



**FU YU CORPORATION LIMITED  
AND SUBSIDIARY COMPANIES**

**SGX APPENDIX 7.2 ANNOUNCEMENT  
UNAUDITED FINANCIAL CONDITION, RESULTS OF OPERATIONS AND  
CASH FLOWS FOR THE FOURTH AND FINANCIAL YEAR ENDED  
31 DECEMBER 2017**

Full Year 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 fourth quarter and financial year ended 31 December 2017.

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2017 S\$'000	2016 S\$'000		2017 S\$'000	2016 S\$'000	
Revenue	52,723	48,508	8.7	194,973	198,561	(1.8)
Cost of sales	(42,633)	(40,092)	6.3	(161,656)	(166,130)	(2.7)
<b>Gross profit</b>	<b>10,090</b>	<b>8,416</b>	<b>19.9</b>	<b>33,317</b>	<b>32,431</b>	<b>2.7</b>
Other income	2,091	2,096	(0.2)	7,492	8,665	(13.5)
Selling and administrative expenses	(7,119)	(7,067)	0.7	(27,120)	(27,883)	(2.7)
Other operating (expenses)/income	(1,547)	3,456	NM	(4,668)	1,604	NM
Results from operating activities	<b>3,515</b>	<b>6,901</b>	<b>(49.1)</b>	<b>9,021</b>	<b>14,817</b>	<b>(39.1)</b>
Finance costs	-	-	NM	(1)	-	NM
Share of (loss)/profit of joint venture (net of tax)	(280)	(38)	NM	(700)	94	NM
<b>Profit before income tax</b>	<b>3,235</b>	<b>6,863</b>	<b>(52.9)</b>	<b>8,320</b>	<b>14,911</b>	<b>(44.2)</b>
Tax expense	(446)	(724)	(38.4)	(2,860)	(3,049)	(6.2)
<b>Profit for the quarter/year</b>	<b>2,789</b>	<b>6,139</b>	<b>(54.6)</b>	<b>5,460</b>	<b>11,862</b>	<b>(54.0)</b>
<b>Profit for the quarter/year attributable to:</b>						
Owners of the Company	2,411	5,586	(56.8)	4,477	10,539	(57.5)
Non-controlling interests	378	553	(31.6)	983	1,323	(25.7)
<b>Profit for the quarter/year</b>	<b>2,789</b>	<b>6,139</b>	<b>(54.6)</b>	<b>5,460</b>	<b>11,862</b>	<b>(54.0)</b>
<b>Earnings per share</b>						
- basic and diluted earnings per share (cents)	<b>0.32</b>	<b>0.74</b>	<b>(56.8)</b>	<b>0.59</b>	<b>1.40</b>	<b>(57.5)</b>
NM denotes Not Meaningful						

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2017 S\$'000	2016 S\$'000		2017 S\$'000	2016 S\$'000	
<b>Profit for the quarter/year</b>	<b>2,789</b>	<b>6,139</b>	<b>(54.6)</b>	<b>5,460</b>	<b>11,862</b>	<b>(54.0)</b>
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences for foreign operations	1,569	215	NM	(985)	(3,765)	(73.8)
<b>Other comprehensive income for the quarter/year (net of tax)</b>	<b>1,569</b>	<b>215</b>	<b>NM</b>	<b>(985)</b>	<b>(3,765)</b>	<b>(73.8)</b>
<b>Total comprehensive income for the quarter/year (net of tax)</b>	<b>4,358</b>	<b>6,354</b>	<b>(31.4)</b>	<b>4,475</b>	<b>8,097</b>	<b>(44.7)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	3,478	6,215	(44.0)	3,066	7,183	(57.3)
Non-controlling interests	880	139	NM	1,409	914	54.2
<b>Total comprehensive income for the quarter/year</b>	<b>4,358</b>	<b>6,354</b>	<b>(31.4)</b>	<b>4,475</b>	<b>8,097</b>	<b>(44.7)</b>

NM denotes Not Meaningful

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

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2017 S\$'000	2016 S\$'000		2017 S\$'000	2016 S\$'000	
<b>Profit before income tax is arrived at after charging/(crediting) the following:</b>						
Interest income	(448)	(512)	(12.5)	(1,763)	(1,883)	(6.4)
Gain on disposal of property, plant and equipment	(167)	(42)	NM	(285)	(340)	(16.2)
Foreign exchange loss/(gain), net	1,185	(3,492)	NM	4,209	(1,659)	NM
Property, plant and equipment written off	586	31	NM	740	47	NM
Allowance for /(write-back of) doubtful trade and other receivables	13	5	NM	(43)	8	NM
Depreciation and amortisation	1,797	2,246	(20.0)	7,698	9,791	(21.4)
Reversal of impairment on property, plant and equipment	(238)	-	NM	(238)	-	NM
Finance costs	-	-	NM	1	-	NM
Allowance for inventory obsolescence and inventories written off, net	161	356	(54.8)	522	502	4.0
Adjustments for underprovision of income tax in respects of the prior years	40	160	(75.0)	5	170	(97.1)
Adjustments for over-provision of deferred tax assets in respects of the prior years	(98)	(107)	(8.4)	(98)	(513)	(80.9)
Gain on liquidation of subsidiary	(51)	-	NM	(51)	-	NM

NM denotes Not Meaningful

**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 31 Dec 17 S\$'000	As at 31 Dec 16 S\$'000	As at 31 Dec 17 S\$'000	As at 31 Dec 16 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	45,954	47,703	12,593	12,175
Investment property	8,204	8,215	-	-
Subsidiaries	-	-	48,811	61,166
Joint venture	1,490	2,162	-	-
Deferred tax assets	1,727	2,100	-	-
	57,375	60,180	61,404	73,341
<b>Current assets</b>				
Inventories	17,646	15,968	2,742	1,958
Trade and other receivables	62,429	57,008	11,148	8,438
Tax recoverable	7	82	-	-
Amount due from subsidiary companies	-	-	3,817	5,152
Short term investments	3,318	2,678	-	-
Cash and cash equivalents	95,437	105,632	43,576	36,002
	178,837	181,368	61,283	51,550
<b>Total assets</b>	<b>236,212</b>	<b>241,548</b>	<b>122,687</b>	<b>124,891</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	102,158	102,158	102,158	102,158
Reserves	63,150	71,379	11,497	16,090
	165,308	173,537	113,655	118,248
Non-controlling interests	20,186	19,646	-	-
<b>Total equity</b>	<b>185,494</b>	<b>193,183</b>	<b>113,655</b>	<b>118,248</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	616	614	523	354
	616	614	523	354
<b>Current liabilities</b>				
Trade and other payables	47,482	45,376	8,248	5,924
Amounts due to subsidiary companies	-	-	114	365
Tax payable	2,620	2,375	147	-
	50,102	47,751	8,509	6,289
<b>Total liabilities</b>	<b>50,718</b>	<b>48,365</b>	<b>9,032</b>	<b>6,643</b>
<b>Total equity and liabilities</b>	<b>236,212</b>	<b>241,548</b>	<b>122,687</b>	<b>124,891</b>

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

The Group has no borrowings and debts securities as at 31 December 2017 and 31 December 2016.

**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 31-Dec		Year Ended 31-Dec	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	3,235	6,863	8,320	14,911
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment and investment property	1,797	2,246	7,698	9,791
Reversal of impairment on property, plant and equipment	(238)	-	(238)	-
Gain on liquidation of subsidiaries	(51)	-	(51)	-
Gain on disposal of property, plant and equipment	(167)	(42)	(285)	(340)
Property, plant and equipment written off	586	31	740	47
Interest income	(448)	(512)	(1,763)	(1,883)
Finance costs	-	-	1	-
Share of loss/(profit) of joint venture (net of tax)	280	38	700	(94)
Unrealised foreign exchange (gain)/loss	(492)	455	(1,000)	1,229
	<u>1,267</u>	<u>2,216</u>	<u>5,802</u>	<u>8,750</u>
	4,502	9,079	14,122	23,661
<b>Changes in working capital:</b>				
Inventories	(1,245)	(251)	(1,763)	(1,416)
Trade and other receivables	(1,310)	2,105	(5,855)	2,379
Trade and other payables	2,246	1,727	1,548	(286)
<b>Cash from operating activities</b>	<u>4,193</u>	<u>12,660</u>	<u>8,052</u>	<u>24,338</u>
Tax paid	(664)	(539)	(2,119)	(3,363)
<b>Net cash from operating activities</b>	<u><b>3,529</b></u>	<u><b>12,121</b></u>	<u><b>5,933</b></u>	<u><b>20,975</b></u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,256)	(2,569)	(5,520)	(6,988)
Proceeds from disposal of property, plant and equipment	200	100	380	600
Dividend from joint venture	-	-	-	374
(Placement)/Withdrawal of short term investments	(43)	848	(571)	917
Interest income received	448	512	1,763	1,883
Acquisition of subsidiary with non-controlling interests *	-	-	-	-
<b>Net cash used in investing activities</b>	<u><b>(1,651)</b></u>	<u><b>(1,109)</b></u>	<u><b>(3,948)</b></u>	<u><b>(3,214)</b></u>
<b>Cash flows from financing activities</b>				
Finance costs paid	-	-	(1)	-
Proceeds from short term borrowings	-	-	500	-
Repayment of short term borrowings	-	-	(500)	-
Deposit pledged	(23)	(22)	(90)	(95)
Dividends paid to non-controlling interest of a subsidiary	(190)	(144)	(869)	(1,363)
Dividends paid to owners of the Company	(1,883)	(1,883)	(11,295)	(11,295)
<b>Net cash used in financing activities</b>	<u><b>(2,096)</b></u>	<u><b>(2,049)</b></u>	<u><b>(12,255)</b></u>	<u><b>(12,753)</b></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(218)	8,963	(10,270)	5,008
Cash and cash equivalents at beginning of financial quarter/year	91,549	93,832	102,602	99,939
Effects of exchange rate fluctuations on cash held	921	(193)	(80)	(2,345)
<b>Cash and cash equivalents at end of financial quarter/year</b>	<u><b>92,252</b></u>	<u><b>102,602</b></u>	<u><b>92,252</b></u>	<u><b>102,602</b></u>
<b>For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:</b>				
Cash at bank and in hand	23,867	33,985	23,867	33,985
Deposits with banks	71,570	71,647	71,570	71,647
Cash and cash equivalents in the statement of financial position	<u>95,437</u>	<u>105,632</u>	<u>95,437</u>	<u>105,632</u>
Deposits pledged	(3,185)	(3,030)	(3,185)	(3,030)
Cash and cash equivalents in the consolidated cash flow statement	<u><b>92,252</b></u>	<u><b>102,602</b></u>	<u><b>92,252</b></u>	<u><b>102,602</b></u>

\* The consideration for the acquisition was a nominal of S\$1.00. Please refer to the 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 31 December (Group)

Group - 2017	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		Total attributable to equity holders of the Company S\$'000		
					reserve S\$'000	Retained earnings S\$'000			
At 1 October 2017	102,158	140	8,181	789	(15,739)	68,184	163,713	19,496	183,209
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	1,067	-	1,067	502	1,569
Profit for the quarter	-	-	-	-	-	2,411	2,411	378	2,789
Total comprehensive income for the quarter	-	-	-	-	1,067	2,411	3,478	880	4,358
Dividends paid to shareholders of the company	-	-	-	-	-	(1,883)	(1,883)	-	(1,883)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(190)	(190)
Transfer of reserves	-	-	(184)	-	-	184	-	-	-
<b>At 31 December 2017</b>	<b>102,158</b>	<b>140</b>	<b>7,997</b>	<b>789</b>	<b>(14,672)</b>	<b>68,896</b>	<b>165,308</b>	<b>20,186</b>	<b>185,494</b>

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		Total attributable to equity holders of the Company S\$'000		
					reserve S\$'000	Retained earnings S\$'000			
At 1 October 2016	102,158	140	6,571	789	(13,890)	73,437	169,205	19,651	188,856
Other comprehensive income for the quarter - Foreign currency translation differences	-	-	-	-	629	-	629	(414)	215
Profit for the quarter	-	-	-	-	-	5,586	5,586	553	6,139
Total comprehensive income for the quarter	-	-	-	-	629	5,586	6,215	139	6,354
Dividends paid to shareholders of the company	-	-	-	-	-	(1,883)	(1,883)	-	(1,883)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(144)	(144)
Transfer of reserves	-	-	1,045	-	-	(1,045)	-	-	-
<b>At 31 December 2016</b>	<b>102,158</b>	<b>140</b>	<b>7,616</b>	<b>789</b>	<b>(13,261)</b>	<b>76,095</b>	<b>173,537</b>	<b>19,646</b>	<b>193,183</b>

**For the Year Ended 31 December (Group)**

Group - 2017	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		Total attributable to equity holders of S\$'000		
					translation reserve S\$'000	Retained earnings S\$'000			
At 1 January 2017	102,158	140	7,616	789	(13,261)	76,095	173,537	19,646	193,183
Other comprehensive income for the year	-	-	-	-	(1,411)	-	(1,411)	426	(985)
- Foreign currency translation differences	-	-	-	-	-	4,477	4,477	983	5,460
Profit for the year	-	-	-	-	(1,411)	4,477	3,066	1,409	4,475
Total comprehensive income for the year	-	-	-	-	-	(11,295)	(11,295)	-	(11,295)
Dividends paid to shareholders of the company	-	-	-	-	-	-	-	(869)	(869)
Dividends paid to non-controlling interests	-	-	381	-	-	(381)	-	-	-
Transfer of reserves	-	-	-	-	-	-	-	-	-
<b>At 31 December 2017</b>	<b>102,158</b>	<b>140</b>	<b>7,997</b>	<b>789</b>	<b>(14,672)</b>	<b>68,896</b>	<b>165,308</b>	<b>20,186</b>	<b>185,494</b>

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		Total attributable to equity holders of S\$'000		
					translation reserve S\$'000	Retained earnings 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 year	-	-	-	-	(3,356)	-	(3,356)	(409)	(3,765)
- Foreign currency translation differences	-	-	-	-	-	10,539	10,539	1,323	11,862
Profit for the year	-	-	-	-	(3,356)	10,539	7,183	914	8,097
Total comprehensive income for the year	-	-	-	-	-	(11,295)	(11,295)	-	(11,295)
Dividends paid to shareholders of the company	-	-	-	-	-	-	-	(1,363)	(1,363)
Dividends paid to non-controlling interests	-	-	1,055	-	-	(1,055)	-	-	-
Transfer of reserves	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary from non-controlling interests	-	-	-	-	-	(418)	(418)	418	-
<b>At 31 December 2016</b>	<b>102,158</b>	<b>140</b>	<b>7,616</b>	<b>789</b>	<b>(13,261)</b>	<b>76,095</b>	<b>173,537</b>	<b>19,646</b>	<b>193,183</b>

**For the Quarter Ended 31 December (Company)**

<b>Company - 2017</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Merger # reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
At 1 October 2017	102,158	789	(1,425)	14,149	115,671
Loss for the quarter	-	-	-	(133)	(133)
Total comprehensive income for the quarter	-	-	-	(133)	(133)
Dividends paid to shareholders of the company	-	-	-	(1,883)	(1,883)
<b>At 31 December 2017</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>12,133</b>	<b>113,655</b>

<b>Company - 2016</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Merger # reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
At 1 October 2016	102,158	789	-	15,386	118,333
Profit for the quarter	-	-	-	1,798	1,798
Total comprehensive income for the quarter	-	-	-	1,798	1,798
Dividends paid to shareholders of the company	-	-	-	(1,883)	(1,883)
<b>At 31 December 2016</b>	<b>102,158</b>	<b>789</b>	<b>-</b>	<b>15,301</b>	<b>118,248</b>

**For the Year Ended 31 December (Company)**

<b>Company - 2017</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Merger # reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
At 1 January 2017	102,158	789	-	15,301	118,248
Profit for the year	-	-	-	8,127	8,127
Total comprehensive income for the year	-	-	-	8,127	8,127
Dividends paid to shareholders of the company	-	-	-	(11,295)	(11,295)
*Amalgamation of business	-	-	(1,425)	-	(1,425)
<b>At 31 December 2017</b>	<b>102,158</b>	<b>789</b>	<b>(1,425)</b>	<b>12,133</b>	<b>113,655</b>

<b>Company - 2016</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Merger # reserve S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Total equity S\$'000</b>
At 1 January 2016	102,158	789	-	10,028	112,975
Profit for the year	-	-	-	16,568	16,568
Total comprehensive income for the year	-	-	-	16,568	16,568
Dividends paid to shareholders of the company	-	-	-	(11,295)	(11,295)
<b>At 31 December 2016</b>	<b>102,158</b>	<b>789</b>	<b>-</b>	<b>15,301</b>	<b>118,248</b>

\* On 28 Feb 2017, the Company merged with its wholly owned subsidiaries NanoTechnology Manufacturing Pte Ltd ("NTM") and Solidmicron Technologies Pte Ltd ("SMT") by way of a short form amalgamation pursuant to and in accordance with Section 215D of the Singapore Companies Act, Chapter 50. The assets and liabilities were transferred at net book value as at 28 Feb 2017. The amalgamation is accounted for using "as-if-pooling" method. No restatement was made to the comparatives.

# The merger reserve relates to the amalgamation of NTM and SMT ("amalgamated subsidiaries") into the Company. It represents (1) retained earnings of the amalgamated subsidiaries, (2) the difference between the Company's cost of investment (net of impairment made in prior years) and share capital of the amalgamated subsidiaries, and reversal of impairment on receivables of the amalgamated subsidiaries made in prior years.

**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 31 December 2017 was 752,994,775 (31 December 2016: 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.

**1(d)(v) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings 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 2016.

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 2017. These are assessed to have no material impact to the Group's financial statements.

As set out below, these new standards include, among others, SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS (I) 9 *Financial Instruments* which are mandatory for adoption by the Group for annual periods beginning on or after 1 January 2018, and FRS 116 *Leases* which is mandatory for adoption by the Group for annual periods beginning on or after 1 January 2019.

SFRS (I) 15 *Revenue from Contracts with Customers*

SFRS (I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, SFRS (I) 15 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

SFRS (I) 9 *Financial Instruments*

SFRS (I) 9 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements.

SFRS (I) 16 *Leases*

The standard replaces SFRS (I) 16 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a lease*.

SFRS (I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

*Convergence with International Financial Reporting Standards (IFRS)*

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for financial year ending 31 December 2018 onwards. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

- 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 31-Dec		Year Ended 31-Dec	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<i>Earnings per share</i> - basic and diluted (cents)	0.32	0.74	0.59	1.40

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 (2016: 752,994,775).

There is no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 31 December 2017 and 31 December 2016.

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	
	31 Dec 17 (unaudited)	31 Dec 16 (audited)	31 Dec 17 (unaudited)	31 Dec 16 (audited)
Net asset value (S\$'000)	165,308	173,537	113,655	118,248
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	21.95	23.05	15.09	15.70

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**

#### 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 manufacturing facilities located in Singapore, Malaysia and China, the Group has a large footprint in Asia to serve a broad and diversified customer base in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

#### Income Statement

##### **Revenue**

For the three months ended 31 December 2017 ("4Q17"), the Group's revenue increased 8.7% to S\$52.7 million from S\$48.5 million in 4Q16, buoyed by higher sales across its operations in Singapore, Malaysia and China. On a quarter-on-quarter basis, Group revenue in 4Q17 was also 5.0% higher than S\$50.2 million in 3Q17.

For the year ended 31 December 2017 (“FY2017”), the Group registered revenue of S\$195.0 million, a slight decrease of 1.8% from S\$198.6 million in FY2016. This was attributed to lower revenue from its Malaysia and China segments. Sales generated from the Malaysia segment dipped 4.7% to S\$35.8 million while sales from the China segment eased 3.1% to S\$118.2 million in FY2017. The declines were offset partially by higher revenue from the Singapore operations which registered sales of S\$41.0 million in FY2017, up 4.8% from S\$39.1 million in FY2016.

China remained as the Group’s largest geographical segment with a revenue contribution of 60.6% in FY2017. Singapore and Malaysia accounted for 21.0% and 18.4% of Group revenue respectively in FY2017.

### **Gross profit**

Gross profit in 4Q17 increased 19.9% to S\$10.1 million from S\$8.4 million in 4Q16. As gross profit grew at a faster pace than revenue, the Group’s gross profit margin expanded to 19.1% in 4Q17 compared to 17.3% previously.

Notwithstanding lower revenue, the Group recorded higher gross profit of S\$33.3 million, up 2.7% from S\$32.4 million in FY2016, as gross profit margin expanded to 17.1% from 16.3% previously. The improvements in gross profit margin were attributed mainly to lower depreciation charges and reduction in headcount and operating overheads. The decrease in depreciation charges was due to certain production assets that have been fully depreciated but continue to be in use.

### **Other Income**

Other income in 4Q17 was flat at S\$2.1 million compared to 4Q16. For FY2017, other income decreased 13.5% to S\$7.5 million due mainly to lower rental income, grants, and gain from sale of plant and equipment.

### **Selling and Administrative Expenses**

Selling and administrative expenses were unchanged at S\$7.1 million in 4Q17 compared to 4Q16. For FY2017, selling and administrative expenses eased slightly by 2.7% to S\$27.1 million from S\$27.9 million in FY2016.

### **Other Operating (Expenses)/Income**

Other operating expenses in 4Q17 amounted to S\$1.5 million due mainly to foreign exchange loss. This represented a negative swing of S\$5.0 million from 4Q16 during which the Group recorded foreign exchange gain of S\$3.5 million.

For FY2017, the Group recorded other operating expenses of S\$4.7 million due mainly to foreign exchange loss. In contrast, the Group posted other operating income of S\$1.6 million in FY2016 which arose mainly from foreign exchange gain. As a result, the Group experienced a negative change of S\$6.3 million during FY2017. The majority of the foreign exchange loss in FY2017 is unrealised loss.

The Group recognises foreign exchange gains or losses as a result of the translation of receivables, cash and payables denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. As the Group is in net US Dollar assets position, the weakening of the US Dollar against the Singapore Dollar and Malaysia Ringgit resulted in a foreign exchange loss during FY2017.

### **Profit Before Income Tax**

The Group reported profit before tax of S\$3.2 million in 4Q17, down 52.9% from S\$6.9 million in 4Q16. Profit before tax in FY2017 also declined 44.2% to S\$8.3 million from S\$14.9 million in FY2016. The declines were attributed mainly to the foreign exchange loss and share of loss of joint venture.

The Group's profit before income tax excluding foreign exchange impact and share of results of joint venture ("operating profit") amounted to S\$4.7 million in 4Q17. This represented an increase of 37.9% from an operating profit of S\$3.4 million in 4Q16, attributable mainly to higher gross profit. For FY2017, the Group posted steady operating profit of S\$13.2 million compared to S\$13.1 million in FY2016.

### **Tax expense**

The Group incurred tax expense of S\$0.4 million for 4Q17 and S\$2.9 million for FY2017 which translated to effective tax rates of 13.8% and 34.4% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries and the recognition of deferred tax asset not previously recognised, the effective tax rates were 31.0% for 4Q17 and 35.0% for FY2017. The Group's effective tax rate is higher than Singapore's statutory tax rate of 17% due mainly to losses incurred by certain entities which cannot be offset against profits earned by other companies within the Group and non-deductible expenses.

### **Net Profit Attributable to Owners of the Company**

The Group reported net profit attributable to owners of the Company ("PATMI") of S\$2.4 million in 4Q17, down S\$3.2 million from S\$5.6 million in 4Q16. This was attributable mainly to the foreign exchange loss and share of loss of joint venture, offset partially by higher gross profit.

For FY2017, PATMI declined by S\$6.1 million to S\$4.5 million, due mainly to lower other income, a foreign exchange loss versus foreign exchange gain in FY2016, as well as the share of loss of joint venture compared to a profit in last financial year.

### **Dividend**

The Board of Directors has proposed a final tax exempt dividend of 1.0 cent per share in respect of FY2017. Together with the interim dividends of 0.5 cent per share, the Group's total dividend in respect of FY2017 would be 1.5 cents per share. This translates into a dividend payout of approximately 252% based on net profit attributable to owners of the Company for FY2017.

### **Balance Sheet**

The Group maintained a sound financial position as at 31 December 2017 with a cash balance of S\$95.4 million and zero borrowings. Shareholders' equity stood at S\$165.3 million, equivalent to net asset value of 21.95 cents per share (based on the total number of issued shares of approximately 753.0 million shares) which includes cash and cash equivalents of around 12.67 cents per share.

Total assets as at 31 December 2017 decreased by S\$5.3 million to S\$236.2 million from S\$241.5 million as at 31 December 2016. This was due mainly to a decrease of S\$1.7 million in property, plant and equipment to S\$46.0 million, and a decline of S\$10.2 million in cash and cash equivalents, offset partially by higher inventories, trade and other receivables.

As at 31 December 2017, total liabilities increased by S\$2.3 million to S\$50.7 million from S\$48.4 million as at 31 December 2016 due primarily to higher trade and other payables.

## Cash Flow Statement Analysis

The Group generated net cash from operating activities of S\$5.9 million in FY2017. This was attributable to operating profit before working capital changes of S\$14.1 million which was partially offset by increases in inventories and trade and other receivables, as well as payment of income taxes. Net cash used in investing activities during FY2017 was S\$3.9 million due mainly to capital expenditure. Net cash used in financing activities amounted to S\$12.3 million which arose mainly from the payment of dividends to shareholders of the Company and non-controlling interests of a subsidiary. As a result, the Group recorded a net decrease of S\$10.3 million in cash and cash equivalents during FY2017 and closed the financial period with cash and cash equivalents of S\$92.3 million (excluding cash deposits pledged of S\$3.2 million).

**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**

While the global economy is widely anticipated to continue its recovery in 2018, operating conditions for the industries that the Group serves are likely to remain challenging due to the uneven end-user demand across various sectors. The Group could also face pressure on selling prices of its products from customers amid the intense competitive environment. As the Group is in net US Dollar assets position, depreciation of the US Dollar will have an impact on the Group's financial performance.

With 40 years of operating history and strategic presence in Asia, the Group has established itself as a preferred supplier of one-stop precision plastic manufacturing solutions to renowned Original Equipment manufacturers and Contract Manufacturers. The Group also has a diversified product portfolio spanning multiple sectors.

With its sound financial position and established manufacturing capabilities in Asia, the Group believes it is capable of withstanding challenging business periods and is positioned to capitalise on opportunities that arise.

The Group closed FY2017 on a positive note as its revenue in 4Q17 witnessed year-on-year and quarter-on-quarter growth. This was driven mainly by increased sales of its networking & communications and medical segments. Printing & imaging segment posted steady sales while the automotive segment, which is presently modest, continued making encouraging progress during 4Q17. The Group also delivered an improved operating performance in 4Q17. Excluding the foreign exchange impact and share of results of joint venture, the Group's profit before income tax in 4Q17 increased 37.9% to S\$4.7 million compared to S\$3.4 million in 4Q16.

In the current financial year, the Group's focus will be on executing business development plans with the aim of driving sales and improving the utilisation rate of its factories. The Group will also continue its initiatives to control its cost structure which yielded cost savings during FY2017.

To this end, the Group announced on 7 December 2017 its intention to privatise its subsidiary, LCTH Corporation Berhad ("LCTH") which is listed on Bursa Malaysia Securities Berhad. The privatisation exercise is expected to result in potential cost savings as the Group will have greater flexibility in managing and developing the business of LCTH, without the regulatory cost and restrictions associated with its listing status on Bursa Malaysia. In

addition, full ownership of LCTH will enable the Group to better manage the production and financial resources of its operations across Asia.

The Group's strategies to drive long-term growth are (i) strengthening of its business development team to expand market share with existing and new customers; (ii) diversify its customer base and improve revenue contributions from sectors with greater stability and longer product life cycles, such as medical and automotive; (iii) enhance its product portfolio with higher margin products and position for opportunities in high growth market segments, such as 3D printers, security-related, medical and green products; and (iv) work on continual operational improvements to achieve optimal capacity utilisation, higher production efficiency and a better cost structure.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 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	Final Dividend
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax rate	One-tier tax exempt

**(c) Date payable**

Subject to shareholders' approval at the Annual General Meeting to be held on 26 April 2018.

**(d) Books closure date**

To be announced later.

**12. If no dividend has been declared/ recommended, a statement to that effect.**

Not applicable.

**13. 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 31 December 2017.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Geographical segments	Singapore		China		Malaysia		Total operations before adjustment		Group adjustment and elimination		Consolidated	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Revenue and expenses</b>												
Total external revenue	40,958	39,079	118,180	121,899	35,835	37,583	194,973	198,561	-	-	194,973	198,561
Inter-segment revenue	409	403	113	-	125	353	647	756	(647)	(756)	-	-
Profit before income tax *	16,527	19,962	6,141	12,928	7,494	6,947	30,162	39,837	(9,234)	(16,888)	20,928	22,949
Depreciation of property, plant and equipment, and investment property	(2,148)	(2,252)	(3,899)	(5,912)	(1,790)	(1,728)	(7,837)	(9,892)	139	101	(7,698)	(9,791)
Finance cost	(1)	-	-	-	-	-	(1)	-	-	-	(1)	-
Foreign exchange (loss)/gain, net	(4,705)	1,069	(384)	(495)	(796)	399	(5,885)	973	1,676	686	(4,209)	1,659
Share of profit of joint venture (net of tax)	-	-	-	-	(700)	94	(700)	94	-	-	(700)	94
Profit before income tax											8,320	14,911
Tax expense											(2,860)	(3,049)
Net profit for the year											5,460	11,862
<b>Other segment information</b>												
Non-current assets	60,177	70,304	18,214	20,227	25,036	25,370	103,427	115,901	(47,779)	(57,821)	55,648	58,080
Unallocated assets											1,727	2,100
Total non-current assets											57,375	60,180
Capital expenditure	1,391	1,815	2,528	3,836	2,464	948	6,383	6,599	-	-	6,383	6,599
Interest income	402	241	275	494	1,086	1,148	1,763	1,883	-	-	1,763	1,883
Segment reporting assets	125,580	126,568	89,124	103,902	75,552	73,686	290,256	304,156	(55,778)	(64,790)	234,478	239,366
Unallocated assets											1,734	2,182
Total assets											236,212	241,548
Segment reporting liabilities	8,375	6,912	38,242	37,201	7,883	7,375	54,500	51,488	(7,018)	(6,112)	47,482	45,376
Unallocated liabilities											3,236	2,989
Total liabilities											50,718	48,365

\* After excluding share of profit of joint venture, finance cost, foreign exchange gain/(loss), net, depreciation of property, plant and equipment and investment property.

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

#### SINGAPORE

Singapore segment's revenue increased by S\$1.9 million to S\$41.0 million in FY2017 from S\$39.1 million in FY2016. This is driven mainly by increased sales of products in the medical segment. As a result, Singapore segment accounted for 21.0% of Group revenue in FY2017, up from 19.7% in FY2016.

Excluding the dividend income from Malaysia and China subsidiaries totaling S\$9.1 million, Singapore segment would have recorded a profit of S\$0.6 million in FY2017 which represented a decrease of S\$4.1 million from S\$4.7 million reported in FY2016. The Singapore segment would have recorded a higher profit if not for the net foreign exchange loss of S\$4.7 million in FY2017, as opposed to a net foreign exchange gain of S\$1.1 million in FY2016.

#### CHINA

China segment's revenue decreased S\$3.7 million to S\$118.2 million in FY2017 from S\$121.9 million in FY2016 due primarily to slower orders for products in the printing & imaging, and consumer segments. China operations remained as the Group's largest geographical segment with a revenue contribution of 60.6% in FY2017 which was a slight decrease compared to 61.4% in FY2016.

China segment's profit decreased by S\$4.6 million to S\$1.9 million in FY2017 from S\$6.5 million in FY2016. This was attributable mainly to the combined effect of reduced revenue and lower gross profit margin resulting from shift in sales mix and competitive pressure.

#### MALAYSIA

Malaysia segment's revenue decreased S\$1.8 million to S\$35.8 million in FY2017 from S\$37.6 million in FY2016. The decline was attributed primarily to reduced customer orders in the consumer segment, offset partially by higher sales in the medical segment. Malaysia segment contributed 18.4% to Group revenue in FY2017, compared to 18.9% in FY2016.

Malaysia segment's profit decreased S\$0.7 million to S\$4.9 million in FY2017 from S\$5.6 million in FY2016, due mainly to a foreign exchange loss in FY2017 versus a foreign exchange gain in FY2016.

16. A breakdown of sales as follows:-

Group	Year Ended 31-Dec		Change %
	2017 S\$'000	2016 S\$'000	
Sales reported for the first half year	92,041	101,998	(9.8)
Profit after tax before deducting non-controlling interests reported for the first half year	1,520	3,557	(57.3)
Sales reported for the second half year	102,932	96,563	6.6
Profit after tax before deducting non-controlling interests reported for the second half year	3,940	8,305	(52.6)

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>2017</b>	<b>2016</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Declared and paid during the financial year:</b>		
- Final tax exempt dividend (FY 2016) of 1.0 cent per share paid on 19 May 2017 (2016: 13 May 2016)	7,530	7,530
- An interim tax exempt dividend of 0.25 cent per share paid on 7 September 2017 (2016: 8 September 2016)	1,882	1,882
- Second interim tax exempt dividend of 0.25 cent per share paid on 29 December 2017 (2016: 29 November 2016)	1,883	1,883
Total	<u>11,295</u>	<u>11,295</u>
<b>Proposed but not recognised as a liability as at 28 February 2018 (2016: 22 February 2017):</b>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- A final tax exempt dividend of 1.0 cent per share	<u>7,530</u>	<u>7,530</u>

**18. 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).

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the listing manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Tan Wee Sin  
Company Secretary  
Singapore, 28 February 2018