,464	-	-
	60,093	65,932	76,452	77,662
Current assets				
Inventories	15,598	15,017	2,064	2,517
Trade and other receivables	58,598	61,291	8,868	10,034
Tax recoverable	88	70	-	-
Amount due from subsidiary companies	-	-	9,949	3,977
Short term investments	3,575	3,637	-	-
Cash and cash equivalents	96,907	102,940	27,985	29,962
	174,766	182,955	48,866	46,490
Total assets	234,859	248,887	125,318	124,152
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	67,047	75,909	16,175	10,817
	169,205	178,067	118,333	112,975
Non-controlling interests	19,651	19,677	-	-
Total equity	188,856	197,744	118,333	112,975
Non-current liabilities				
Trade and other payables	-	112	-	112
Deferred tax liabilities	489	909	274	647
	489	1,021	274	759
Current liabilities				
Trade and other payables	43,435	47,316	6,536	7,770
Amounts due to subsidiary companies	-	-	175	2,648
Tax payable	2,079	2,806	-	-
	45,514	50,122	6,711	10,418
Total liabilities	46,003	51,143	6,985	11,177
Total equity and liabilities	234,859	248,887	125,318	124,152

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group has no borrowings and debts securities as at 30 September 2016 and 31 December 2015.

1(b)(iii) Details of any collaterals

Nil.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	Quarter Ended		9 Months Ended	
	30-Sep		30-Sep	
	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)	2016 S\$'000 (unaudited)	2015 S\$'000 (unaudited)
Cash flows from operating activities				
Profit before income tax	2,882	5,968	8,048	14,088
Adjustments for:				
Depreciation of property, plant and equipment and investment property	2,277	3,387	7,545	10,556
Gain on liquidation of subsidiary	-	(391)	-	(391)
(Loss)/Gain on disposal of property, plant and equipment	23	(20)	(298)	(307)
Property, plant and equipment written off	-	22	16	51
Interest and investment income	(417)	(453)	(1,371)	(1,255)
Finance costs	-	-	-	11
Share of profit of joint venture (net of tax)	(32)	(207)	(132)	(604)
Unrealised exchange (gain)/loss	(117)	(149)	774	(277)
	<u>1,734</u>	<u>2,189</u>	<u>6,534</u>	<u>7,784</u>
	4,616	8,157	14,582	21,872
Changes in working capital:				
Inventories	(287)	515	(1,165)	1,705
Trade and other receivables	527	1,847	274	10,716
Trade and other payables	(215)	(517)	(2,013)	(7,190)
Cash from operating activities	<u>4,641</u>	<u>10,002</u>	<u>11,678</u>	<u>27,103</u>
Tax paid	(1,337)	(738)	(2,824)	(2,208)
Net cash from operating activities	<u>3,304</u>	<u>9,264</u>	<u>8,854</u>	<u>24,895</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(838)	(1,452)	(4,419)	(5,355)
Proceeds from disposal of property, plant and equipment	(1)	25	500	341
Dividend from joint venture	(2)	(19)	378	682
(Placement)/Withdrawal of short term investments	(662)	(868)	69	1,651
Interest and investment income received	417	453	1,371	1,255
Acquisition of subsidiary with non-controlling interests *	-	-	-	-
Net cash used in investing activities	<u>(1,086)</u>	<u>(1,861)</u>	<u>(2,101)</u>	<u>(1,426)</u>
Cash flows from financing activities				
Proceeds from short term borrowings and financial lease liabilities	-	9	-	1,104
Repayment of short term borrowings and financial lease liabilities	-	(20)	-	(2,516)
Finance costs paid	-	-	-	(11)
Deposit pledged	(24)	(23)	(73)	(4)
Capital reduction	-	(3,765)	-	(3,765)
Dividends paid to non-controlling interest of a subsidiary	(155)	(169)	(1,219)	(169)
Dividends paid to owners of the company	(1,882)	(1,882)	(9,412)	(1,882)
Net cash used in financing activities	<u>(2,061)</u>	<u>(5,850)</u>	<u>(10,704)</u>	<u>(7,243)</u>
Net increase/(decrease) in cash and cash equivalents	157	1,553	(3,951)	16,226
Cash and cash equivalents at beginning of financial period	93,859	93,492	99,939	79,921
Effects of exchange rate fluctuations on cash held	(184)	(1,806)	(2,156)	(2,908)
Cash and cash equivalents at end of financial period	<u>93,832</u>	<u>93,239</u>	<u>93,832</u>	<u>93,239</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of:				
Cash at bank and in hand	36,878	37,095	36,878	37,095
Deposits with banks	60,029	59,045	60,029	59,045
Cash and cash equivalents	96,907	96,140	96,907	96,140
Deposits pledged	(3,075)	(2,901)	(3,075)	(2,901)
Cash and cash equivalents in the consolidated statement of cash flows	<u>93,832</u>	<u>93,239</u>	<u>93,832</u>	<u>93,239</u>

* The consideration for the acquisition was a nominal of S\$1.00. Please refer to Company's announcement on 26 May 2016 for further details.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

For the Quarter Ended 30 Sep (Group)

Group - 2016	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 July 2016	102,158	140	6,561	789	(13,669)	-	73,491	169,470	19,856	189,326
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	(221)	-	-	(221)	(378)	(599)
Profit for the quarter	-	-	-	-	-	-	1,838	1,838	328	2,166
Total comprehensive income for the quarter	-	-	-	-	(221)	-	1,838	1,617	(50)	1,567
Dividends paid to shareholders of the company	-	-	-	-	-	-	(1,882)	(1,882)	-	(1,882)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(155)	(155)
Transfer of reserves	-	-	10	-	-	-	(10)	-	-	-
At 30 September 2016	102,158	140	6,571	789	(13,890)	-	73,437	169,205	19,651	188,856

Group - 2015	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 July 2015	121,176	140	6,073	789	(7,844)	1,627	57,094	179,055	19,978	199,033
Other comprehensive income for the quarter										
- Foreign currency translation differences	-	-	-	-	(2,675)	-	-	(2,675)	(2,120)	(4,795)
Profit for the quarter	-	-	-	-	-	-	4,734	4,734	754	5,488
Total comprehensive income for the quarter	-	-	-	-	(2,675)	-	4,734	2,059	(1,366)	693
Dividends paid to shareholders of the company	-	-	-	-	-	-	(1,882)	(1,882)	-	(1,882)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(169)	(169)
Transfer of reserves	-	-	(319)	-	-	(1,627)	1,946	-	-	-
Capital reduction	(19,018) *	-	-	-	-	-	15,253	(3,765)	-	(3,765)
At 30 September 2015	102,158	140	5,754	789	(10,519)	-	77,145	175,467	18,443	193,910

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

For the Period Ended 30 Sep (Group)

Group - 2016	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 January 2016	102,158	140	6,561	789	(9,905)	-	78,324	178,067	19,677	197,744
Other comprehensive income for the period										
- Foreign currency translation differences	-	-	-	-	(3,985)	-	-	(3,985)	5	(3,980)
Profit for the period	-	-	-	-	-	-	4,953	4,953	770	5,723
Total comprehensive income for the period	-	-	-	-	(3,985)	-	4,953	968	775	1,743
Dividends paid to shareholders of the company	-	-	-	-	-	-	(9,412)	(9,412)	-	(9,412)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,219)	(1,219)
Transfer of reserves	-	-	10	-	-	-	(10)	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	(418)	(418)	418	-
At 30 September 2016	102,158	140	6,571	789	(13,890)	-	73,437	169,205	19,651	188,856

Group - 2015	Attributable to equity holders of the Company								Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Statutory reserve S\$'000	Revaluation reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 January 2015	121,176	140	6,073	789	(6,516)	1,627	51,627	174,916	20,244	195,160
Other comprehensive income for the period										
- Foreign currency translation differences	-	-	-	-	(4,003)	-	-	(4,003)	(3,300)	(7,303)
Profit for the period	-	-	-	-	-	-	10,201	10,201	1,668	11,869
Total comprehensive income for the period	-	-	-	-	(4,003)	-	10,201	6,198	(1,632)	4,566
Dividends paid to shareholders of the company	-	-	-	-	-	-	(1,882)	(1,882)	-	(1,882)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(169)	(169)
Transfer of reserves	-	-	(319)	-	-	(1,627)	1,946	-	-	-
Capital reduction	(19,018) *	-	-	-	-	-	15,253	(3,765)	-	(3,765)
At 30 September 2015	102,158	140	5,754	789	(10,519)	-	77,145	175,467	18,443	193,910

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

For the Quarter Ended 30 Sep (Company)

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 July 2016	102,158	789	-	13,003	115,950
Profit for the quarter	-	-	-	4,265	4,265
Total comprehensive income for the quarter	-	-	-	4,265	4,265
Dividends paid to shareholders of the company	-	-	-	(1,882)	(1,882)
At 30 September 2016	102,158	789	-	15,386	118,333

Company - 2015	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
At 1 July 2015	121,176	789	1,153	(11,074)	112,044
Profit for the quarter	-	-	-	8,910	8,910
Total comprehensive income for the quarter	-	-	-	8,910	8,910
Dividends paid to shareholders of the company	-	-	-	(1,882)	(1,882)
Capital reduction	(19,018) *	-	-	15,253	(3,765)
Transfer of reserves	-	-	(1,153)	1,153	-
At 30 September 2015	102,158	789	-	12,360	115,307

For the Period Ended 30 Sep (Company)

Company - 2016	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 Jan 2016	102,158	789	-	10,028	112,975
Profit for the period	-	-	-	14,770	14,770
Total comprehensive income for the period	-	-	-	14,770	14,770
Dividends paid to shareholders of the company	-	-	-	(9,412)	(9,412)
At 30 September 2016	102,158	789	-	15,386	118,333

Company - 2015	Share capital S\$'000	Revaluation reserve S\$'000	Share option reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total equity S\$'000
At 1 Jan 2015	121,176	789	1,153	(15,253)	107,865
Profit for the period	-	-	-	13,089	13,089
Total comprehensive income for the period	-	-	-	13,089	13,089
Dividends paid to shareholders of the company	-	-	-	(1,882)	(1,882)
Capital reduction	(19,018) *	-	-	15,253	(3,765)
Transfer of reserves	-	-	(1,153)	1,153	-
At 30 September 2015	102,158	789	-	12,360	115,307

* Capital reduction of \$19,018,000 was completed on 17 August 2015.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

The total number of issued ordinary shares excluding treasury shares as at 30 September 2016 was 752,994,775 (31 December 2015: 752,994,775).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the year ended 31 December 2015.

However, the Group adopted the new and revised Financial Reporting Standards and interpretations that are mandatory and relevant to the Group for the financial year beginning on or after 1 January 2016. These are assessed to have no material impact to the Group's financial statements.

Except as otherwise indicated below, those new standards, amendments to standards, and interpretations are not expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

- FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in

exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

- FRS 109: *Financial Instruments*

The standard replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group is currently assessing the impact on adoption of these two standards in financial year ending 31 December 2018.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Group	Quarter Ended 30-Sep		9 Months Ended 30-Sep	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
<i>Earnings per share</i> - basic and diluted (cents)	0.24	0.63	0.66	1.35

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 752,994,775 (2015: 752,994,775).

There is no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 30 September 2016 and 30 September 2015.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group As at		Company As at	
	30 Sep 16 (unaudited)	31 Dec 15 (audited)	30 Sep 16 (unaudited)	31 Dec 15 (audited)
Net asset value (S\$'000)	169,205	178,067	118,333	112,975
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	22.47	23.65	15.71	15.00

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Business Overview

Fu Yu Corporation Limited provides vertically-integrated services for the manufacture of precision plastic components, parts and sub-assemblies, as well as the fabrication of precision moulds and dies. With 10 manufacturing facilities located in Singapore, Malaysia and China, the Group has a large footprint in Asia to serve a broad and diversified customer base from the information technology, telecommunications, to consumer, medical and automotive sectors.

Income Statement

Revenue

For the three months ended 30 September 2016 (3Q16), the Group's revenue decreased 13.6% or S\$7.5 million to S\$48.1 million from S\$55.6 million in 3Q15.

For the nine months ended 30 September 2016 (9M16), the Group's revenue decreased 12.9% or S\$22.1 million to S\$150.1 million from S\$172.2 million in 9M15.

The lower revenue registered during the periods under review was due to a general slowdown in demand from customers in the Group's main geographical markets, particularly in China. For 9M16, China was the Group's largest geographical segment with a revenue contribution of 61.6% while Singapore and Malaysia accounted for 19.5% and 18.9% of Group revenue respectively.

Gross Profit

Gross profit (GP) in 3Q16 decreased 19.6% or S\$1.7 million to S\$7.0 million from S\$8.7 million in 3Q15. GP margin in 3Q16 declined to 14.6% from 15.7% in 3Q15 as the decline in revenue resulted in lower absorption of fixed overhead costs.

For 9M16, GP decreased 6.1% or S\$1.6 million to S\$24.0 million from S\$25.6 million in 9M15. Despite lower revenue, the Group's GP margin for 9M16 improved to 16.0% from 14.9% in 9M15. This was due mainly to (i) a decrease in depreciation charge of S\$3.0 million for production assets that have been fully depreciated but are still in use as a result of good maintenance and upkeep; (ii) appreciation in the average exchange rate of the US Dollar against the Singapore Dollar, Malaysia Ringgit and Chinese Renminbi in translating foreign currency transactions during 9M16 as compared to 9M15; and (iii) better cost management and more efficient utilisation of manufacturing facilities.

Other Income

Other income declined 25% or S\$0.6 million to S\$1.9 million in 3Q16 from S\$2.5 million in 3Q15 attributable mainly to decrease in rental income and gain on liquidation of subsidiary in 3Q15.

For 9M16, other income decreased 6.7% or S\$0.4 million to S\$6.6 million from S\$7.0 million in 9M15 due primarily to lower rental income.

Selling and Administrative Expenses

Selling and administrative expenses decreased 22.4% or S\$1.9 million to S\$6.9 million in 3Q16 from S\$8.8 million in 3Q15. This was attributed mainly to lower staff cost and other general administrative expenses.

For 9M16, selling and administrative expenses declined 11.2% or S\$2.6 million to S\$20.8 million from S\$23.4 million in 9M15.

Other Operating Income/(Expenses)

Other operating income decreased 75.9% or S\$2.6 million to S\$0.8 million in 3Q16 from S\$3.4 million in 3Q15 due mainly to lower foreign exchange gain in the quarter under review.

For 9M16, the Group incurred other operating expense of S\$1.9 million, compared to other operating income of S\$4.3 million in 9M15. The other operating expenses was attributed mainly to the foreign exchange loss of S\$1.8 million recorded in 9M16. In contrast, the Group recorded a foreign exchange gain of S\$4.4 million in 9M15.

The Group's foreign exchange loss in the current period under review resulted from the translation of receivables, cash, payables and borrowings denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. The depreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit resulted in a foreign exchange loss in the current period under review as the Group is at net US Dollar assets position.

Profit Before Income Tax

The Group reported profit before income tax of S\$2.9 million in 3Q16, a decrease of 51.7% or S\$3.1 million from S\$6.0 million in 3Q15. This was due mainly to lower foreign exchange gain in 3Q16 which was reduced by S\$2.6 million as compared to 3Q15.

For 9M16, the Group's profit before income tax decreased 42.9% or S\$6.1 million to S\$8.0 million from S\$14.1 million in 9M15. The decrease can be attributed entirely to the foreign exchange loss of S\$1.8 million registered in 9M16 as opposed to a gain of S\$4.4 million in 9M15. This resulted in a reduction of S\$6.2 million from the Group's profit before tax in 9M16.

Excluding the foreign exchange amounts, the Group's profit before income tax would be S\$9.9 million in 9M16 as compared to S\$9.7 million in 9M15, representing an increase of S\$0.2 million.

Tax expense

The Group incurred tax expense of S\$0.7 million for 3Q16 and S\$2.3 million for 9M16 which translated to effective tax rates of 24.8% and 28.9% respectively. Excluding the withholding tax of S\$0.1 million and \$0.7 million in 3Q16 and 9M16 which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates for 3Q16 and 9M16 were 22.2% and 20.3% respectively.

The income tax expenses arose mainly from the Group's profit-making subsidiaries in China and Malaysia, and offset by utilisation of deferred tax asset not recognised previously. The effective tax rate was higher than the statutory tax rate of 17% in Singapore due mainly to (i) losses incurred by some entities cannot be offset against profits of other companies within the Group and (ii) variances in the statutory tax rates of the different countries in which the Group operates.

Net Profit Attributable to Owners of the Company

After deducting tax expenses, the Group posted net profit attributable to owners of the company of S\$1.8 million in 3Q16, a decrease of 61.2% or S\$2.9 million from S\$4.7 million in 3Q15.

For 9M16, Group net profit attributable to owners of the company decreased 51.4% or S\$5.2 million to S\$5.0 million from S\$10.2 million in 9M15.

The decreases in the net profit attributable to owners of the company for the periods under review were due largely to the impact of foreign exchange related items in the Group's income statement as explained above.

Balance Sheet

As at 30 September 2016, the Group remained in a sound financial position with a cash balance of S\$96.9 million and zero borrowings. Shareholders' equity stood at S\$169.2 million, equivalent to net asset value of 22.47 cents per share (based on the total number of issued shares of 753.0 million shares) which includes cash and cash equivalents of 12.87 cents per share.

Total assets as at 30 September 2016 decreased S\$14.0 million to S\$234.9 million from S\$248.9 million as at 31 December 2015. This was due mainly to (i) decrease of S\$4.9 million in property, plant and equipment to S\$47.5 million (ii) reduction of S\$2.7 million in trade and other receivables and (iii) decrease of S\$6.0 million in cash and cash equivalents.

As at 30 September 2016, total liabilities decreased S\$5.1 million to S\$46.0 million from S\$51.1 million as at 31 December 2015. This was due mainly to a reduction of S\$3.9 million in trade and other payables to S\$43.4 million.

Cash Flow Analysis

The Group generated net cash from operating activities of S\$3.3 million in 3Q16. Net cash used in investing activities amounted to S\$1.1 million, attributable mainly to capital expenditure and placement of short term investments. Net cash used in financing activities during 3Q16 was S\$2.1 million, due mainly to the payment of dividends to shareholders of the Company and non-controlling interests of a subsidiary.

As a result, the Group recorded a net increase in cash and cash equivalents of S\$0.2 million during 3Q16 to close the financial period with cash and cash equivalents of S\$93.8 million (excluding cash deposits pledged).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As a result of prevailing uncertainties over the direction of the global economy, business sentiment and demand conditions are likely to be subdued. Against this backdrop, the Group expects the operating environment to remain challenging due to the intensifying competitive landscape, continued pressure on product selling prices and volatility in currency exchange rates.

As part of its growth strategy, the Group is focusing its efforts on various business development initiatives to expand its market share with existing and new customers, as well as to enhance its sales mix. The Group will also continue working on improving operational efficiency and ensuring prudent cost management to maintain its competitive position.

In view of the above, the Group is cautiously optimistic of delivering a profitable performance for the current financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Second Interim Dividend
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Second Interim Dividend
Dividend Type	Cash
Dividend Rate	0.25 cent per ordinary share
Tax rate	One-tier tax exempt

(c) Date payable

29 November 2016

(d) Books closure date

21 November 2016

- 12. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate obtained from shareholders for IPTs.

There were no IPTs for the period ended 30 September 2016.

- 13. Negative assurance confirmation on interim financial results under SGX Listing Rule 705(5) of the Listing Manual**

We, Hew Lien Lee and Ching Heng Yang, being two directors of Fu Yu Corporation Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to attention of the Board of Directors of the Company which may render the Q3 2016 financial statement to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hew Lien Lee
Executive Director
Chief Executive Officer

Ching Heng Yang
Vice Chairman
Executive Director

- 14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company has procured all the required undertakings as required under Rule 720(1).

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary
Singapore, 11 November 2016