



**FU YU CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED
31 DECEMBER 2019**

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 2019.

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Revenue	46,077	48,066	(4.1)	194,128	197,687	(1.8)
Cost of sales	(34,467)	(39,378)	(12.5)	(155,901)	(162,409)	(4.0)
Gross profit	11,610	8,688	33.6	38,227	35,278	8.4
Other income	1,950	1,827	6.7	7,142	7,720	(7.5)
Selling and administrative expenses	(7,305)	(6,503)	12.3	(27,571)	(27,433)	0.5
Other operating (expenses)/income, net	(1,816)	(89)	NM	(926)	1,231	NM
(Impairment loss)/Reversal of impairment loss on trade receivables	(10)	145	NM	(10)	(75)	(86.7)
Results from operating activities	4,429	4,068	8.9	16,862	16,721	0.8
Finance costs *	(102)	-	(100.0)	(450)	-	(100.0)
Share of loss of joint venture (net of tax)	(4)	(245)	(98.4)	(207)	(798)	(74.1)
Profit before income tax	4,323	3,823	13.1	16,205	15,923	1.8
Tax expense	(585)	(888)	(34.1)	(3,515)	(3,726)	(5.7)
Profit for the quarter/year	3,738	2,935	27.4	12,690	12,197	4.0
Profit for the quarter/year attributable to:						
Owners of the Company	3,738	2,935	27.4	12,690	11,885	6.8
Non-controlling interests	-	-	NM	-	312	NM
Profit for the quarter/year	3,738	2,935	27.4	12,690	12,197	4.0
Earnings per share						
- basic and diluted earnings per share (cents)	0.50	0.39	27.4	1.69	1.58	6.8
NM denotes Not Meaningful						

* Adoption of SFRS(I) 16 on 1 January 2019 as disclosed in page 10, changes in accounting policies.

Consolidated Statement of Comprehensive Income

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Profit for the quarter/year	3,738	2,935	27.4	12,690	12,197	4.0
Other comprehensive income Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	(495)	(172)	NM	(1,185)	(251)	NM
Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	56	-	100.0	56	-	100.0
Other comprehensive income for the quarter/year (net of tax)	(439)	(172)	NM	(1,129)	(251)	NM
Total comprehensive income for the quarter/year (net of tax)	3,299	2,763	19.4	11,561	11,946	(3.2)
Total comprehensive income attributable to:						
Owners of the Company	3,299	2,763	19.4	11,561	11,088	4.3
Non-controlling interests	-	-	NM	-	858	NM
Total comprehensive income for the quarter/year	3,299	2,763	19.4	11,561	11,946	(3.2)
NM denotes Not Meaningful						

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

GROUP	Quarter Ended 31-Dec		Change %	Year Ended 31-Dec		Change %
	2019 S\$'000	2018 S\$'000		2019 S\$'000	2018 S\$'000	
Profit before income tax is arrived at after charging/(crediting) the following:						
Interest income	(431)	(387)	11.4	(1,698)	(1,604)	5.9
Gain on disposal of property, plant and equipment	(182)	(108)	68.5	(277)	(899)	(69.2)
Foreign exchange loss/(gain), net	1,921	80	NM	744	(1,253)	NM
Property, plant and equipment written off	20	9	NM	307	22	NM
Impairment loss/(Reversal of impairment loss) on trade receivables	10	(145)	NM	10	75	(86.7)
Depreciation of property, plant and equipment, investment property and right-of-use assets*	2,653	1,695	56.5	11,651	6,987	66.8
Reversal of impairment on property, plant and equipment	(186)	-	(100.0)	(186)	-	(100.0)
Interest expenses on lease liabilities*	102	-	100.0	450	-	100.0
(Write-back of)/Allowance for inventory obsolescence, net and inventories written off	(79)	99	NM	174	481	(63.8)
Adjustments for under/(over)provision of income tax in respects of the prior years	17	45	(62.2)	(29)	2	NM
Adjustments for (over)/underprovision of deferred tax in respects of the prior years	(111)	237	NM	(129)	200	NM
Closure cost for Shanghai factory [#]						
Cost of sales	226	-	100.0	4,199	-	100.0
Selling and administrative expenses	603	-	100.0	1,416	-	100.0
Loss on liquidation of subsidiary	60	-	100.0	60	-	100.0
NM denotes Not Meaningful						

* Included the depreciation of right-of-use assets following the adoption of SFRS(I) 16 on 1 January 2019 as disclosed in page 10, changes in accounting policies.

[#] The Group has announced a strategic decision to serve its customers in Shanghai from its factory in Suzhou following receipt of a notice for early lease termination of its business premises in Shanghai. An estimated closure cost has been recognised in financial year ended 31 December 2019. For more information, please refer to the Group's announcement on 23 August 2019.

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 19 S\$'000	As at 31 Dec 18 S\$'000	As at 31 Dec 19 S\$'000	As at 31 Dec 18 S\$'000
Non-current assets				
Property, plant and equipment *	54,040	44,810	18,995	12,019
Investment property	7,855	8,043	-	-
Subsidiaries	-	-	20,408	20,631
Amount due from subsidiary companies	-	-	27,111	27,724
Joint venture	497	705	-	-
Deferred tax assets	178	772	-	-
	62,570	54,330	66,514	60,374
Current assets				
Inventories	16,373	16,946	3,410	2,703
Contract assets	1,722	2,353	572	923
Trade and other receivables	49,954	54,026	9,450	11,746
Amount due from subsidiary companies	-	-	2,028	4,540
Tax recoverable	3	24	-	-
Short term investments	-	3,596	-	-
Cash and cash equivalents	88,455	80,310	50,566	44,400
	156,507	157,255	66,026	64,312
Total assets	219,077	211,585	132,540	124,686
Equity attributable to equity holders of the Company				
Share capital	102,158	102,158	102,158	102,158
Reserves	61,476	61,963	14,417	12,612
Total equity	163,634	164,121	116,575	114,770
Non-current liabilities				
Lease liabilities*	7,254	-	5,628	-
Deferred tax liabilities	1,538	953	624	859
	8,792	953	6,252	859
Current liabilities				
Trade and other payables	40,918	43,029	8,490	8,095
Amounts due to subsidiary companies	-	-	23	86
Contract liabilities	717	581	131	191
Lease liabilities*	2,142	-	162	-
Tax payable	2,874	2,901	907	685
	46,651	46,511	9,713	9,057
Total liabilities	55,443	47,464	15,965	9,916
Total equity and liabilities	219,077	211,585	132,540	124,686

* Included the right-of-use assets following the adoption of SFRS(I) 16 on 1 January 2019 as disclosed in page 10, changes in accounting policies.

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

The Group has no borrowings and debts securities as at 31 December 2019 and 31 December 2018.

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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Cash flows from operating activities				
Profit before income tax	4,323	3,823	16,205	15,923
Adjustments for:				
Depreciation of property, plant and equipment, investment property and right-of-use assets*	2,653	1,695	11,651	6,987
Reversal of impairment on property, plant and equipment	(186)	-	(186)	-
Loss on liquidation of subsidiary	60	-	60	-
Finance costs*	102	-	450	-
Interest income	(431)	(387)	(1,698)	(1,604)
Gain on disposal of property, plant and equipment	(182)	(108)	(277)	(899)
Property, plant and equipment written off	20	9	307	22
Share of loss of joint venture (net of tax)	4	245	207	798
Unrealised foreign exchange (gain)/loss	(106)	45	257	1,066
	<u>1,934</u>	<u>1,499</u>	<u>10,771</u>	<u>6,370</u>
	6,257	5,322	26,976	22,293
Changes in working capital:				
Inventories	2,664	1,286	317	387
Trade and other receivables	6,402	3,859	3,111	3,836
Contract assets	1,298	643	602	1,035
Trade and other payables	(9,378)	(2,046)	(1,537)	(1,438)
Contract liabilities	(136)	(207)	151	(727)
Cash generated from operating activities	<u>7,107</u>	<u>8,857</u>	<u>29,620</u>	<u>25,386</u>
Tax paid	(357)	(508)	(2,300)	(2,099)
Net cash from operating activities	<u>6,750</u>	<u>8,349</u>	<u>27,320</u>	<u>23,287</u>
Cash flows from investing activities				
Interest income received	431	387	1,698	1,604
Proceeds from disposal of property, plant and equipment	185	172	301	1,038
Purchase of property, plant and equipment	(3,054)	(2,124)	(7,283)	(7,229)
Withdrawal/(Placement) of short term investments	2,334	(1,422)	3,592	(276)
Net cash used in investing activities	<u>(104)</u>	<u>(2,987)</u>	<u>(1,692)</u>	<u>(4,863)</u>
Cash flows from financing activities				
Repayment of lease liabilities*	(838)	-	(5,008)	-
Dividends paid to owners of the Company	(1,883)	(2,259)	(12,048)	(12,048)
Consideration paid for selective capital reduction #	-	-	-	(20,716)
Payment of transaction cost related to selective capital reduction	-	-	-	(555)
Deposit pledged	(24)	(25)	(100)	(102)
Net cash used in financing activities	<u>(2,745)</u>	<u>(2,284)</u>	<u>(17,156)</u>	<u>(33,421)</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,901</u>	<u>3,078</u>	<u>8,472</u>	<u>(14,997)</u>
Cash and cash equivalents at beginning of financial quarter/year	81,274	74,053	77,018	92,252
Effects of exchange rate fluctuations on cash held	(107)	(113)	(422)	(237)
Cash and cash equivalents at end of financial quarter/year	<u>85,068</u>	<u>77,018</u>	<u>85,068</u>	<u>77,018</u>
For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise:				
Cash at bank and in hand	24,794	26,545	24,794	26,545
Deposits with banks	63,661	53,765	63,661	53,765
Cash and cash equivalents in the statement of financial position	<u>88,455</u>	<u>80,310</u>	<u>88,455</u>	<u>80,310</u>
Deposits pledged	(3,387)	(3,292)	(3,387)	(3,292)
Cash and cash equivalents in the consolidated cash flow statement	<u>85,068</u>	<u>77,018</u>	<u>85,068</u>	<u>77,018</u>

* Included the depreciation of right-of-use assets following the adoption of SFRS(I) 16 on 1 January 2019 as disclosed in page 10, changes in accounting policies.

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

In June 2018, the Group has increased its ownership of LCTH Corporation Berhad ("LCTH") from 70.64% to 100% following the settlement of the selective capital reduction and repayment exercise ("SCR") of LCTH. The carrying amount of LCTH net asset in the Group consolidated financial statements on the effective date of SCR was S\$71.6 million. The Group recognised decreases of S\$21.0 million and S\$6.4 million in non-controlling interest ("NCI") and translation reserve respectively, offset by an increase in retained earnings of S\$27.5 million, resulting in a net decrease in equity attributable to owners of the Company of S\$0.2 million.

	\$'000
Carrying amount of NCI at effective date of SCR	21,044
Consideration of SCR	(20,716)
Payment of transaction cost related to SCR	(555)
Decrease in equity attributable to owners of the Company	<u>(227)</u>

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 - 2019	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	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 October 2019	102,158	(415)	8,480	789	(22,579)	73,785	162,218	-	162,218
Profit for the quarter	-	-	-	-	-	3,738	3,738	-	3,738
Other comprehensive income for the quarter	-	-	-	-	(439)	-	(439)	-	(439)
- Foreign currency translation differences	-	-	-	-	(495)	-	(495)	-	(495)
- Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	-	-	-	-	56	-	56	-	56
Total comprehensive income for the quarter	-	-	-	-	(439)	3,738	3,299	-	3,299
Dividends paid to shareholders of the company	-	-	-	-	-	(1,883)	(1,883)	-	(1,883)
Transfer of reserves	-	-	10	-	-	(10)	-	-	-
At 31 December 2019	102,158	(415)	8,490	789	(23,018)	75,630	163,634	-	163,634

Group - 2018	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	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000		
At 1 October 2018	102,158	(415)	7,997	789	(21,717)	74,805	163,617	-	163,617
Profit for the quarter	-	-	-	-	-	2,935	2,935	-	2,935
Other comprehensive income for the quarter	-	-	-	-	(172)	-	(172)	-	(172)
- Foreign currency translation differences	-	-	-	-	(172)	-	(172)	-	(172)
Total comprehensive income for the quarter	-	-	-	-	(172)	2,935	2,763	-	2,763
Dividends paid to shareholders of the company	-	-	-	-	-	(2,259)	(2,259)	-	(2,259)
Transfer of reserves	-	-	483	-	-	(483)	-	-	-
At 31 December 2018	102,158	(415)	8,480	789	(21,889)	74,998	164,121	-	164,121

For the Year Ended 31 December (Group)

Group - 2019	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	earnings S\$'000			
At 1 January 2019	102,158	(415)	8,480	789	(21,889)	74,998	164,121	-	164,121
Profit for the year	-	-	-	-	-	12,690	12,690	-	12,690
Other comprehensive income for the year	-	-	-	-	(1,129)	-	(1,129)	-	(1,129)
- Foreign currency translation differences	-	-	-	-	(1,185)	-	(1,185)	-	(1,185)
- Exchange differences realised on liquidation of subsidiary reclassified to profit or loss	-	-	-	-	56	-	56	-	56
Total comprehensive income for the year	-	-	-	-	(1,129)	12,690	11,561	-	11,561
Dividends paid to shareholders of the company	-	-	-	-	-	(12,048)	(12,048)	-	(12,048)
Transfer of reserves	-	-	10	-	-	(10)	-	-	-
At 31 December 2019	102,158	(415)	8,490	789	(23,018)	75,630	163,634	-	163,634

Group - 2018	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	earnings S\$'000			
At 1 January 2018	102,158	140	7,997	789	(14,672)	68,896	165,308	20,186	185,494
Profit for the year	-	-	-	-	-	11,885	11,885	312	12,197
Other comprehensive income for the year	-	-	-	-	(797)	-	(797)	546	(251)
- Foreign currency translation differences	-	-	-	-	(797)	-	(797)	546	(251)
Total comprehensive income for the year	-	-	-	-	(797)	11,885	11,088	858	11,946
Dividends paid to shareholders of the company	-	-	-	-	-	(12,048)	(12,048)	-	(12,048)
Selective capital reduction	-	-	-	-	-	(20,716)	(20,716)	-	(20,716)
Payment of transaction cost related to selective capital reduction	-	(555)	-	-	-	-	(555)	-	(555)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(6,420)	27,464	21,044	(21,044)	-
Transfer of reserves	-	-	483	-	-	(483)	-	-	-
At 31 December 2018	102,158	(415)	8,480	789	(21,889)	74,998	164,121	-	164,121

For the Quarter Ended 31 December (Company)

Company - 2019	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 October 2019	102,158	789	(1,425)	16,581	118,103
Profit for the quarter	-	-	-	355	355
Total comprehensive income for the quarter	-	-	-	355	355
Dividends paid to shareholders of the company	-	-	-	(1,883)	(1,883)
At 31 December 2019	102,158	789	(1,425)	15,053	116,575

Company - 2018	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 October 2018	102,158	789	(1,425)	12,483	114,005
Profit for the quarter	-	-	-	3,024	3,024
Total comprehensive income for the quarter	-	-	-	3,024	3,024
Dividends paid to shareholders of the company	-	-	-	(2,259)	(2,259)
At 31 December 2018	102,158	789	(1,425)	13,248	114,770

For the Year Ended 31 December (Company)

Company - 2019	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2019	102,158	789	(1,425)	13,248	114,770
Profit for the year	-	-	-	13,853	13,853
Total comprehensive income for the year	-	-	-	13,853	13,853
Dividends paid to shareholders of the company	-	-	-	(12,048)	(12,048)
At 31 December 2019	102,158	789	(1,425)	15,053	116,575

Company - 2018	Share capital S\$'000	Revaluation reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2018	102,158	789	(1,425)	12,133	113,655
Profit for the year	-	-	-	13,163	13,163
Total comprehensive income for the year	-	-	-	13,163	13,163
Dividends paid to shareholders of the company	-	-	-	(12,048)	(12,048)
At 31 December 2018	102,158	789	(1,425)	13,248	114,770

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, 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 2019 was 752,994,775 (31 December 2018: 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 modifications or emphasis of a 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

Accounting policies and methods of computation used in the consolidated financial statements for the fourth quarter ended 31 December 2019 are consistent with those applied in the financial statements for the year ended 31 December 2018, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2019 as disclosed in item 5 below.

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

The Group's financial statements for the financial period beginning 1 January 2019 is prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)) issued by the Accounting Standards Council (ASC).

The Group adopted SFRS(I) 16 on 1 January 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group further applied the practical expedient to recognise the amounts of right-of-use ("ROU") assets equal to their lease liabilities at 1 January 2019.

As at 1 January 2019, the Group and the Company have recognised the ROU assets and lease liabilities of \$11,054,000 and \$3,919,000 respectively. The nature of expenses related to these leases has changed as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

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	
	2019	2018	2019	2018
<i>Earnings per share</i> - basic and diluted (cents)	0.50	0.39	1.69	1.58

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 (2018: 752,994,775).

There was no difference between the basic and diluted earnings per share as the Company has no dilutive securities as at 31 December 2019 and 31 December 2018.

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 19	31 Dec 18	31 Dec 19	31 Dec 18
Net asset value (S\$'000)	163,634	164,121	116,575	114,770
Issued capital at the end of the period ('000)	752,995	752,995	752,995	752,995
Net asset value per Ordinary Share (cents)	21.73	21.80	15.48	15.24

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 2019 ("4Q19"), the Group's revenue decreased by 4.1% to S\$46.1 million compared to S\$48.1 million in 4Q18. The Group's operations in Malaysia reported higher revenue and partially offset softer sales from its Singapore and China operations in 4Q19.

For the year ended 31 December 2019 (“FY2019”), Group revenue dipped marginally by 1.8% to S\$194.1 million from S\$197.7 million in FY2018. This was attributed mainly to lower sales from the Group’s China segment, partially buffered by higher revenue contribution from its Malaysia segment.

Sales from the Singapore operations in FY2019 were relatively steady at S\$46.3 million compared to S\$47.3 million in FY2018, attributed primarily to stable sales of medical and automotive products. Sales of the Malaysia segment improved 10.7% to S\$42.2 million from S\$38.1 million in FY2018, driven mainly by higher sales of consumer products and power tools.

Sales from the China operations decreased 6.0% to S\$105.6 million in FY2019 from S\$112.3 million in FY2018. This was due mainly to lower sales derived from the printing & imaging segment, which was partially buffered by higher sales from the consumer and medical segments.

As a result, the revenue contribution from Malaysia segment grew to 21.7% in FY2019 compared to 19.3% in FY2018 while the contribution from Singapore segment remained unchanged at 23.9% in FY2019. On the other hand, China operations accounted for a lower 54.4% of Group revenue in FY2019 as compared to 56.8% in FY2018.

Gross Profit

Notwithstanding lower revenue, the Group’s gross profit increased by 33.6% to S\$11.6 million in 4Q19 from S\$8.7 million in 4Q18. Gross profit margin expanded to 25.2% in 4Q19 from 18.1% previously, despite the recognition of one-time expenses of around S\$0.2 million in relation to the closure of the Group’s subsidiary in Shanghai (“Fu Yu Shanghai”) which has ceased manufacturing operations at the end of December 2019.

The Group’s gross profit for FY2019 also climbed 8.4% to S\$38.2 million from S\$35.3 million in FY2018. This translated into a higher gross profit margin of 19.7% in FY2019 compared to 17.8% in FY2018.

Excluding the one-time expenses of around S\$4.2 million that was recognised in the cost of sales, the Group would have registered higher gross profit of S\$42.4 million and gross profit margin of 21.9% in FY2019. This improvement reflected the Group’s efforts to enhance its sales mix as well as its ongoing initiatives to achieve better cost and operational efficiencies.

Other Income

The Group recorded other income of S\$2.0 million in 4Q19 compared to S\$1.8 million in 4Q18, attributed mainly to higher interest income and gain from sale of property, plant and equipment. For FY2019, other income declined to S\$7.1 million from S\$7.7 million in FY2018 due mainly to lower gain from sale of property, plant and equipment.

Selling and Administrative Expenses

Selling and administrative expenses in 4Q19 increased to S\$7.3 million from S\$6.5 million previously. These expenses also increased 0.5% to S\$27.6 million in FY2019 from S\$27.4 million in FY2018. Excluding the one-time expenses of around S\$1.4 million in relation to the closure of Fu Yu Shanghai, the Group’s selling and administrative expenses declined to S\$26.2 million due to cost savings derived from the Group’s ongoing cost control measures and reduction in headcount.

Other Operating Expenses / Income

The Group recorded higher other operating expenses of S\$1.8 million in 4Q19, compared to S\$89,000 in 4Q18. This was attributed mainly to a larger foreign exchange loss as a result of the depreciation of the US Dollar against the functional currencies of the respective companies in the Group.

For FY2019, the Group registered other operating expenses of S\$0.9 million as compared to other operating income of S\$1.2 million in FY2018. This was due mainly to a foreign exchange loss in FY2019 versus a gain in FY2018, which resulted in a negative swing of S\$2.0 million. The other operating expenses in FY2019 were also attributed partly to an increase in property, plant and equipment written off when compared to FY2018.

The Group recognises foreign exchange gains or losses as a result of transactions denominated in foreign currencies, and 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 depreciation of the US Dollar against the Singapore Dollar and Malaysia Ringgit in 4Q19 and FY2019 contributed to the foreign exchange loss.

Finance Costs

Following the adoption of SFRS(I) 16, the Group's operating leases are recognised as Right-Of-Use (ROU) assets and lease liabilities on its balance sheet (Please refer to section 5 for more information). With these lease liabilities, an interest expense has been charged accordingly. Hence, the Group recorded non-cash finance costs of S\$0.1 million in 4Q19 and S\$0.5 million in FY2019.

Profit Before Income Tax

The Group's profit before income tax in 4Q19 jumped 13.1% to S\$4.3 million from S\$3.8 million in 4Q18. Profit before tax excluding foreign exchange impact and share of results of joint venture ("operating profit") amounted to S\$6.2 million in 4Q19, an increase of 50.6% from S\$4.1 million in 4Q18.

For FY2019, the Group's profit before income tax rose 1.8% to S\$16.2 million from S\$15.9 million in FY2018. Operating profit in FY2019 improved by 10.9% to S\$17.2 million from S\$15.5 million in FY2018.

Excluding the one-time expenses totalling S\$5.6 million (*recognised in cost of sales, and selling and administrative expenses*) in relation to the closure of Fu Yu Shanghai, the Group's profit before income tax would have increased 37.0% to S\$21.8 million, and operating profit would have gained 47.2% to S\$22.8 million in FY2019 as compared to FY2018.

Tax Expense

The Group incurred tax expense of S\$0.6 million for 4Q19 and S\$3.5 million for FY2019 which translated to effective tax rates of 13.5% and 21.7% respectively. Excluding the withholding taxes which arose from services rendered to and dividend income from China subsidiaries, the effective tax rates were 13.4% for 4Q19 and 19.8% for FY2019. The Group's effective tax rate is higher than Singapore's statutory tax rate of 17% due mainly to losses incurred by certain companies which cannot be offset against profits earned by other companies within the Group, and varying statutory tax rates of the countries in which the Group operates. This was offset partially by the recognition of deferred tax asset in 4Q19.

Net Profit Attributable to Owners of the Company

The Group reported a robust increase in net profit attributable to owners of the Company of 27.4% to S\$3.7 million in 4Q19 from S\$2.9 million in 4Q18.

For FY2019, net profit attributable to owners of the Company increased by 6.8% to S\$12.7 million from S\$11.9 million in FY2018. Excluding the one-time expenses of S\$5.6 million, the Group would have recorded a 54.0% growth in net profit attributable to owners of the Company to S\$18.3 million in FY2019.

Dividend

The Board of Directors has proposed a final tax exempt dividend of 1.0 cent per share in respect of FY2019. Together with the interim dividends of 0.6 cent per share, the Group's total dividend in respect of FY2019 would be 1.6 cents per share which is the same as the dividends for FY2018. This translates into a dividend payout of approximately 95.0% based on net profit attributable to owners of the Company for FY2019.

BALANCE SHEET

As at 31 December 2019, the Group remained in a sound financial position with a cash balance of S\$88.5 million and zero borrowings. Shareholders' equity stood at S\$163.6 million, equivalent to net asset value of 21.73 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 11.75 cents per share.

Total assets as at 31 December 2019 increased to S\$219.1 million from S\$211.6 million as at 31 December 2018. The increase was attributed mainly to higher cash and cash equivalents, and ROU assets of S\$10.1 million following the Group's adoption of SFRS(I) 16. In line with SFRS(I) 16, operating leases are recognised as ROU assets with the corresponding lease liabilities (computed based on present value) recorded on the balance sheet. These were offset partially by reductions in trade and other receivables as well as inventories.

The Group's total liabilities increased to S\$55.4 million as at 31 December 2019 compared to S\$47.5 million as at 31 December 2018. The increase was attributed mainly to the lease liabilities as a result of the adoption of SFRS(I) 16, offset partially by a decrease in trade and other payables.

CASH FLOW STATEMENT

The Group generated net cash from operating activities of S\$27.3 million in FY2019. This was attributed mainly to operating profit before working capital changes of around S\$27.0 million, as well as reductions in inventories and trade and other receivables. These were offset partially by a decrease in trade and other payables as well as higher tax payment.

Net cash used in investing activities amounted to S\$1.7 million during FY2019. The Group incurred capital expenditure of S\$7.3 million which was offset partially by a withdrawal of short term investments and receipt of interest income.

Net cash used in financing activities totalled S\$17.2 million in FY2019. This was attributed mainly to payment of dividends of around S\$12.0 million to shareholders of the company during FY2019 and the repayment of lease liabilities following the adoption of SFRS(I) 16. The repayment of lease liabilities were previously classified under changes in working capital (trade and other payables).

As a result of the above, the Group's cash and cash equivalents increased to S\$88.5 million (including cash deposits pledged of S\$3.4 million) at the end of FY2019 as compared to S\$80.3 million as at 31 December 2018.

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

During FY2019, Fu Yu continued to make encouraging progress in its efforts to strengthen its business and operations despite challenging business conditions caused by heightened global trade tensions and geopolitical uncertainties.

With a diversified product portfolio, the Group attained steady revenue in FY2019 as higher sales of consumer and medical products as well as power tools, helped to counterbalance weaker demand from the printing & imaging segment.

As a result of its continuous efforts to enhance the quality of sales mix and achieve better cost and operational efficiencies, the Group saw an improvement in its profitability in FY2019 even though revenue was largely unchanged. Excluding one-time expenses in relation to the closure of Fu Yu Shanghai, the Group's net profit attributable to owners of the Company ("PATMI") increased by 54.0% to S\$18.3 million in FY2019.

In FY2019, the Group continued to pursue initiatives to optimise its organisation structure and strengthen its operations. In July 2019, it commenced members' voluntary liquidation process of a 40%-owned loss-making joint venture in Malaysia.

In August 2019, the Group announced a strategic decision to serve its customers in Shanghai from its factory in Suzhou. It has ceased manufacturing operations of Fu Yu Shanghai at the end of November 2019 and transferred production equipment from Fu Yu Shanghai to the Suzhou factory. The Group believes this exercise will rationalise the cost structure of its China operations and enable it to benefit from better utilisation of production resources and lower fixed overheads. (For more information, please refer to the Group's announcement on 23 August 2019).

In August 2019, the Group also disclosed plans to elevate the manufacturing competencies of its Singapore operations through the redevelopment of its premises at 9 Tuas Drive ("Plot 9"). The original building at Plot 9 has been demolished and will be replaced by a new building with an estimated gross floor area that is over three times larger. The building will house office space, warehouse and a factory with new manufacturing equipment that will have an expanded production capacity and enhanced capabilities to produce higher precision and better quality products. Coupled with an improved layout of the new building, the Group expects to benefit from higher productivity and operational efficiencies. The estimated capital expenditure for the redevelopment project which is targeted for completion in the fourth quarter of 2020, is expected to be around S\$15.4 million. This cost will be partly defrayed by the assignment of the Group's premises at 5 Tuas Drive. (For more information, please refer to the Group's announcement on 8 January 2020).

Looking ahead, the operating landscape is expected to remain challenging due to heightened business and political uncertainties that could adversely affect the global economy. In addition, the COVID-19 outbreak in China could cause greater uncertainty to the economic outlook. As stipulated in the directives by local Chinese authorities in response to the COVID-19 situation, the Group's manufacturing operations in China had to remain closed after the Chinese New Year holidays. The Group's factories in China have subsequently resumed operations from mid-February 2020.

Given the uncertainty surrounding the severity and timeframe of the virus outbreak, it may be difficult at this point to determine its effect on the global markets and the Group. The Group's financial performance is also influenced by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar. Its overall sales performance is dependent on, among other factors, end-user demand for customers' products in the various market segments.

To achieve its goal of delivering sustainable and profitable growth over the long term, the Group will continue to focus on these strategic initiatives:

- i. increase its business development efforts to expand market share with existing customers and secure new customers in target market segments;
- ii. diversify its customer base across target market segments to ensure greater business resilience and stability;
- iii. focus on products that have longer life cycles and higher growth potential such as medical, automotive, eco-friendly and smart home consumer products, and 3D printers; and
- iv. continually improve its operations to achieve optimal capacity utilisation, high production efficiency and lean cost structure.

With its strong one-stop manufacturing capabilities, strategically-located facilities in Asia, diversified customer base and sound financial position, the Group is well positioned to capitalise on future business opportunities and withstand challenging business periods.

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 determined later.

(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 2019.

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	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Revenue and expenses												
Total external revenue	46,316	47,265	105,559	112,268	42,253	38,154	194,128	197,687	-	-	194,128	197,687
Inter-segment revenue	72	160	62	125	351	440	485	725	(485)	(725)	-	-
Segment profit before income tax *	18,866	16,158	6,901	6,144	13,860	8,533	39,627	30,835	(10,370)	(8,380)	29,257	22,455
Depreciation of property, plant and equipment, investment property and right-of-use assets#	(2,238)	(1,783)	(4,632)	(3,362)	(4,926)	(2,004)	(11,796)	(7,149)	145	162	(11,651)	(6,987)
Finance cost#	(176)	-	(92)	-	(182)	-	(450)	-	-	-	(450)	-
Foreign exchange (loss)/gain, (net)	(1,324)	1,026	(350)	(336)	(84)	78	(1,758)	768	1,014	485	(744)	1,253
Share of loss of joint venture (net of tax)	15,128	15,401	1,827	2,446	8,668	6,607	25,623	24,454	(9,211)	(7,733)	16,412	16,721
Profit before income tax	-	-	-	-	(207)	(798)	(207)	(798)	-	-	16,205	15,923
Tax expense											(3,515)	(3,726)
Net profit for the year											12,690	12,197
Other segment information												
Non-current assets	65,291	60,052	16,946	15,829	26,702	25,982	108,939	101,863	(46,547)	(48,305)	62,392	53,558
Unallocated assets											178	772
Total non-current assets											62,570	54,330
Capital expenditure	3,472	1,216	1,865	1,554	2,038	3,643	7,375	6,413	-	-	7,375	6,413
Interest income	977	672	107	127	614	805	1,698	1,604	-	-	1,698	1,604
Segment reporting assets	131,356	128,705	74,650	81,386	61,486	57,836	267,492	267,927	(48,596)	(57,138)	218,896	210,789
Unallocated assets											181	796
Total assets											219,077	211,585
Segment reporting liabilities	14,446	8,408	32,423	34,907	9,290	8,522	56,159	51,837	(5,128)	(8,227)	51,031	43,610
Unallocated liabilities											4,412	3,854
Total liabilities											55,443	47,464

* After excluding share of results of joint venture, finance cost, foreign exchange gain/(loss) net and depreciation.

Included the depreciation of right-of-use assets following the adoption of SFRS(I)16 on 1 January 2019 as disclosed in page 10, change in accounting policies.

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 in FY2019 was relatively steady at S\$46.3 million compared to S\$47.3 million in FY2018. This was attributed primarily to stable sales of medical and automotive products. Singapore segment accounted for 23.9% of Group revenue in FY2019, unchanged from FY2018. Excluding the dividend income from Malaysia and China subsidiaries totalling S\$10.2 million, Singapore segment would have recorded a profit of S\$4.9 million in FY2019, a decrease of S\$2.5 million from S\$7.4 million in FY2018. This decline was due mainly to a foreign exchange loss in FY2019 as opposed to a foreign exchange gain in FY2018.

CHINA

China segment's revenue decreased S\$6.7 million to S\$105.6 million in FY2019 from S\$112.3 million in FY2018 due primarily to lower sales derived from the printing & imaging segment. As a result, China operations accounted for a lower 54.4% of Group revenue in FY2019 as compared to 56.8% in FY2018. China segment's profit decreased to S\$1.8 million in FY2019 from S\$2.4 million in FY2018 due mainly to the one-time expenses relating to the closure of Fu Yu Shanghai. Excluding the one-time expenses of S\$5.6 million, China segment would have recorded a higher profit of S\$7.4 million in FY2019 compared to S\$2.4 million in FY2018.

MALAYSIA

Malaysia segment's revenue increased S\$4.1 million to S\$42.2 million in FY2019 from S\$38.1 million in FY2018. This was attributed primarily to higher sales of consumer products and power tools. Malaysia segment's contribution to Group revenue expanded to 21.7% in FY2019 from 19.3% in FY2018. Malaysia segment's profit increased S\$2.1 million to S\$8.7 million in FY2019 from S\$6.6 million in FY2018 attributed mainly to improved sales.

16. **A breakdown of sales as follows:-**

Group	Year Ended 31-Dec		Change %
	2019 S\$'000	2018 S\$'000	
First Half			
Sales reported for the first half year	96,773	97,184	(0.4)
Profit after tax before deducting non-controlling interests reported for the first half year	5,044	4,867	3.6
Second Half			
Sales reported for the second half year	97,355	100,503	(3.1)
Profit after tax before deducting non-controlling interests reported for the second half year	7,646	7,330	4.3

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

	2019	2018
	S\$'000	S\$'000
Declared and paid during the financial year:		
- Final tax exempt dividend (FY 2018) of 1.0 cent per share paid on 23 May 2019 (2018: 23 May 2018)	7,530	7,530
- An interim tax exempt dividend of 0.35 cent per share (2018:0.3 cent) paid on 3 September 2019 (2018: 10 September 2018)	2,635	2,259
- Second interim tax exempt dividend of 0.25 cent per share (2018:0.3 cent) paid on 5 December 2019 (2018: 5 December 2018)	1,883	2,259
Total	12,048	12,048
Proposed but not recognised as a liability as at 24 February 2020 (2018: 26 February 2019):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- A final tax exempt dividend of 1.0 cent per share	7,530	7,530

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

Kong Wei Fung
Company Secretary
Singapore, 24 February 2020