



NEWS RELEASE

Fu Yu Posts PATMI of S\$4.5M in FY2017; Proposes Final Dividend of 1.0 Cent per Share

- Registers PATMI of S\$2.4 million on higher revenue of S\$52.7 million in 4Q17
- Operating profit increased 37.9% year-on-year to S\$4.7 million in 4Q17, and remained steady at S\$13.2 million for FY2017
- Final dividend brings total dividends for FY2017 to 1.5 cents per share
- Embarked on S\$20.3 million exercise to privatise its Bursa-listed subsidiary

Singapore, 28 February 2018 – 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 (“PATMI”) of S\$4.5 million for the 12 months ended 31 December 2017 (“FY2017”).

Group revenue of S\$195.0 million in FY2017 was a marginal dip of 1.8% compared to FY2016. While the Group achieved steady gross profit and maintained a tight rein on expenses, its bottom line was affected by a foreign exchange loss and share of loss of joint venture in FY2017. The foreign exchange loss, which comprises mainly unrealised loss, was due primarily to the depreciation of the US Dollar against the Group’s functional currencies in Singapore Dollar and Malaysia Ringgit. Consequently, its PATMI in FY2017 declined by 57.5% from S\$10.5 million in FY2016.

However, the Group’s profit before tax excluding foreign exchange translation impact and share of results of joint venture (“operating profit”) in FY2017 was steady at S\$13.2 million compared to S\$13.1 million in FY2016.

For the three months ended 31 December 2017 (“4Q17”), the Group delivered higher revenue of S\$52.7 million, up 8.7% from 4Q16 and 5.0% from 3Q17. As a result of higher revenue and better gross profit margin, the Group’s operating profit in 4Q17 jumped 37.9% to S\$4.7 million from S\$3.4 million in 4Q16. This was however offset by a foreign exchange loss and share of loss of joint venture incurred in 4Q17 which led to PATMI declining by 56.8% to S\$2.4 million from S\$5.6 million in 4Q16.

To reward shareholders for their support of Fu Yu, the Group has proposed a final dividend of 1.0 cent per share. Together with interim dividends of 0.5 cent per share, the Group’s total dividends with respect

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to FY2017 would be 1.5 cents per share (FY2016: 1.5 cents per share). This translates into a dividend payout of approximately 252% based on the Group's PATMI in FY2017.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "Although business conditions in the end-user markets that we serve remained difficult, the Group closed the year on a positive note as we notched up higher revenue in 4Q17 primarily on the back of improved sales in the networking & communications and medical segments. Sales of our automotive products, albeit modest, continued to grow while our printing & imaging segment generated steady sales in 4Q17 compared to 4Q16.

Thanks to our ongoing initiatives to control cost and raise operational efficiencies, the Group improved its gross profit margin and kept selling and administrative expenses constant during 4Q17. As a result, the Group posted a higher operating profit of S\$4.7 million in 4Q17 excluding the impact of foreign exchange and share of joint venture results. This was our highest quarterly operating profit during FY2017."

The Group's financial position as at 31 December 2017 remained sound 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 which includes cash and cash equivalents of around 12.67 cents per share.

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 and intense competition.

Said Mr Hew, "Going forward, we will focus on driving sales growth to improve the utilisation rates of the Group's plants. In addition, we will continue with our automation and lean management initiatives across our manufacturing operations to raise operational efficiencies. To improve Fu Yu's organisation structure for the future, the Group completed an amalgamation exercise of two subsidiaries in Singapore in FY2017, and is now proposing to acquire the remaining interests of our listed subsidiary in Malaysia."

The Group owns an equity interest of 70.64% in LCTH Corporation Berhad ("LCTH") which is listed on Bursa Malaysia Securities Berhad. To allow for greater flexibility in managing and developing LCTH's business and extract potential cost savings, the Group has proposed to privatise LCTH. This privatisation exercise, which will cost approximately S\$20.3 million, is subject to the approval of LCTH's shareholders at an Extraordinary General Meeting to be held on 8 March 2018. The Group believes full ownership of LCTH will enable it to better manage the production and financial resources of its operations in Asia.

"As part of our business development strategy, we will continue to work closely with existing customers on their new product introductions, and pursue opportunities with new customers especially in product and market segments that demonstrate growth potential or higher stability such as 3D printers, security-related, medical and green products.

We remain mindful of the volatile market environment as our business is ultimately driven by the end-user demand of customers' products. Hence, we will keep abreast of market trends to build a diversified product portfolio, and also maintain a sound financial position as this will ensure our ability to withstand challenging business periods and capitalise on opportunities when they arise," said Mr Hew.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 28 February 2018.

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/>