富裕
FuYu

FU YU CORPORATION LIMITED

ANNUAL REPORT 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr John Chen Seow Phun, Chairman
Ching Heng Yang, Vice Chairman
Tam Wai
Ho Nee Kit
Hew Lien Lee
Tan Yew Beng
Foo Say Tun

EXECUTIVE DIRECTORS
Ching Heng Yang
Tam Wai
Ho Nee Kit
Hew Lien Lee

NON-EXECUTIVE DIRECTORS
Dr John Chen Seow Phun
Tan Yew Beng
Foo Say Tun

AUDIT COMMITTEE
Dr John Chen Seow Phun, Chairman
Tan Yew Beng
Foo Say Tun

NOMINATING COMMITTEE
Foo Say Tun, Chairman
Dr John Chen Seow Phun
Tan Yew Beng

REMUNERATION COMMITTEE
Tan Yew Beng, Chairman
Dr John Chen Seow Phun
Foo Say Tun

COMPANY SECRETARY
Low Siew Tian
Chan Lai Yin

REGISTERED OFFICE
8 Tuas Drive 1
Singapore 638675
Tel : (65) 6578 7338
Fax: (65) 6578 7347
Website: www.fuyucorp.com

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

EXTERNAL AUDITORS
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Bay Choon Huay Esther
Since financial year 2014

BANKERS
DBS Bank Ltd
Malayan Banking Berhad

CORPORATE PROFILE

Established in 1978 as a partnership fabricating injection moulds and manufacturing plastic injection parts, Fu Yu has since grown to become a listed corporation with global presence. We are now one of the largest manufacturers and suppliers of high-precision injection moulds and plastic parts in Asia. Currently, we have 10 manufacturing plants in Singapore, Malaysia and China.

Taking a vertically integrated approach towards greater profitability, our operations make a complete range from design to fabrication to assembly, and include secondary processes such as silk screening, pad printing, ultrasonic welding, heatstaking and spray painting. The markets we serve include the information technology, telecommunications, automotive, medical, electronic and electrical appliance and water filtration in home appliance sectors.

MISSION STATEMENT

Fu Yu aims to be the preferred global partner in engineering plastic products, from design to full assembly. We will deliver our vision through: embracing technology and creativity; providing satisfaction to our customers; continuous learning for our people; and maximising returns to our shareholders.

CONTENTS

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

FY2014 continued to be a challenging year for Fu Yu as competition within the industry heightened. Many companies were affected by downward price pressure and rising operating costs. Against this backdrop, the Group performed well in 2014, with a 28.5% improvement in net profit to S$11.2 million despite a 10.2% dip in revenue to S$254.4 million.

The higher profitability was the result of tighter cost management and our relentless focus to drive productivity, amidst ongoing efforts to right-size the operations of our various plants. All these factors had pushed our gross profit up by 51.8% to S$31.1 million. Gross profit margin improved 5.0 percentage points to 12.2%.

OPERATIONAL HIGHLIGHTS

Our results validated the cost management measures that were undertaken. During the year, we improved efficiency by trimming product rejection level and thus, cutting back on wastage. By studying the root cause for rejects and actively addressing it, we managed to improve product quality and raise on-specification production.

Heavy emphasis has been placed on lean manufacturing to improve overall productivity and uncover "hidden" capacity in our plants. We invested in new and more advanced machinery in replacement of the old ones and semi-automate or automated certain production processes. At the same time, we have been actively managing headcount by simplifying some of the production processes to ensure our headcount is at a lean but optimal level to support our operations.

Inventory control has also been tightened. To reduce obsolescence, we have been actively monitoring our inventory level to ensure it is aligned with customers' orders. Strong emphasis has been placed on just-in-time inventory management and tighter production planning control to reduce inventory holding. As part of right-sizing, we disposed excess or older machinery, and further streamlined job functions. Concurrently, excess factory and office space at some locations have been leased out to yield rental income.

In Malaysia, despite lower revenue due to reduced contract manufacturing orders, we are now more focused in our core business after disposing excess assets of our major subsidiary in Malaysia, Classic Advantage Sdn Bhd ("Classic Advantage"), in 2013. During the year in review, we cut down on low margin projects and this had in turn lifted the Group's overall gross profit margin. Going forward, more resources will be channelled to pursue higher margin projects.

Maximising resources and space has always been a key focus in our cost management programme. In October 2014, Classic Advantage moved to a new but smaller purpose-built factory in the same Taman Teknologi Johor, Senai. As this factory is built on our own land, the Group saves on rental costs. Our previous sale and leased back plant, which is approximately seven times bigger than the new plant, has been sublet entirely to release Classic Advantage from the balance of lease commitment. This helps to ease the fixed cost.

In China, we are heartened that our Chongqing plant, which commenced operations in the second quarter of 2013, turned profitable in Q2 2014.

This is a noteworthy achievement, considering China's lacklustre economy, intense competition and rising labour costs. Our Shanghai plant continued to perform well. Some of our China subsidiaries also recorded improved performance. We will continue to look at ways to raise efficiency and tighten costs in all our China plants.

In Singapore, our headquarters, Fu Yu Corporation Ltd, recorded significantly higher revenue, boosted by sales of green and medical products – two growth drivers which we will continue to leverage on. Like our operations in Malaysia and China, we will strive to source for better margin projects and continue to improve productivity and efficiency in our Singapore plants.

OUTLOOK

Looking ahead, we expect industry competition to remain intense or intensify, amidst uncertainty in the global economy. With excess capacity in the region, price pressure from customers and rising operating costs, the challenge is for us to continuously cement our foundation to support sustainable growth.

With our continued efforts to consolidate and streamline operations in the three geographical segments that we operate in, we are now in a stronger position to build on our core business – manufacturing and sub-assembly of precision plastic parts and components, as well as fabrication of precision moulds and dies. Our improved profitability in 2014 shows the Group is moving in the right direction and this will spur us to push on with lean production and cost structure improvement.

We anticipate a growing demand for medical and green products in our operating markets. In the next few years, the solar and automotive sectors will also be key growth drivers for our operations. To ride these opportunities, it is important that we continue to stay close to our customers, keep our ears to the ground and step up our sales and marketing efforts to attract more orders. We will continue to strengthen our core competencies and competitiveness through continuous improvements in quality, training and technologies, attract talents and hone our skill sets.

WORDS OF APPRECIATION

To our board of directors, management team, staff and business associates, thank you for your continued support. I look forward to forging stronger camaraderie with all of you as we propel the Group forward together. To our shareholders, thank you for placing your trust in Fu Yu.

DR JOHN CHEN SEOW PHUN
Chairman

OPERATIONS REVIEW

REVENUE

For the year ended 31 December 2014 (FY2014), the Group recorded a 10.2% decline in revenue from S$283.4 million to S$254.4 million. This was primarily due to lower revenue recorded by our Malaysian operations – a result of reduced low-margin contract manufacturing orders.

GROSS PROFIT AND GROSS MARGIN

Cost of sales decreased 15.1% from S$262.9 million to S$223.4 million because of lower revenue and a tighter control of manufacturing costs. The ongoing right-sizing at some operations have also resulted in lower operating costs. In Malaysia, we cut down on low margin projects and channeled more resources to pursue higher margin ones. At the same time, our new Chongqing subsidiary, which started production in Q2 2013, ramped up operational efficiency and turned profitable in FY2014. All these factors had lifted the Group's gross profit by 51.8% from S$20.5 million to S$31.1 million. Gross profit margin inched up 5.0 percentage points from 7.2% to 12.2% in FY2014, but was partly offset by higher depreciation charge due to FY2013's S$5.6 million reversal of impairment loss on property, plant and equipment and a reclassification of property, plant and equipment categories that took place in the current year.

OTHER INCOME

Other income in FY2014 decreased 51.1% from S$21.0 million to S$10.3 million due to the absence of two one-off items recorded in FY2013, namely a gain of S$6.7 million arising from the disposal of non-current assets held for sale by our Malaysian subsidiary, and the S$5.6 million reversal of impairment loss. Partially offsetting the decline in Other Income was an increase in interest and investment income, government grant and rental income as we leased out vacant space at certain plants.

SELLING AND ADMINISTRATIVE EXPENSES

In line with lower revenue, selling and administrative expenses decreased 17.1% from S$31.7 million to S$26.3 million as outward freight charges correspondingly declined. In FY2013, accruals of one-time incentive bonus for employees and a settlement sum to an ex-employee were recorded, which in turn drove up selling and administrative expenses.

OTHER OPERATING EXPENSES

Other operating expenses increased by S$0.7 million from S$0.3 million to S$1.0 million mainly due to a net impairment loss on property, plant and equipment amounting to S$0.5 million.

FINANCE COSTS

Finance costs in FY2014 increased as we activated our banking facility to fund the working capital needs of our Chongqing subsidiary. Utilisation of the banking facility had since reduced in Q4 2014 as we strengthened the working capital of our Chongqing plant.

PROFITABILITY

During the year, share of loss recorded by our equity accounted investee amounted to S$0.4 million, compared to share of profit of S$0.4 million in FY2013. The loss was due to an impairment of property, plant and equipment and a slow down in business activities.

Overall, driven by higher gross profit and lower selling and administrative expenses, profit before income tax (PBT) rose 37.7% from S$9.7 million last year to S$13.4 million in FY2014. It should be noted that PBT achieved in FY2013 included a one-off gain from the disposal of non-current assets held for sale by our Malaysian subsidiary and the reversal of impairment loss on property, plant and equipment. Excluding these two items, FY2014's PBT would have been much better than that of FY2013's.

Income tax expense rose by S$1.2 million from S$1.0 million to S$2.2 million in FY2014 due to our profitable China and Malaysian subsidiaries. During the year, deferred tax assets of certain subsidiaries were reversed but the impact was offset by the recognition of deferred tax assets from a Malaysia subsidiary and our holding company, Fu Yu Corporation. The latter arose because of unabsorbed losses, unutilised capital and enhanced allowances.

Due to the above reasons, the Group rounded up FY2014 with a 28.5% improvement in net profit to S$11.2 million.

CASH POSITION

As at 31 December 2014, cash and cash equivalents (excluding cash deposits pledged) stood at S$79.9 million, up from S$69.1 million last year. The S$10.8 million increase in cash and cash equivalents (including effects of exchange rates fluctuations on cash held) was due to net cash of S$23.4 million generated from operating activities. The latter was partially offset by net cash of S$13.1 million used in investing activities, mainly for the purchase of property, plant and equipment.

Moving ahead, it is important that we continue to strengthen our cash position as it will equip us with adequate financial resources to pursue business opportunities promptly, as and when they arise.

GEOGRAPHICAL SEGMENT REVIEW

SINGAPORE

Our Singapore operations registered improved sales and profit in FY2014, driven by increased demand for tooling and higher sales of medical and green products – two key growth drivers for Singapore. Revenue jumped 16.0% from S$36.9 million last year to S$42.8 million, equivalent to 16.8% of total FY2014 Group revenue.

As a result of increased sales of better margin products, improved operational efficiency and better cost management, profit before income tax for Singapore increased by S$1.4 million from S$1.2 million in FY2013 to S$2.6 million in FY2014. The profit growth was partially offset by an increase in depreciation charge due to the S$2.2 million reversal of impairment loss on property, plant and equipment in FY2013. FY2013's profitability was affected by the accruals of one-off incentive bonus for employees and a settlement sum payable to an ex-employee in Q4 2013.

CHINA

China, our largest revenue contributor, posted a marginal decrease in revenue from S$165.2 million to S$164.7 million, representing 64.7% of total Group revenue in FY2014. Profit increased by S$4.4 million from S$1.9 million to S$6.3 million due to tighter cost control across our China subsidiaries, and improved operational efficiency at our new Chongqing plant. The Chongqing plant turned profitable one year after it commenced production in Q2 2013.

As with our Singapore operations, China's profit growth was partially offset by an increase in depreciation charge arising from the S$3.9 million reversal of impairment loss on property, plant and equipment in FY2013. The higher depreciation charge was also partially resulted from a reclassification of property, plant and equipment categories that took place in the current year.

MALAYSIA

Due to reduced contract manufacturing orders, Malaysia recorded a decline of 42.3% in revenue from S$81.3 million to S$46.9 million in FY2014. Sales from Malaysia constituted 18.5% of Group revenue. We have shifted away from contract manufacturing business, which yields lower margins. Instead, more resources are channeled to pursue higher margin projects. During the year, overhead costs such as rental expenses, depreciation and labour costs, were also significantly reduced as a result of our ongoing right-sizing exercise.

Profit before tax decreased 19.1% from S$6.4 million to S$5.2 million in FY2014. Excluding FY2013's one-time gain of S$6.7 million following the disposal of non-current assets held for sale, Malaysia recorded loss of S$0.3 million last year. From this perspective, Malaysia's performance in FY2014 was stronger than FY2013's.

Overall, Malaysia turned in stronger performance in FY2014, due to marked improvement in production efficiency, better cost management from right-sizing exercise, and our strategic shift in focus towards higher margin projects.

AWARDS AND CERTIFICATIONS

AWARDS RECEIVED BY FU YU GROUP IN YEAR 2014	
COMPANY	**AWARDS**
Fu Yu Corporation Limited	Singapore 1000 Company 2014
Fu Hao Manufacturing (M) Sdn Bhd	Preferred Supplier Award 2014 from Bosch Germany

CORPORATE ISO AND QS CERTIFICATION FOR FU YU GROUP AS AT END OF YEAR 2014				
COMPANY	**ISO 9001:2008**	**ISO 13485:2012**	**ISO 14001:2004**	**TS 16949:2009**
Fu Yu Corporation Limited	^		^	
Classic Advantage Sdn Bhd	^		^	^
Fu Hao Manufacturing (M) Sdn Bhd	^		^	^
SolidMicron Technologies Pte Ltd	^			^
NanoTechnology Manufacturing Pte Ltd	^	^	^	
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.	^		^	^
Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.	^		^	^
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.	^	^	^	^
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.	^		^	^
Fu Yu Moulding & Tooling (Chongqing) Co., Ltd.	^			

2015 CORPORATE CERTIFICATION PLAN	
Company	**Plan**
Fu Yu Corporation Limited	ISO 13485:2012
Fu Yu Moulding & Tooling (Chongqing) Co., Ltd.	ISO 14001:2004, TS16949:2009
Fu Hao Manufacturing (M) Sdn Bhd	ISO 13485:2012

GROUP STRUCTURE

富裕 FuYu

FU YU CORPORATION LIMITED

- 80% NANOTECHNOLOGY MANUFACTURING PTE LTD
- 100% SOLIDMICRON TECHNOLOGIES PTE LTD
- 100% CHANG FU RESOURCES PTE LTD
- 100% FU YU MOULDING & TOOLING (SUZHOU) CO., LTD.
- 100% FU YU MOULDING & TOOLING (DONGGUAN) CO., LTD.
- 100% FU YU MOULDING & TOOLING (ZHUHAI) CO., LTD.
- 100% FU YU MOULDING & TOOLING (WUJIANG) CO., LTD.△
- 100% FU YING MOULDING & TOOLING (SHENZHEN) CO., LTD.*
- 100% FU YU ELECTRONICS (DONGGUAN) CO., LTD.#
- 100% FU YU TRADING LIMITED
- 100% FU YU INTERNATIONAL ENTERPRISE LIMITED
- 100% FU YU INVESTMENT PTE LTD
- 70.64% LCTH CORPORATION BERHAD
  - 100% CLASSIC ADVANTAGE SDN BHD
  - 100% FU HAO MANUFACTURING (M) SDN BHD
  - 40% BERRY PLASTICS MALAYSIA SDN BHD (FORMERLY KNOWN AS REXAM MALAYSIA SDN BHD)
- 100% FU YU MOULDING & TOOLING (SHANGHAI) CO., LTD.
- 100% FU YU MOULDING & TOOLING (CHONGQING) CO., LTD.

△ Ceased production

* Under member's voluntary liquidation

\# Dormant

BOARD OF DIRECTORS

DR JOHN CHEN SEOW PHUN *Non-Executive Chairman, Independent Director*

Dr John Chen Seow Phun, 61, was appointed as Non-Executive Chairman and Independent Director of the Company on 27 November 2007 and was last re-elected on 30 April 2013. Dr Chen was a Member of Parliament from 1998 to 2006. He was the Assistant Secretary General of the NTUC from 1991 to 1997 and served as the Deputy Chairman and Managing Director of NTUC Healthcare Co-op from 1992 to 1997. From March 1997 to June 1999, he was the Minister of State, Ministry of Communications. And from June 1999 to November 2001, he was the Minister of State, Ministry of Communications & Information Technology as well as Ministry of National Development. Prior to joining the Government in 1997, Dr Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd.

Dr Chen is presently the Executive Chairman of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd) and the Chairman of SAC Capital Pte Ltd. He also sits on the board of a number of publicly listed companies.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.

At 31 December 2014, Dr Chen holds 0.13% direct interest in the Company.

CHING HENG YANG *Vice Chairman, Executive Director*

Mr Ching, 64, one of the co-founders of Fu Yu, is the Vice Chairman and Executive Director of the Group. Mr Ching was appointed as the Executive Director on 10 December 1980 and was last re-elected on 30 April 2013. He will stand for re-election as a Director in the forthcoming Annual General Meeting. Mr Ching oversees the plastic injection moulding, finishing and sub-assembly operations of the Group. He is also responsible for the investment in factory buildings and machinery of the Group. Mr Ching has over 40 years of experience in the mould fabrication and plastic injection moulding industry.

Mr Ching is a member of the Singapore Institute of Directors.

At 31 December 2014, Mr Ching holds 11.81% direct interest in the Company.

HO NEE KIT *Executive Director*

Mr Ho, 61, one of the co-founders of Fu Yu, is the Executive Director of the Group. He was appointed as the Executive Director on 10 December 1980 and was last re-elected on 29 April 2014. Mr Ho jointly oversees the mould fabrication, plastic injection moulding, finishing and sub-assembly operations of the Group. Prior to joining Fu Yu, Mr Ho worked for a plastic injection company as a tool maker. Realising the potential of the precision mould making industry in the 1970s, together with the other 3 partners who also shared the same vision of the industry, they founded Fu Yu in 1978.

Mr Ho is a member of the Singapore Institute of Directors.

At 31 December 2014, Mr Ho holds 12.88% direct interest in the Company.

TAM WAI *Executive Director*

Mr Tam, 64, one of the co-founders of Fu Yu, is the Executive Director of the Group. He was appointed as the Executive Director on 10 December 1980 and was last re-elected on 30 April 2013. Mr Tam oversees the mould design and fabrication operations of the Group. Prior to joining Fu Yu, he involved in mould design and fabrication for 10 years in Hong Kong specializing in high precision moulds for the electronics and electrical industries. Mr Tam has over 45 years of experience in the mould fabrication and plastic injection moulding industry.

Mr Tam is a member of the Singapore Institute of Directors.

At 31 December 2014, Mr Tam holds 12.84% direct and 0.04% deemed interests in the Company.

HEW LIEN LEE *Executive Director, Acting Chief Executive Officer and Chief Operating Officer*

Mr Hew, 58, was appointed as Executive Director and Chief Operating Officer of the Company on 22 March 2007. Mr Hew was appointed acting Chief Executive Officer on 21 May 2014. He was last re-elected on 26 April 2012 and will stand for re-election as Director in the forthcoming Annual General Meeting. Mr Hew is also the Managing Director of LCTH Corporation Berhad ("LCTH"), the Malaysia subsidiary of Fu Yu Group, listed on the Main Market of Bursa Malaysia Securities Berhad, Malaysia on 8 November 2004. Mr Hew joined Fu Yu in 1984 and holds a Diploma in Electrical Engineering. With 35 years of experience in the plastic injection moulding industry, he has played an instrumental role in the successful listing of LCTH. He is responsible for the overall strategic direction and management of the Group.

Mr Hew is a member of the Singapore Institute of Directors.

As at 31 December 2014, Mr Hew holds 1.08% direct interest in the Company.

TAN YEW BENG *Non-Executive Director, Independent Director*

Mr Tan, 58, is a Non-Executive and Independent Director of Fu Yu. He was appointed as Director on 22 May 1995 and was last re-elected on 26 April 2012. Mr Tan will stand for re-election as Director in the forthcoming Annual General Meeting. Mr Tan is the Chairman of the Remuneration and member of the Audit and Nominating Committees. He is also a director of several Singapore and Malaysia companies.

Mr Tan holds a Bachelor of Commerce Degree from Nanyang University, Graduate Diploma in Marketing Management from the Singapore Institute of Management and Diploma in Marketing from the Institute of Marketing, United Kingdom.

Mr Tan is serving actively in several social, education and community organisations. In recognition of his contribution to the community, Mr Tan was awarded the Public Service Medal (Pingat Bakti Masyarakat – PBM) in 2008 and subsequently the Public Service Star (Bintang Bakti Masyarakat – BBM) in 2013. He is also a member of the Singapore Institute of Directors.

At 31 December 2014, Mr Tan holds 0.34% direct interest in the Company.

BOARD OF DIRECTORS

FOO SAY TUN *Non-Executive Director, Independent Director*

Mr Foo, 49, is a Non-Executive and Independent Director of Fu Yu. He was appointed as Director on 27 November 2007 and was last re-elected on 29 April 2014. He is presently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Foo is qualified to practise law in Singapore and Malaysia, and he used to practise civil and commercial litigation.

At 31 December 2014, Mr Foo holds 0.13% of direct interest in the Company.

KEY EXECUTIVES

YEO SEE JOO *Group Business Development Director*

Mr. Yeo, 51, joined Fu Yu Corporation Ltd as Group Business Development Director. He is responsible for formulating the Group's business development strategy, developing new business/market opportunities, growing existing business and proposing direction for product development. He has over 30 years of business development experience in the plastics industry holding middle to senior management positions. He joined Philips Machine Factory in 1983 as a mold maker and later joined Tritech Manufacturing Pte Ltd as mold designer and project engineer in 1986, and in 1994 joined Thomson Multi Media as a Tooling Engineer. In 1995 he joined TTL Holding Ltd (currently known as Scintronix Corporation Ltd) and in-charge of the Sales and Marketing and Programs Management in the company till 2005. He later joined Watson Plastics Manufacturing Pte Ltd as the Corporate Business Development Director. He holds an Advance Diploma in Business Management from University of Bradford.

TAN LAY KHENG *Group Human Resource Director*

Madam Tan, 61, was the Group Human Resource Manager before she is promoted to Group Human Resource Director in October 2008. She oversees the management and development of the human resources across the Group. She is also responsible for the administrative function of the Group. Madam Tan has 30 years of experience in Industrial Relations Management. She holds a Bachelor of Art Degree from Nanyang University of Singapore.

TAN CHEE KIAN *Acting CFO, General Manager of Fu Yu Dongguan*

Mr Tan, 59, joined the Group in August 2008 as Financial Controller of Southern China in charge of the finance and accounting functions of that region. In September 2010, he was appointed Acting CFO to assist on the Group's financial reporting. In July 2012, Mr Tan was appointed as General Manager of one of our subsidiaries in Southern China, Fu Yu Dongguan and responsible for the entire operations of the plant.

Mr Tan has more than 15 years of experience working as financial controller for various listed companies in Singapore before joining Fu Yu in 2008. He graduated from Nanyang University of Singapore in 1980 with a bachelor degree in accountancy. He is a member of the Institute of Singapore Chartered Accountants since 1987.

CHEAH NGOOK WAH *Group Financial Controller*

Ms Cheah, 41, is the Group Financial Controller of Fu Yu Group. She joined Fu Yu in August 2002 and was promoted to Group Financial Controller in June 2006. She is responsible for the Group's accounting and finance functions. Prior to joining Fu Yu, she was an auditor with two of the international accounting firms for five years. Ms Cheah is a member of Certified Public Accountant Australia and graduated from the University of Western Australia. She holds a Bachelor of Commerce Degree.

OUR NETWORK

SINGAPORE

FU YU CORPORATION LIMITED HEADQUARTERS
8 Tuas Drive 1, Singapore 638675
Tel: (65) 6578 7338
Fax: (65) 6578 7347
www.fuyucorp.com

NANOTECHNOLOGY MANUFACTURING PTE LTD
8 Tuas Drive 1, Singapore 638675
Tel: (65) 6755 2280
Fax: (65) 6755 7326
www.nanotechnology.com.sg

SOLIDMICRON TECHNOLOGIES PTE LTD
7 Tuas Drive 1, Singapore 638674
Tel: (65) 6933 8700
Fax: (65) 6933 8720
www.solidmicrontech.com

MALAYSIA

LCTH CORPORATION BERHAD
21 Jalan Teknologi 4
Taman Teknologi Johor
81400 Senai, Johor, Malaysia
Tel: (607) 599 9980
Fax: (607) 599 9982
www.lcthcorp.com

FU HAO MANUFACTURING (M) SDN BHD
Plot 562 Mukim 1
Lorong Perusahaan Baru 1 Perai III
Perai Industrian Estate, 13600 Perai
Penang, Malaysia
Tel: (604) 398 0500
Fax: (604) 398 3221

CLASSIC ADVANTAGE SDN BHD
21 Jalan Teknologi 4
Taman Teknologi Johor
81400 Senai
Johor, Malaysia
Tel: (607) 599 9980
Fax: (607) 599 9982

CHINA

FU YU MOULDING & TOOLING (DONGGUAN) CO., LTD
Jing Fu Rd, Xin Cheng Industry Area
Heng Li Town, Dongguan
Guangdong, China 523477
Tel: (86769) 8982 1818
Fax: (86769) 8982 1815

FU YU MOULDING & TOOLING (ZHUHAI) CO., LTD
477Jinhaian Road, Sanzao Town
Jin Wan District, Zhuhai, Guangdong
China 519040
Tel: (86756) 7761 862
Fax: (86756) 7761 851

FU YU MOULDING & TOOLING (SHANGHAI) CO., LTD
888 Xin Ling Road
WaiGaoQiao Free Trade Zone
Shanghai, China 200131
Tel: (8621) 5046 1225
Fax: (8621) 5046 0229

FU YU MOULDING & TOOLING (SUZHOU) CO., LTD
89 Xing Nan Road
Wuzhong Economic Skill Development Zone
Suzhou, China 215128
Tel: (86512) 6562 1838
Fax: (86512) 6563 9463

FU YU MOULDING & TOOLING (CHONGQING) CO., LTD
Blk 2 & 3, 18 Shi Gui Ave, Jie Shi Town
Banan District, Chongqing
China 401346
Tel: (86023) 6121 9988
Fax: (86023) 6121 9988-690

CORPORATE MILESTONE

2014
— Obtained ISO 9001:2008 certification for our plant in Chongqing, China
— Expiry of Fu Yu Employees Share Option Scheme on 31 December 2014

2012
— Set up Fu Yu Moulding & Tooling (Chongqing) Co., Ltd by Fu Yu Moulding & Tooling (Shanghai) Co., Ltd in China
— Obtained ISO 13485:2003 certification for our plants in Johor, Malaysia and Suzhou in China
— Obtained TS 16949:2009 certification for our plant in Penang, Malaysia
— Completion of member's voluntary liquidation of Fu Yu Moulding & Tooling (Tianjin) Co., Ltd
— Completion of member's voluntary liquidation of Fu Yu Moulding & Tooling (Wuxi) Co., Ltd

2011
— Set up Senawang plant by Classic Advantage Sdn Bhd
— Completion of disposal of properties in Tianjin plant, China

2010
— Entered into sale and purchase agreement to dispose properties in Tianjin plant, China
— Disposal of 100% interest in QingDao Fu Qiang Electronics Co., Ltd
— Sale and leaseback of Fu Yu Moulding & Tooling (Shanghai) Co., Ltd's properties
— Completion of member's voluntary liquidation of Fu Yu Guadalajara S.A.De C.V.
— Obtained ISO 14001:2004 and OHSAS 18001:2007 certification for our plant in Johor, Malaysia
— Obtained TS16949:2009 certification for our plants in Dongguan, Zhuhai and Suzhou in China
— Conversion of ISO 9001:2000 to ISO 9001:2008 certification for our plants in Johor, Malaysia and Dongguan, Zhuhai, Shanghai, Suzhou, Wujiang in China and SolidMicron in Singapore

2009
— Incorporation of Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd in Shenzhen, China
— Obtained ISO 14001:2004 certification for our plant in Penang, Malaysia
— Obtained TS 16949 certification for our plant in Johor, Malaysia
— Conversion of ISO 9001:2000 to ISO 9001:2008 certification for the Company and our plant in Penang, Malaysia

2008
— Grant of Options pursuant to Fu Yu Employees Share Option Scheme
— Completion of sale and leaseback of property located at 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, Senai, Johor, Malaysia
— Completion of Capital Repayment and Shares Consolidation of LCTH Corporation Berhad
— Obtained ISO 9001:2000, ISO 14001 and TS 16949 certification for our plant in Shanghai

2007
— Placement of 117 million new ordinary shares at S$0.18 each in the capital of the Company
— Signed Sale and Purchase Agreement for sale and leaseback of property located at 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, Senai, Johor, Malaysia
— Set up Fu Yu Moulding & Tooling (Wuxi) Co., Ltd, China
— Disposal of Kodon (Tianjin) Electronics & Electrical Apparatus Co., Ltd, China
— Implemented SAP Enterprise Resource Planning System at Fu Yu Moulding & Tooling (Suzhou) Co., Ltd, China
— Obtained ISO 9001:2000 certification for SolidMicron Technologies Pte Ltd
— Obtained ISO 13485:2003 certification for NanoTechnology Manufacturing Pte Ltd

2006
— Completion of sale and leaseback of property at 2 Serangoon North Avenue 5, Singapore
— Joint venture by LCTH Corporation Bhd (Malaysia) with Owens-Illinois Plastics Pte Ltd on the set up of a new company, O-I Plastics Malaysia Sdn Bhd in Malaysia
— Set up SolidMicron Technologies Pte. Ltd., Singapore
— Achieved ISO 14001 certification for our plants at Suzhou and Qingdao, China

CORPORATE MILESTONE

2005

— Entered into a Put and Call Option Agreement for sale and leaseback of Property at 2 Serangoon North Avenue 5, Singapore
— Entered into a Memorandum of Understanding by LCTH Corporation Bhd (Malaysia), with Knobs Sdn Bhd (Malaysia) to co-operate and work together as a strategic alliance
— Implemented SAP Enterprise Resource Planning System at Fu Yu Moulding & Tooling (Dongguan) Co., Ltd, China
— Set up Fu Yu Electronics (Dongguan) Co., Ltd, China
— Achieved ISO 9001:2000 & ISO 14001 for NanoTechnology Manufacturing Pte Ltd, Singapore
— Achieved ISO 14001 certification for our plant at Dongguan, China
— Achieved TS 16949 certification for our plant at Tianjin, China
— Achieved ISO 9001:2000 certification for our plant at Qingdao, China
— Wind up of USA plant

2004

— Change of Company's name from Fu Yu Manufacturing Limited to Fu Yu Corporation Limited
— Placement of 23 million new Ordinary Shares of S$0.10 each in the capital of the Company
— Listing of LCTH Corporation Berhad on the Main Board of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) in Malaysia
— Purchase of land and construction of buildings in Johor Technology Park to increase manufacturing capacity in Johor, Malaysia
— Joint venture with EDB Ventures Pte. Ltd. on the set up of a new company, NanoTechnology Manufacturing Pte. Ltd. in Singapore
— Wind up of Mexico plant
— Set up plant in Wujiang, China
— Set up plant in Qingdao, China
— Set up another plant in Shanghai, China
— Conversion of ISO 9002 to ISO 9001:2000 for our plant in Suzhou, China
— Achieved ISO 9001:2000 certification for our plant at Wujiang, China
— Achieved ISO 9001:2000 certification for our plant at Zhuhai, China

2003

— Submitted the application to the relevant authorities for the listing of its proposed Malaysia subsidiary company on the main board of the Malaysia Securities Exchange Berhad
— Set up plant in Zhuhai, China
— Set up a management company, Fu Yu International Enterprise Limited in Hong Kong
— Implemented SAP Enterprise Resource Planning System for our plants in Johor, Malaysia
— Conversion of ISO 9002 to ISO 9001:2000 for our plant in Singapore
— Extension of ISO 14001 to our Tuas plant in Singapore
— Conversion of ISO 9002 to ISO 9001:2000 and achieved QS 9000 certification for our plant in Penang, Senai and Kluang, Malaysia
— Conversion of ISO 9002 to ISO 9001:2000 and achieved QS 9000 certification for our plant in Dongguan

2002

— Commenced implementation of SAP Enterprise Resource Planning System for our plants in Johor, Malaysia
— Achieved ISO 9002:1994 for our plant in Mexico
— Additional factory built for our plant in Suzhou, China

2001

— Implemented SAP Enterprise Resource Planning System in Singapore
— Achieved ISO 14001 certification for our plant in Singapore
— Achieved ISO 9001:2000 certification for our plant in Senai, Malaysia
— Additional warehouse built for our plant in Tianjin, China

CORPORATE GOVERNANCE REPORT

Introduction

The Board of Directors (the "Board") and Management of Fu Yu Corporation Limited (the "Company" or "Fu Yu") recognise the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability.

This report describes Fu Yu's main corporate governance practices and activities with reference to the Singapore Code of Corporate Governance 2012 (the "Code") and any deviations from the Code are explained. Unless otherwise stated, the corporate governance processes were in place during the financial year under review.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's roles are to:

1. oversee the management of the Group;

2. approve corporate and strategic direction and policies;

3. approve annual budgets, financial reporting, major funding and investment proposals;

4. monitor management performance;

5. ensure the Company's compliance with prescribed legislations and regulations that are relevant to the business; and

6. assume responsibility for corporate governance.

All the Directors exercise due diligence, independent judgment and consider the interest of the Group at all times in making the decisions for the Group's affairs.

To assist in the discharge of its responsibilities, the Board has established a number of Board Committees comprising the Audit Committee, Remuneration Committee and Nominating Committee. Terms of reference has been put in place for each of the respective committees.

The Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened when circumstances require. To facilitate Board's decision-making process, the Company's Articles of Association allows Directors to participate in Board meetings by means of telephone, electronic or other communication facilities that permit all persons participating in the meeting to communicate with one another simultaneously and instantaneously, and participation in such meeting shall constitute presence in person at such meeting. In between Board meetings, important matters concerning the Group are also put to the Board for its decision by way of directors' resolutions in writing for the Directors' approval.

CORPORATE GOVERNANCE REPORT

Details of the Directors' attendance at Board and Committees meetings during the year under review are as follows:

Name of Director	Board Meetings		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ching Heng Yang	6	6	–	–	–	–	–	–
Tam Wai	6	6	–	–	–	–	–	–
Ho Nee Kit	6	6	–	–	–	–	–	–
Ho Kang Peng*	2	2	–	–	–	–	–	–
Hew Lien Lee	6	6	–	–	–	–	–	–
Dr John Chen Seow Phun	6	6	4	4	1	1	2	2
Foo Say Tun	6	6	4	4	1	1	2	2
Tan Yew Beng	6	6	4	4	1	1	2	2

** Resigned on 21 May 2014*

The Company has established internal guidelines for matters and types of material transactions that require Board's approval. These include:

(a) allotment and issue of new shares and additional listing application;
(b) banking matters such as opening of bank accounts and acceptance of bank facilities;
(c) material acquisition and disposal of subsidiaries and other assets;
(d) announcements for public release, quarterly and full year results announcement;
(e) any major agreements to be entered into whether in the ordinary or outside of ordinary business of the Group;
(f) dividend recommendations and payment; and
(g) appointments and resignations of directors.

Newly appointed Directors would be briefed by Management on the business operations of the Group and where necessary plant visits would be organised as deemed necessary. Routine updates on developments and changes in operating environment, including revisions to accounting standards, laws and regulations affecting the Company and/or the Group are regularly brought to the attention of the Board.

Principle 2: Board Composition and Guidance

The Board comprises seven Directors of whom four are executive and three are independent and non-executive. The Board has examined its size, taking into account the scope and nature of the operations of the Group, and is satisfied that the present size is appropriate in facilitating effective decision-making. Board members comprise of professionals with financial, accounting, legal and industry backgrounds who are able to contribute their area of

CORPORATE GOVERNANCE REPORT

expertise in leading the Group. While the Board does not comprise any female director at the moment, its current composition with appropriate mix of expertise and experience enables the Management to benefit from a diverse and objective perspective on any issues raised before the Board. No individual or group of individuals dominates the Board's decision making.

Mr Tan Yew Beng ("Mr Tan") has been an independent and non-executive director of the Company for more than 9 years. The NC has assessed Mr Tan's independence and has recommended to the Board of Directors that Mr Tan remains independent. In arriving at that conclusion, the NC took into account that Mr Tan has never, and is not, involved in the day to day management of the Company. There is nothing to suggest that Mr Tan has any relationship with the Management which would impair his fair judgment. The NC also noted that Mr Tan has always exercised his judgment in the interest of the Company and the minority shareholders, and has expressed his views independently at all times. The Board of Directors also benefits from Mr Tan's business experience and acumen which he brings to Board meetings.

The profile of each Director and other relevant information are set out under the heading 'Board of Directors' on pages 8 to 10.

Principle 3: Chairman and Chief Executive Officer

The Board recognised the importance of the roles of Chairman and Chief Executive Officer ("CEO") to be held by separate persons.

Dr John Chen Seow Phun is the Non-Executive Chairman of the Company and Mr Hew Lien Lee is the Acting CEO of the Company.

The Non-Executive Chairman schedules board meetings when necessary and set the board meeting agenda in consultation with the Acting CEO and Group Financial Controller. He ensures that the Board members are provided with complete, adequate and timely information. The Non-Executive Chairman also assists in ensuring compliance with the Group's guidelines on corporate governance.

Principle 4: Board Membership

The Nominating Committee ("NC") currently comprises Mr Foo Say Tun, Mr Tan Yew Beng and Dr John Chen Seow Phun. The NC is chaired by Mr Foo who is not associated with any substantial shareholders of the Company.

The NC has written Terms of Reference that describe the operating procedures and responsibilities of its members.

The duties of the NC are as follows:

1. Reviews the structure, size and composition of the Board and makes recommendations to the Board with regards to any adjustments in the structure, size and composition of the Board that are deemed necessary;

2. Reviews all nominations for the appointments and re-elections of Director for the purpose of proposing such nominations to the Board for approval;

CORPORATE GOVERNANCE REPORT

3. Conducts a review to determine the independence of each Director;

4. Decides whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Group, particularly when he has multiple board representations;

5. Decides how the Board's performance may be evaluated and propose objective performance criteria;

6. Conducts a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board;

7. Makes recommendations to the Board for continuation (or termination) of services of any Director who has reached the age of seventy; and

8. Recommend to the Board the maximum number of listed company representations which any Director may hold.

In its annual review, the NC having considered the guidelines set out in the Code, has confirmed independence status of Independent Directors. Despite some of the Directors having other board representations, the NC is satisfied that these Directors are able to devote sufficient time and attention to attend to the affairs of the Company and adequately carry out their duties as Directors of the Company.

Based on the current and past working experience with the Board members of the Company of whom some are sitting and have been sitting on multiple boards, the NC determines that the appropriate maximum number of the listed company board representations which an Executive Director may hold is three and for Independent Non-Executive Director is nine. The NC will continue to assess whether these numbers need to be revised to ensure the Directors devote sufficient time and attention to the affairs of the Company.

In accordance with the Company's Articles of Association, all Directors submit themselves for re-election once every three years. In addition, a Director appointed by the Board to fill a casual vacancy, or appointed as an additional Director, may only hold office until the next Annual General Meeting ("AGM"), at which time he will be eligible for re-election by shareholders.

In recommending a candidate for appointment or re-appointment to the Board, the NC considers his contributions to the Board and his independence. The NC has recommended the re-election of Mr Ching Heng Yang, Mr Tan Yew Beng and Mr Hew Lien Lee as Directors of the Company at the forthcoming AGM. In making its recommendation, the NC evaluates such Directors' contribution and performance, such as their attendance at the meetings of the Board and Board Committees, where applicable, participation, candour and any special contribution. Save for Mr Ching Heng Yang who is also a substantial shareholder holding 11.81% of the Company's share capital, there are no relationships including immediate family relationships between these Directors submitted for re-election and the other Directors, the Company or its 10% shareholders. The Board accepted the NC's recommendation and accordingly, the three Directors will stand for re-election at the forthcoming AGM.

The NC takes the lead in identifying, evaluating and selecting candidate for new directorship. In its search and selection process, the NC considers factors such as commitment and ability of prospective candidate to contribute to discussion, deliberations and activities of the Board and Board Committees.

CORPORATE GOVERNANCE REPORT

Table for Appointment and Re-election

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments
Dr John Chen Seow Phun	27/11/2007	30/04/2013	Non-executive Chairman	1. Chairman of Audit Committee 2. Member of Nominating and Remuneration Committees	Present: 1. Pavillon Holdings Ltd 2. OKP Holdings Limited 3. Hiap Seng Engineering Ltd 4. Hanwell Holdings Ltd 5. Matex International Limited 6. Tat Seng Packaging Group Ltd 7. HLH Group Limited Preceding three years: NIL	1. Executive Chairman of Pavillon Holdings Ltd 2. Independent Director & Audit Committee Chairman of OKP Holdings Limited 3. Independent Director & Audit Committee Chairman of Hiap Seng Engineering Ltd 4. Non-Executive Deputy Chairman of Hanwell Holdings Ltd 5. Chairman, Independent Director & AC Chairman of Matex International Limited 6. Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd 7. Independent Director of HLH Group Limited
Mr Ching Heng Yang	10/12/1980	30/04/2013	Executive Director	–	–	–
Mr Tam Wai	10/12/1980	30/04/2013	Executive Director	–	–	–
Mr Ho Nee Kit	10/12/1980	29/04/2014	Executive Director	–	–	–
Mr Hew Lien Lee	22/03/2007	26/04/2012	Executive Director	–	–	–
Mr Tan Yew Beng	22/05/1995	26/04/2012	Independent Non-Executive Director	1. Chairman of Remuneration Committee 2. Member of Audit and Nominating Committees	–	–
Mr Foo Say Tun	27/11/2007	29/04/2014	Independent Non-Executive Director	1. Chairman of Nominating Committee 2. Member of Audit and Remuneration Committees	Present: 1. Jubilee Industries Holdings Limited 2. Qingmei Group Holdings Limited 3. Sino Techfibre Limited 4. Moneymax Financial Services Limited Preceding three years: NIL	1. Non-Executive Chairman of Jubilee Industries Holdings Limited 2. Independent Director of Qingmei Group Holdings Limited 3. Independent Director of Sino Techfibre Limited 4. Independent Director of Moneymax Financial Services Limited

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

For the year under review, a formal assessment of the effectiveness of the Board as a whole was undertaken by the NC. The NC was of the view that the performance of the Board as a whole was satisfactory.

The NC, in assessing the contribution of each Director, had considered his attendance and participation at Board and Board Committees meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered. Such criteria include profitability and net assets per share and the achievement of strategic objectives.

The NC views that the Board's performance would be better reflected and evidenced through proper guidance to the Management and able leadership of the Board and the support that it lends to Management in steering the Group in the appropriate direction.

Principle 6: Access to Information
Principle 10: Accountability

The Board receives monthly Group's financial reports and quarterly management report of the Group's activities and results. Management provides complete, adequate and timely information to the Board members prior to Board meetings. The annual budgets are submitted to the Board for review and approval and actual performance is compared against budgets periodically to monitor the Group's performance.

The Directors have separate and independent access to the Executive Directors, the Management and the Company Secretary at all times, and vice versa. The Company Secretary or its nominee attends to the corporate secretarial administration matters, attends meetings of the Board and Board Committees and assists the Board in ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

The Board also has access to independent professional advice, where necessary, at the Company's expenses to enable them to discharge their duties. The Group Financial Controller also assists the Board in obtaining such advice.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") currently comprises Mr Tan Yew Beng, Dr John Chen Seow Phun and Mr Foo Say Tun who are Non-Executive Independent Directors. The RC is chaired by Mr Tan Yew Beng.

The RC has written Terms of Reference that describe the responsibilities of its members.

The primary functions of RC are to review and recommend a general framework of remuneration for the Board and key management personnel (CEO and other persons having authority and responsibility for planning, directing

CORPORATE GOVERNANCE REPORT

and controlling the activities of the Company and who are not also directors and CEO of the Company); to review and recommend specific remuneration packages and terms of employment for each Executive Director and key management personnel; to recommend any long-term incentive schemes which are generally encouraged for Executive Directors and key management personnel; to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Executive Directors as well as key management personnel of the Group; to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service. The RC's recommendations are submitted for endorsement by the entire Board.

The RC has unrestricted access to expert advice within and/or outside of the Company, when required.

Principle 8: Level and Mix of Remuneration

In setting the remuneration package for the Executive Directors and key management personnel, the RC takes into consideration the pay and employment conditions within the industry and comparable companies, the individual performance and that of the Company and subsidiary companies. As part of its review, the RC ensures that the performance-related elements of remuneration would form a certain proportion of the total remuneration package of Executive Directors and key management personnel. The remuneration for the three founding Executive Directors comprises a base fee, a base salary, an annual wage supplement (AWS) and a profit sharing bonus. The remuneration for the other Executive Director comprises a base fee, a base salary, allowances, annual and profit sharing bonuses. The remuneration for the key management personnel comprises a basic salary, allowances and variable components which are the annual bonus and profit sharing bonus based on the performance of the Company and subsidiary companies as well as individual contribution and performance which are assessed through performance appraisal that set out various assessment criteria such as level of achievement of targets and responsibilities, leadership ability, initiative etc.

For the remuneration of the Non-Executive Directors, the RC has adopted a framework which consists of a base fee as well as fees for chairing Board Committees. The Company will submit the quantum of Directors' fees to shareholders for approval at the AGM.

All the four Executive Directors have service contracts for a fixed period of one year which are subject to renewal annually. The RC had reviewed and recommended to the Board the renewal of the contracts of the four Executive Directors for a further term of one year, from 1 January 2015 to 31 December 2015. The service contracts for the three founding Executive Directors are renewed with the same terms and conditions as in 2014 except for the profit sharing scheme formula that was last revised on 1 January 2009. Under the renewed contract, the three founding Executive Directors will each be entitled to profit sharing bonus based on the following formula:

If the audited consolidated profit before tax excluding profit sharing bonus and extraordinary and exceptional items ("Profit") is:

- Less than or equal to S$10 million – 0.8% of the Profit
- More than S$10 million but less than or equal to S$15 million – 0.8% of the first S$10 million of the Profit and 1.0% of the excess over S$10 million
- More than S$15 million – 0.8% of the first S$10 million of the Profit, 1.0% of the excess over S$10 million and 1.25% of the excess over S$15 million

CORPORATE GOVERNANCE REPORT

The service contract for the other Executive Director is renewed under the same terms and conditions as in 2014. The Board had approved all the renewal.

No Director is involved in deciding in his own remuneration, except in providing information and documents if required by RC to assist in its deliberations.

There are currently no contractual provisions to allow the Company to reclaim incentive component of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. However, the Company believes that it should be able to seek remedies against the Executive Directors and key management officers via other means if such exceptional circumstances occur.

There is currently no long-term incentive scheme for the Directors of the Group. The Fu Yu Employees Share Option Scheme had expired on 31 December 2014. There is currently no other unexpired share options.

Save for the contributions to defined contribution plans as disclosed in Note 30 of the Audited Financial Statements for FY2014, the Company does not provide any other termination, retirement and post-employment benefits to the Directors, the Acting CEO and key executives personnel.

Principle 9: Disclosure on Remuneration

Remuneration of Board of Directors

In view of the sensitivity and confidentiality nature of remuneration packages, the Board has decided not to disclose the remuneration of the Company's individual Directors in dollar terms. The aggregate remuneration percentage paid to or accrued for the Directors for services in all capacities for the year under review is tabulated below:

Name of Director	Fees %	Salary %	Bonus %	Other Benefits %	Total %
Executive Directors ***S$750,000 to S$999,999***					
Ching Heng Yang	3.6	74.8	18.9	2.7	100.0
Tam Wai	3.6	74.8	18.9	2.7	100.0
Ho Nee Kit	3.9	74.5	18.8	2.8	100.0
S$500,000 to S$749,999					
Hew Lien Lee	6.3	74.2	8.1	11.4	100.0
Below S$250,000					
Ho Kang Peng*	6.4	91.9	0.0	1.7	100.0
Non-Executive Directors ***Below S$250,000***					
Tan Yew Beng	100.0	–	–	–	100.0
Dr John Chen Seow Phun	100.0	–	–	–	100.0
Foo Say Tun	100.0	–	–	–	100.0

** Resigned on 21 May 2014.*

CORPORATE GOVERNANCE REPORT

The aggregate amount of remuneration paid or payable to the Company's Directors is S$3,337,000.

Remuneration of Key Executives

Details of total remuneration percentage paid or payable to the top four key executives of the Group for the year under review is tabulated as below:

Name of Key Executive	Salary %	Bonus %	Other Benefits %	Total %
Below S$250,000 **Yeo See Joo** *Group Business Development Director*	71.8	10.4	17.8	100.0
Tan Lay Kheng *Group Human Resource Director*	85.4	11.6	3.0	100.0
Tan Chee Kian *Acting CFO,* *General Manager of Fu Yu Dongguan*	86.9	1.0	12.1	100.0
Cheah Ngook Wah *Group Financial Controller*	77.4	14.9	7.7	100.0

The aggregate amount of remuneration paid to the top four Key Executives is S$830,000.

No employee of the Group was an immediate family member (as defined in the Listing Manual of SGX-ST) of a Director or Chief Executive Officer and whose remuneration exceeded S$50,000 during the financial year ended 31 December 2014.

ACCOUNTABILITY AND AUDIT & COMMUNICATION WITH SHAREHOLDERS

Principle 12: Audit Committee

The Audit Committee ("AC") comprises Dr John Chen Seow Phun, Mr Tan Yew Beng and Mr Foo Say Tun, who are Independent Non-Executive Directors. The Chairman of the AC is Dr John Chen Seow Phun.

Two of the members of AC have relevant accounting and financial management experience.

The AC carries out its functions in accordance with the Companies Act and its written terms of reference. In performing those functions, the AC:

1. Reviews the audit plans and the findings of the internal and external auditors of the Company and ensures the adequacy of the Company's system of internal controls and the co-operation given by the Company's Management to the external and internal auditors;

CORPORATE GOVERNANCE REPORT

2. Reviews the quarterly and annual financial statements and the auditors' report of the Company before their submission to the Board;

3. Reviews with the Management on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology;

4. Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

5. Reviews arrangements by which employees of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up actions;

6. Reviews the cost effectiveness, independence and objectivity of the external auditors;

7. Reviews the nature and extent of non-audit services provided by the external auditors;

8. Reviews the assistance given by the Company's officers to the internal and external auditors;

9. Nominates the external auditors;

10. To approve the hiring, removal, evaluation and compensation of the internal audit function, or the professional firm to which the internal audit function is outsourced; and

11. Reviews interested person transactions and improper activities of the Company, if any.

The AC has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. It has full access to, and co-operation of, Management and full discretion to invite any Director or members of Management to attend its meetings. The AC meets with the internal and external auditors without the presence of the Company's Management at least once annually, which allows for a more open discussion on any issue of concern. The AC has been given the reasonable resources for it to discharge its functions properly.

The AC meets at least four times a year with Management and the external auditors and is kept abreast by the Management of changes to accounting standards, the Listing Manual of the SGX-ST and other regulations which could have impact of the Group's business and financial statements.

The Company has in place a whistle-blowing framework where employees of the Group have access to the AC Chairman to raise concerns about improprieties. Details of this policy have been disseminated and contact details of the AC Chairman are made available to all employees of the Group. AC will carry out independent investigations on the complaints received and will report the outcome to the Board for appropriate actions to be taken.

CORPORATE GOVERNANCE REPORT

The Company's external auditors, KPMG LLP, as part of their annual statutory audit, carries out test of operating effectiveness over certain internal controls relating to financial reporting process based on the scope of audit as laid out in their audit plan. Internal control weaknesses noted during the audit, and auditors' recommendations to address such non-compliance and weaknesses, if any, are discussed with Management and reported to the AC.

The audit fees paid/payable to the external auditors of the Company and other auditors for the audit of FY2014 amounted to S$154,000 and S$405,000 respectively. There is no non-audit fee paid to the external auditors of the Company. Non-audit fees paid to other auditors amounted to S$49,000. The AC is satisfied with the independence of KPMG LLP.

Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for LCTH Corporation Berhad and its subsidiaries, which are audited by Ernst & Young, Malaysia.

The Board and AC are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that it is in compliance with Rules 712 and 715 of the SGX Listing Manual.

Please refer to pages 8 to 10 under the heading 'Board of Directors' for the qualifications of the AC members.

Principle 11: Risk Management and Internal Controls

The Management maintains a sound system of internal control to safeguard the shareholders' investment and the Company's assets. The adequacy of these controls and systems is subject to review by the AC.

The internal auditors conduct annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls. On yearly basis, the internal auditors prepare an internal audit plan which is approved by the AC. The internal auditors update the AC on the progress of the approved internal audit plan every quarterly. The Group's external auditors, KPMG LLP, contribute an independent perspective on certain aspects of the internal controls over financial reporting through their audit and report their findings to the AC.

Any materials findings from both the internal and external auditors together with the improvement recommendations are reported to the AC and made known to the respective subsidiaries for corrective actions to be taken. The internal auditors will monitor if the required corrective measures are properly implemented by the Management.

In year 2012, the Board appointed KPMG Services Pte Ltd to conduct a review to further enhance the Group's risk management framework over financial, operational and compliance risks. KPMG Services Pte Ltd had also been engaged to assist the Company in formulating and formalising its fraud risk management framework to further enhance its existing framework to prevent improprieties. The Management continued to adopt the risk management framework established in year 2014. Based on the framework established and reports submitted by the external and internal auditors, the Board opines, with the concurrence of the AC, that there are adequate internal controls in place within the Group addressing material financial, operational, compliance and information technology risks and that the internal controls and risk management systems are effective.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the acting CEO and the acting CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances, and that the Company's risk management and internal control systems are effective. The Board notes, however, that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Principle 13: Internal Audit

The Company set up its internal audit department since January 2009 after outsourcing the full spectrum of internal audit work for three years. During the year and since year 2011, the Company outsourced part of its internal audit function to a professional firm, Nexia TS Risk Advisory Pte Ltd, to further strengthen and enhance the internal audit function of the Group. The outsourced and in-house internal audit department carried out the internal audit of all the subsidiaries in China and Singapore. Internal audit reports were prepared to update AC on the progress of all audits carried out, the recommendations accepted by Management, and to track the status of outstanding matters and remedial actions taken to date.

Principle 10: Accountability
Principle 15: Communication with Shareholders

The Company engages in regular, effective and fair communication with shareholders through announcements released to SGX via SGXNET. Such announcements include the quarterly, half yearly and full year results, material transactions and other developments relating to the Group which require disclosure under the corporate disclosure policy of SGX. The Company also maintains a website at www.fuyucorp.com where public can access information on the Group.

When opportunities arise, the Directors will solicit and try to understand the views of shareholders before and/or after general meeting of the Company. The Company's CEO and Group Financial Controller will attend to analysts and fund managers who like to seek a better understanding of the Group's operations when necessary and appropriate.

The Group does not have a policy on payment of dividends at present. There is no dividend to be declared for FY2014 as the Company (at company level) has no sufficient profit to declare any dividends.

Shareholders are informed of general meetings through notices published in the newspapers and annual reports or circulars sent to them.

CORPORATE GOVERNANCE REPORT

Principle 14: Shareholder Rights
Principle 16: Conduct of Shareholder Meetings

The Company encourages shareholders' participation at general meetings, and welcomes shareholders to give their constructive views on various matters concerning the Group.

Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders.

The Company will prepare the detailed AGM minutes, which include comments and the questions received from shareholders, if any. The Company will be pleased to make these minutes available to shareholders upon their request.

The Company commenced the voting of all its resolutions by poll at the Extraordinary General Meeting ("EGM") held on 16 October 2014 and will conduct the voting of all its resolutions by poll in all its coming AGMs and EGMs. The Company may consider employing electronic polling in future. The Company's Articles of Association allow a shareholder to appoint one or two proxies to attend and vote at general meetings in his/her stead.

The Company will review its Articles of Association from time to time and make such amendments to the Articles of Association to be in line with the applicable requirements or rules and regulations governing the continuing listing obligation in the Listing Manual of SGX-ST.

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

DIRECTORS

The directors in office at the date of this report are as follows:

Ching Heng Yang
Tam Wai
Ho Nee Kit
Hew Lien Lee
John Chen Seow Phun
Tan Yew Beng
Foo Say Tun

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Ching Heng Yang		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	88,965,475	88,965,475
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	300,000	300,000
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000
Tam Wai		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	96,715,475	96,715,475
– deemed interests	300,000	300,000

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Tam Wai (Continued)		
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	366,000	366,000
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000
Ho Nee Kit		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	96,999,225	96,999,225
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	369,120	369,120
– deemed interests	254,295,643	254,295,643
NanoTechnology Manufacturing Pte Ltd		
– ordinary shares		
– deemed interests	14,400,000	14,400,000
Tan Yew Beng		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	1,562,500	2,562,500
– options to subscribe for ordinary share at $0.09 between 6 October 2009 and 31 December 2014	1,000,000	–
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	300,000	300,000
Hew Lien Lee		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	100,000	8,100,000
– options to subscribe for ordinary share at $0.09 between 6 October 2009 and 31 December 2014	8,000,000	–

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Hew Lien Lee (Continued)		
LCTH Corporation Berhad		
– ordinary shares of RM0.20 each		
– interest held	3,031,524	3,031,524
John Chen Seow Phun		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	–	1,000,000
– options to subscribe for ordinary share at $0.09 between 6 October 2009 and 31 December 2014	1,000,000	–
Foo Say Tun		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	–	1,000,000
– options to subscribe for ordinary share at $0.09 between 6 October 2009 and 31 December 2014	1,000,000	–

By virtue of Section 7 of the Act, Ching Heng Yang, Tam Wai and Ho Nee Kit are deemed to have interests in shares of the subsidiaries of the Company, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed below, there were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

Name of director and corporation in which interests are held	Direct interest At 1.1.2015	Direct interest At 21.1.2015
Foo Say Tun		
Fu Yu Corporation Limited		
– ordinary shares		
– interest held	1,000,000	907,800

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 24 and 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

The Fu Yu Employees Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 29 April 2008. The Scheme is administered by the Company's executive directors.

The Scheme was further ratified at an Extraordinary General Meeting on 16 October 2014 whereby the exercise period of the employee options was extended to 31 December 2014. In respect of 3,000,000 share options previously granted to Non-Executive Directors, new share options were issued as replacement options due to legal restrictions pertaining to extension of exercise period. The new share options were granted on the same terms as the options with no vesting period. Other information regarding the Scheme is set out below:

- The exercise price of the options is determined as the average of the closing prices of the Company's ordinary shares as quoted on Singapore Exchange for five consecutive market days immediately preceding the date of the grant.
- The options can be exercised 1 year after the date of grant.
- The options granted expire on 31 December 2014.
- All options are settled by delivery of shares.
- No options are granted at a discount to the prevailing market price of share.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2014	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2014	Exercise period
5 October 2008	$0.09	34,060,000	20,160,000	13,900,000	–	6 October 2009 to 31 December 2014

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

DIRECTORS' REPORT

Details of options granted to directors of the Company under the Scheme are as follows:

	Options granted for financial year ended 31 December 2014	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Tan Yew Beng	–	1,000,000	1,000,000	–
Hew Lien Lee	–	8,000,000	8,000,000	–
John Chen Seow Phun	–	1,000,000	1,000,000	–
Foo Say Tun	–	1,000,000	1,000,000	–

The controlling shareholders of the Company and their associates are not eligible to participate in the Scheme.

Except as disclosed below, there was no existing participant under the Scheme who has received 5% or more of the total options available under the Scheme.

	Aggregate options granted since commencement of Scheme to 31 December 2014	Aggregate options exercised since commencement of Scheme to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Director			
Hew Lien Lee	8,000,000	8,000,000	–
Employee			
Tang Bee Yian	5,000,000	5,000,000	–

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

John Chen Seow Phun (Chairman), Non-Executive Independent director
Tan Yew Beng, Non-Executive Independent director
Foo Say Tun, Non-Executive Independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

DIRECTORS' REPORT

The Audit Committee has held four meetings since the date of the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- the audit plan of the Group's external auditor and its findings arising from the statutory audit.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and a joint venture, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ho Nee Kit
Director

Ching Heng Yang
Director

6 April 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 37 to 101 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ho Nee Kit
Director

Ching Heng Yang
Director

6 April 2015

INDEPENDENT AUDITORS' REPORT

Members of the Company
Fu Yu Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of Fu Yu Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 101.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 April 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000 Restated*	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	4	**61,394**	66,020	**12,684**	13,014
Investment property	5	**10,085**	10,513	**–**	–
Subsidiaries	6	**–**	–	**69,402**	43,979
Joint venture	7	**3,106**	4,064	**–**	–
Deferred tax assets	8	**1,280**	2,216	**–**	–
		75,865	82,813	**82,086**	56,993
Current assets					
Inventories	9	**17,120**	18,567	**2,242**	2,344
Trade and other receivables	10	**79,704**	78,194	**16,861**	46,982
Tax recoverable		**5**	148	**–**	–
Short term investments	14	**6,052**	3,881	**–**	–
Cash and cash equivalents	13	**83,329**	73,189	**18,051**	11,472
		186,210	173,979	**37,154**	60,798
Total assets		**262,075**	256,792	**119,240**	117,791
Equity attributable to equity holders of the Company					
Share capital	15	**121,176**	119,362	**121,176**	119,362
Reserves	16	**53,740**	43,771	**(13,311)**	(13,470)
		174,916	163,133	**107,865**	105,892
Non-controlling interests	6	**20,244**	19,368	**–**	–
Total equity		**195,160**	182,501	**107,865**	105,892
Non-current liabilities					
Trade and other payables	19	**787**	563	**787**	563
Financial liabilities	18	**12**	85	**–**	69
Deferred tax liabilities	8	**370**	1,115	**82**	809
		1,169	1,763	**869**	1,441
Current liabilities					
Trade and other payables	19	**62,385**	68,151	**10,506**	10,420
Financial liabilities	18	**1,365**	3,240	**–**	38
Tax payable		**1,996**	1,137	**–**	–
		65,746	72,528	**10,506**	10,458
Total liabilities		**66,915**	74,291	**11,375**	11,899
Total equity and liabilities		**262,075**	256,792	**119,240**	117,791

* *See note 31*

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	20	**254,434**	283,397
Cost of sales		**(223,360)**	(262,933)
Gross profit		**31,074**	20,464
Other income	21	**10,269**	21,008
Selling and administrative expenses		**(26,322)**	(31,748)
Other operating expenses	22	**(1,046)**	(289)
Results from operating activities		**13,975**	9,435
Finance costs	23	**(153)**	(59)
Share of (loss)/profit of equity-accounted investee (net of tax)	7	**(405)**	368
Profit before income tax	24	**13,417**	9,744
Tax expense	25	**(2,179)**	(1,001)
Profit for the year		**11,238**	8,743
Profit for the year attributable to:			
Owners of the Company		**9,951**	6,640
Non-controlling interests		**1,287**	2,103
Profit for the year		**11,238**	8,743
Earnings per share			
Basic earnings per share	26	**1.35 cents**	0.91 cents
Diluted earnings per share	26	**1.35 cents**	0.91 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	**11,238**	8,743
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	**(393)**	(141)
Other comprehensive income for the year (net of tax)	**(393)**	(141)
Total comprehensive income for the year	**10,845**	8,602
Total comprehensive income attributable to:		
Owners of the Company	**9,969**	7,194
Non-controlling interests	**876**	1,408
Total comprehensive income for the year	**10,845**	8,602

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Revaluation reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2013	119,272	140	9,772	789	1,627	(7,088)	31,337	155,849	17,960	173,809
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	6,640	6,640	2,103	8,743
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	554	–	554	(695)	(141)
Total comprehensive income for the year	–	–	–	–	–	554	6,640	7,194	1,408	8,602
Transaction with owners, recognised directly in equity										
Contributions by and distributions to owners										
Share options exercised	90	–	–	–	–	–	–	90	–	90
Total transactions with owners	90	–	–	–	–	–	–	90	–	90
Transfers between reserves										
Transfer to statutory reserve	–	–	119	–	–	–	(119)	–	–	–
At 31 December 2013	119,362	140	9,891	789	1,627	(6,534)	37,858	163,133	19,368	182,501

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Revaluation reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2014	119,362	140	9,891	789	1,627	(6,534)	37,858	163,133	19,368	182,501
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	9,951	9,951	1,287	11,238
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	18	–	18	(411)	(393)
Total comprehensive income for the year	–	–	–	–	–	18	9,951	9,969	876	10,845
Transaction with owners, recognised directly in equity Contributions by and distributions to owners										
Share options exercised	1,814	–	–	–	–	–	–	1,814	–	1,814
Total transactions with owners	1,814	–	–	–	–	–	–	1,814	–	1,814
Transfers between reserves										
Transfer from statutory reserve	–	–	(3,818)	–	–	–	3,818	–	–	–
At 31 December 2014	121,176	140	6,073	789	1,627	(6,516)	51,627	174,916	20,244	195,610

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000 Restated*
Cash flows from operating activities			
Profit before income tax		**13,417**	9,744
Adjustments for:			
Depreciation of property, plant and equipment and investment property	4, 5	**17,930**	13,529
Finance costs	23	**153**	59
Interest income	21	**(1,352)**	(732)
Gain on disposal of non-current assets classified as held for sale	21	**–**	(6,712)
Gain on disposal of property, plant and equipment	21	**(821)**	(1,008)
Allowance for/(reversal of) impairment on property, plant and equipment	21, 22	**500**	(5,616)
Property, plant and equipment written off	22	**279**	264
Share of loss/(profit) of equity-accounted investee (net of tax)		**405**	(368)
Unrealised foreign exchange gain		**(748)**	(3,108)
		29,763	6,052
Changes in working capital:			
Inventories		**1,510**	6,879
Trade and other receivables		**(664)**	7,758
Trade and other payables		**(6,171)**	276
Cash from operating activities		**24,438**	20,965
Tax paid		**(1,057)**	(662)
Net cash from operating activities		**23,381**	20,303
Cash flows from investing activities			
Dividends from joint venture	7	**496**	481
Interest income received		**1,352**	732
Proceeds from disposal of non-current assets classified as held for sale		**–**	11,066
Proceeds from disposal of property, plant and equipment		**1,833**	1,292
Purchase of property, plant and equipment		**(14,499)**	(7,990)
Placement of short term investment		**(2,299)**	(496)
Net cash (used in)/from investing activities		**(13,117)**	5,085
Balance carried forward		**10,264**	25,388

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Note	2014 $'000	2013 $'000 Restated*
Balance brought forward		**10,264**	25,388
Cash flows from financing activities			
Finance costs paid		**(153)**	(59)
Proceeds from issue of share capital		**1,814**	90
Proceeds from short term borrowings		**12,270**	7,045
Repayment of short term borrowings and finance lease liabilities		**(14,305)**	(4,985)
Deposits discharged/(pledged)		**586**	(1,146)
Net cash from financing activities		**212**	945
Net increase in cash and cash equivalents		**10,476**	26,333
Cash and cash equivalents at 1 January		**69,115**	42,545
Effect of exchange rate fluctuations on cash held		**330**	237
Cash and cash equivalents at 31 December	13	**79,921**	69,115

* See note 31

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2015.

1 DOMICILE AND ACTIVITIES

Fu Yu Corporation Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 8 Tuas Drive 1, Singapore 638675. The Company is listed on Singapore Exchange.

The principal activities of the Company are those of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies and investment holding. The principal activities of the Company's subsidiaries consist of manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dies, trading, provision of management services and investment holding.

The consolidated financial statements relate to the Company and its subsidiaries and the Group's interests in a joint venture.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value or amortised cost.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 3.7 and 28 – allowance for impairment of doubtful receivables
- Note 4 – measurement of recoverable amounts of property, plant and equipment
- Notes 6 and 11 – recoverability of investments in and amounts due from subsidiaries
- Notes 8 and 25 – provision for income tax and recoverability of deferred tax assets

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5 – classification of investment property
- Note 7 – classification of joint ventures

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – property, plant and equipment
- Note 5 – investment properties
- Note 14 – short term investments
- Note 28 – financial risk management

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2.5 Changes in accounting policies

The Group adopted new and revised FRS and INT FRS that became effective during the year. Except as disclosed below, the initial adoption of these FRS and INT FRS has no significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over its investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The change had no impact on the measurement of the Group's assets and liabilities.

(ii) Joint Arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has reclassified the investment from an associated company to a joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying the equity method and there has been no impact on the recognised assets and comprehensive income of the Group.

(iii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see note 6), and joint venture (see note 7).

(iv) Disclosures of recoverable amount for non-financial assets

From 1 January 2014, as a result of the Amendments to FRS 36: *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*, the Group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposals and impairment is recognised (see notes 4 and 6).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies. Changes to comparative amounts are summarised in note 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments, are translated to Singapore dollars at exchange rates at the end of the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to gain or loss as part of gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the measurement basis specified in another FRS.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Basis of consolidation (Continued)

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investment in joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures is accounted for using the equity method and is recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in the equity-accounted joint venture, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with a joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Accounting for subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except that certain items of leasehold property were subject to one-off revaluation conducted in 1994. Any related revaluation reserve is transferred to accumulated profits upon the disposal of an item of the property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other operating expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold properties	Over the term of the respective leases ranging from 20 to 60 years
Factory equipment, plant and machinery	5 to 10 years
Motor vehicles	5 years
Office equipment and furniture and fittings	3 to 5 years
Other assets	2 to 10 years

No depreciation is recognised on construction-in-progress. Other assets comprise electrical installations, erectable stores, renovations and leasehold improvements.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of the investment property. The estimated useful life is 60 years. The depreciation method, the useful life and the residual value of investment property are reassessed at the balance sheet date.

When the use of a property changes such that it is reclassified as property, plant and equipment, its cost, accumulated depreciation and accumulated impairment losses as would be transferred to property, plant and equipment for subsequent accounting at the date of reclassification.

3.5 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprises short term investments in money market fund and trust funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

(i) Non-derivative financial assets (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: financial liabilities and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial instruments (Continued)

(iii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.6 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

When entities within the Group are lessees of an operating lease

Other leases are operating leases and are not recognised in the Group's statement of financial position. Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss including an interest in a joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables on a specific asset level. All receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

***Non-financial assets** (Continued)*

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits (Continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the sales agreement. For sales of products, transfer usually occurs when the product is received at the customer's warehouse. However, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition (Continued)

Tooling contracts

Tooling revenue and costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the reporting date. The percentage of completion is measured by reference to the stage and progress of work performed, based on records maintained by the divisions. An expected loss on the construction contract is recognised as an expense when it is probable that total costs will exceed total contract revenue.

Tooling contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

When the total costs incurred on tooling contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Rental income from subleased property is recognised as other income.

3.12 Finance income and costs

Finance income comprises interest income on fixed deposits placed with banks. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance income is included in other income.

Finance costs comprise interest expense on borrowings and finance leases. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.13 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Asset related grant are initially recognised as deferred income and subsequent recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Tax (Continued)

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to directors and employees.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements.

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

- FRS 115 *Revenue from Contracts with Customers*

  FRS 115 *Revenue from Contracts with Customers* will replace FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. The standard establishes the principle for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled to in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed (e.g. service revenue and contract modifications) and improved guidance for multi-element arrangements.

  The Group is currently assessing the impact upon adoption of this standard in financial year ending 31 December 2017.

- FRS 109 *Financial instruments*

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

  The Group is currently assessing the impact on adoption of this standard in financial year ending 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold properties $'000 Restated*	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment, and furniture and fittings $'000	Other assets $'000	Construction in progress $'000	Total $'000
Cost								
At 1 January 2013, as previously stated		71,835	280,546	3,167	15,137	12,958	223	383,866
Reclassification (see note 31)		(2,597)	–	–	–	–	–	(2,597)
At 1 January 2013, as restated*		69,238	280,546	3,167	15,137	12,958	223	381,269
Currency realignment, as restated*		2,288	5,859	34	241	86	(8)	8,500
Additions		3	3,835	314	621	2,433	33	7,239
Disposals/Write-off		(121)	(13,173)	(788)	(1,502)	(908)	–	(16,492)
Transferred from investment property, as restated*	5	954	–	–	–	–	–	954
Disposals of non-current assets held for sale		–	(28,428)	–	(522)	(1,753)	–	(30,703)
At 31 December 2013, as restated*		72,362	248,639	2,727	13,975	12,816	248	350,767
At 1 January 2014		72,362	248,639	2,727	13,975	12,816	248	350,767
Currency realignment		300	1,645	3	97	(3)	(4)	2,038
Additions		1	4,268	309	552	1,392	8,239	14,761
Reclassification		3,353	4,899	–	–	–	(8,252)	–
Disposals/Write-off		(433)	(13,762)	(640)	(1,745)	(3,263)	–	(19,843)
At 31 December 2014		**75,583**	**245,689**	**2,399**	**12,879**	**10,942**	**231**	**347,723**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold properties $'000 Restated*	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment, and furniture and fittings $'000	Other assets $'000	Construction in progress $'000	Total $'000
Accumulated depreciation and accumulated impairment losses								
At 1 January 2013, as previously stated		35,020	253,512	2,254	13,864	8,632	–	313,282
Reclassification (see note 31)		(96)	–	–	–	–	–	(96)
At 1 January 2013, as restated*		34,924	253,512	2,254	13,864	8,632	–	313,186
Currency realignment, as restated*		1,086	4,834	14	195	10	–	6,139
Depreciation for the year, as restated*		2,802	8,336	291	513	1,351	–	13,293
(Reversal of)/impairment loss for the year		–	(6,304)	20	8	660	–	(5,616)
Disposals/Write-off		(60)	(12,743)	(737)	(1,498)	(905)	–	(15,943)
Transferred from investment property, as restated*	5	36	–	–	–	–	–	36
Disposal of non-current assets held for sale		–	(24,492)	–	(490)	(1,366)	–	(26,348)
At 31 December 2013, as restated*		38,788	223,143	1,842	12,592	8,382	–	284,747
At 1 January 2014		38,788	223,143	1,842	12,592	8,382	–	284,747
Currency realignment		319	1,539	1	81	(10)	–	1,930
Depreciation for the year		2,835	12,256	292	531	1,786	–	17,700
Reclassification		(2,735)	2,735	–	–	–	–	–
Impairment/(reversal of impairment) loss for the year		–	502	–	(2)	–	–	500
Disposals/Write-off		(207)	(12,923)	(417)	(1,741)	(3,260)	–	(18,548)
At 31 December 2014		**39,000**	**227,252**	**1,718**	**11,461**	**6,898**	**–**	**286,329**
Carrying amount								
At 1 January 2013, as restated*		34,314	27,034	913	1,273	4,326	223	68,083
At 31 December 2013, as restated*		33,574	25,496	885	1,383	4,434	248	66,020
At 31 December 2014		**36,583**	**18,437**	**681**	**1,418**	**4,044**	**231**	**61,394**

* See note 31

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold properties $'000	Factory equipment, plant and machinery $'000	Motor vehicles $'000	Office equipment, and furniture and fittings $'000	Other assets $'000	Total $'000
Cost						
At 1 January 2013	29,526	28,771	1,032	5,325	3,815	68,469
Additions	–	169	154	215	211	749
Disposals/Write-off	–	(2,261)	(165)	(1,044)	(662)	(4,132)
Transferred to subsidiaries	–	(482)	–	–	–	(482)
At 31 December 2013	29,526	26,197	1,021	4,496	3,364	64,604
At 1 January 2014	29,526	26,197	1,021	4,496	3,364	64,604
Additions	–	1,085	169	64	165	1,483
Disposals/Write-off	–	(2,936)	(449)	(1,210)	(1,631)	(6,226)
Transferred to subsidiaries (net)	–	(1,456)	–	–	–	(1,456)
At 31 December 2014	**29,526**	**22,890**	**741**	**3,350**	**1,898**	**58,405**
Accumulated depreciation and accumulated impairment losses						
At 1 January 2013	17,684	28,184	457	5,217	3,553	55,095
Depreciation for the year	713	273	165	93	115	1,359
Reversal of impairment	–	(364)	–	–	–	(364)
Disposals/Write-off	–	(2,241)	(115)	(1,042)	(660)	(4,058)
Transferred to subsidiaries	–	(442)	–	–	–	(442)
At 31 December 2013	18,397	25,410	507	4,268	3,008	51,590
At 1 January 2014	18,397	25,410	507	4,268	3,008	51,590
Depreciation for the year	713	534	145	112	118	1,622
Disposals/Write-off	–	(2,931)	(227)	(1,210)	(1,631)	(5,999)
Transferred to subsidiaries	–	(1,492)	–	–	–	(1,492)
At 31 December 2014	**19,110**	**21,521**	**425**	**3,170**	**1,495**	**45,721**
Carrying amount						
At 1 January 2013	11,842	587	575	108	262	13,374
At 31 December 2013	11,129	787	514	228	356	13,014
At 31 December 2014	**10,416**	**1,369**	**316**	**180**	**403**	**12,684**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In prior year, leasehold properties of the Company were pledged as security for bank facilities. The secured bank loan was repaid in 2013.

Disposal of non-current assets held for sale

In April 2013, a subsidiary entered into an agreement to dispose certain plant and machineries, office equipment, furniture and fittings and other assets to a third party. The sale was completed in June 2013 and a gain of disposal of non-current assets held for sale of $6,712,000 was recognised in other income.

Assets held under finance leases

The carrying amount of motor vehicles held under finance leases as at 31 December 2014 for the Group and the Company was $16,000 (2013: $146,000) and nil (2013: $122,000) respectively. Assets held under finance lease are pledged as security for the related finance lease liabilities.

Impairment loss

During the financial year, certain CGUs in China, Singapore and Malaysia continued to incur operating losses whereas other CGUs, whose financial performance had improved, had shown indication that impairment losses which were recognised in prior periods may no longer exist or may have decreased. This resulted in the Group reassessing the recoverable amount of the property, plant and equipment.

The recoverable amounts of the CGUs were estimated based on the higher of fair value less cost to sell and their value-in-use. As the operations of the CGUs located within the same country are similar in nature, therefore the assumptions used in projecting the value-in-use are disclosed below by such geographical locations.

The approach to determine the recoverable amounts of the CGUs is categorised as follows:

- CGUs that are loss-making and are not expected to generate any economic benefits in the period of forecast. The recoverable amounts of such CGUs have been determined based on the fair value of its monetary assets and liabilities.

- CGUs that are loss-making but are expected to be able to generate economic benefits through liquidation of its leasehold properties and plant and machineries. The recoverable amounts of the CGUs have been determined based on the fair value less cost to sell of the assets. The fair value less cost to sell is based on market valuation performed by independent valuers with experience in the location and category of the properties and machineries being valued.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- CGUs that are loss-making but are expected to bring economic benefits through transfer of their production assets to other CGUs within the Group. The recoverable amounts of such CGUs have been determined based on the calculations of value-in-use of the recipient CGUs. These calculations are based on the management's cash flows projections which in particular include the cash flows expected to be generated from the transferred production assets.

- The recoverable amount of all other CGUs have been determined based on the calculation of their value-in-use derived from management's cash flows projections for these CGUs.

Key assumptions used in the calculation of the value-in-use are as follows:

	2014 China	2013 Singapore#	2013 Malaysia#	2013 China
Value-in-use assumptions:				
Average growth rate in revenue	-21% to 9%	Nil% to 11%	-61% to 21%	-25% to 41%
Number of years projected in the discounted cash flow	5 years	5 years	5 years	5 years
Gross profit margin	8% to 21%	29% to 30%	Nil% to 4%	6% to 18%
Terminal value of property, plant and equipment (as a % of cost)	2%	5%	3%	2%
Pre-tax discount rate	18% to 21%	12%	15%	15% to 21%

Fair value less cost to sell approach utilised in 2014.

In the previous year, the high projected revenue growth rate in the Singapore and Malaysia segments are due to additional forecasted customer contracts. The high growth rate in China can be explained mainly by the commencement of operations of a subsidiary. The negative growth rate in the Malaysia segment is a result of changes in procurement strategy of a major customer. The negative growth rate in the China segment is due to the transfer of assets and operations of a subsidiary to another entity as part of the Group's streamlining and resource optimisation exercises. In the current year, the growth rate in the China segment can be explained by forecasted fluctuations in market demand from end customers. If any of the CGUs is not able to meet the forecasted results, the Group may be required to record additional impairment loss.

Based on the assessment, additional impairment loss of $500,000 (2013: reversal of impairment loss of $5,616,000) was recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net reversal of impairment loss and impairment in relation to the plant and equipment was recognised and presented as "Other income" and "Other operating expense" respectively in the consolidated income statement for the year.

The recoverable amount of the CGUs based on value-in-use and fair value less cost to sell approach were nil (2013: $22,168,000) and $1,374,000 (2013: $37,200,000) respectively.

The fair value measurement is categorised as level 3 under the fair value hierarchy (see note 2.4). Details of valuation techniques and key inputs used are as follows:

Type	Valuation technique	Significant unobservable inputs
Long term leasehold land	Comparison Method of Valuation	Comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land.
Buildings	Depreciated Replacement Cost Method	Aggregated amount of gross replacement cost of the buildings and other site works from which appropriate deductions may then be made for the age, condition, economic or functional obsolescence and environmental factors.
Plant and machinery	Depreciated Replacement Cost Method	Aggregated amount of gross replacement cost of the plant and machinery, from which appropriate deductions may then be made for the age, condition, functional and technological obsolescence factors.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

5 INVESTMENT PROPERTY

	Note	Group $'000
Cost		
At 1 January 2013, as previously stated		10,721
Reclassification (see note 31)		2,597
At 1 January 2013, as restated*		13,318
Currency realignment, as restated*		(446)
Transferred to property, plant and equipment, as restated*	4	(954)
At 31 December 2013, as restated*		11,918
At 1 January 2014		11,918
Currency realignment		(229)
At 31 December 2014		11,689
Accumulated depreciation		
At 1 January 2013, as previously stated		1,158
Reclassification (see note 31)		96
At 1 January 2013, as restated*		1,254
Depreciation for the year, as restated*		236
Currency realignment, as restated*		(49)
Transferred to property, plant and equipment, as restated*	4	(36)
At 31 December 2013, as restated*		1,405
At 1 January 2014		1,405
Depreciation for the year		230
Currency realignment		(31)
At 31 December 2014		1,604
Carrying amount		
As 1 January 2013, as restated*		12,064
At 31 December 2013, as restated*		10,513
At 31 December 2014		10,085

* See note 31

The buildings are leased to Berry Plastics Malaysia Sdn Bhd, a joint venture of the Group, and a third party.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

5 INVESTMENT PROPERTY (CONTINUED)

The fair value of investment properties (fair value hierarchy of level 3) as at 31 December 2014 is approximately $9,878,000 (2013: $11,021,000) which has been determined based on valuations performed by accredited independent valuers with recent experience in the location and category of investment properties being valued. The valuations are based on comparison method of valuation and the depreciated replacement cost method. The depreciated replacement cost method makes reference to the cost of replacing the buildings as new and allowing for depreciation. Key unobservable inputs correspond to replacement costs having regard to asset life, physical deterioration, functional and economic obsolescence. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the best use of its properties do not differ from their current use.

The Group has certain leasehold land held to earn rental income and also for own production or supply of goods and administrative purposes. If a portion of the property cannot be sold or leased out separately under a finance lease, the entire property is classified as investment property only if the portion of the property held for own use is insignificant. Judgement is involved in determining the allocation of investment property and property, plant and equipment.

6 SUBSIDIARIES

	Company	
	2014	**2013**
	$'000	**$'000**
Equity investments, at cost	**123,027**	123,027
Forgiveness of amounts due from a subsidiary	**9,331**	–
	132,358	123,027
Impairment losses	**(96,650)**	(84,464)
	35,708	38,563
Amounts due from subsidiaries	**46,406**	17,028
Impairment losses	**(12,712)**	(11,612)
	69,402	43,979

Certain amounts due from subsidiaries were in substance part of the shareholders' net investments in the entities as the settlement of these amounts are neither planned nor likely to occur in the foreseeable future. Accordingly, these balances are classified as quasi-equity investment in the subsidiaries and are stated at cost.

Impairment loss

During the financial year, certain subsidiaries in China and Singapore continued to incur operating losses. Accordingly, the Company performed an assessment of the recoverable amount of its investments in subsidiaries and its receivables from these subsidiaries. The recoverable amounts of investments and receivables from these subsidiaries were estimated based on the higher of fair value less cost to sell and value-in-use.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

6 SUBSIDIARIES (CONTINUED)

Impairment loss *(Continued)*

The approach to determine the recoverable amounts of investments and receivables from subsidiaries is categorised as follows:

- Investments and receivables from subsidiaries that are loss-making and are not expected to generate any economic benefits in the period of forecast, including investments and receivables from subsidiaries that are considered for their potential liquidation. The recoverable amount of such investments and receivables from subsidiaries has been determined to be the fair value of its monetary assets and liabilities. Details on fair value measurement for property, plant and equipment is disclosed in note 4.

- The recoverable amount of investments and receivables from the remaining subsidiaries have been determined based on the calculation of their value-in-use derived from management's cash flows projections.

Based on management's assessment, additional impairment loss of $5,383,000 (2013: reversal of impairment loss of $800,000) was therefore recognised in profit or loss. The recoverable amount of the CGUs based on value-in-use and fair value less cost to sell approach were nil (2013: $24,777,000) and $6,885,000 (2013: $17,423,000) respectively.

If any of the subsidiaries is not able to achieve the forecasted results, the Company would be required to record additional impairment loss.

The movements in the allowance for impairment in respect of investments in subsidiaries during the year are as follows:

		Company	
	Note	2014 $'000	2013 $'000
At 1 January		**96,076**	94,065
Impairment loss during the year		**5,383**	2,011
Transferred from amounts due from subsidiaries	11	**7,903**	–
At 31 December		**109,362**	96,076

Allowance for impairment in respect of other amounts due from subsidiaries is disclosed in note 11.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

6 SUBSIDIARIES (CONTINUED)

Impairment loss *(Continued)*

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Place of business	Effective equity interest held by the Group 2014 %	2013 %
Held by the Company:			
Chang Fu Resources Pte Ltd	Singapore	**100**	100
Fu Yu Investment Pte Ltd	Singapore	**100**	100
NanoTechnology Manufacturing Pte Ltd	Singapore	**80**	80
SolidMicron Technologies Pte Ltd	Singapore	**100**	100
Fu Yu Electronics (Dongguan) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Dongguan) Co., Ltd.	People's Republic of China	**100**	100
Fu Ying Moulding & Tooling (Shenzhen) Co., Ltd.*	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Suzhou) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Wujiang) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.	People's Republic of China	**100**	100
Fu Yu International Enterprise Limited	Hong Kong	**100**	100
Fu Yu Trading Limited	Hong Kong	**100**	100
Held through Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.:			
Fu Yu Moulding & Tooling (Chongqing) Co., Ltd.	People's Republic of China	**100**	100
Held through Fu Yu Investment Pte Ltd:			
LCTH Corporation Berhad	Malaysia	**70.64**	70.64
Held through LCTH Corporation Berhad:			
Fu Hao Manufacturing (M) Sdn. Bhd.	Malaysia	**70.64**	70.64
Classic Advantage Sdn. Bhd.	Malaysia	**70.64**	70.64

* In March 2014, the Company ceased the production and commenced member's voluntary liquidation process of this subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

6 SUBSIDIARIES (CONTINUED)

KPMG Singapore is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for LCTH Corporation Berhad and its subsidiaries, which are audited by Ernst & Young, Malaysia.

For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

The following summarises the financial information of the Group's subsidiaries with material non-controlling interest (NCI), based on their consolidated financial statements prepared in accordance with FRS, modified for differences in the Group's accounting policies.

	LCTH Corporation Berhad and its subsidiaries $'000
2014	
Revenue	48,811
Profit for the year	5,028
Other comprehensive income	–
Total comprehensive income	5,028
Attributable to NCI:	
– Profit for the year	1,476
– Other comprehensive income	–
– Total comprehensive income	1,476
Non-current assets	29,319
Current assets	53,341
Non-current liabilities	(300)
Current liabilities	(12,112)
Net assets	70,248
Net assets attributable to NCI	20,625
Cash flows from operating activities	4,716
Cash flows used in investing activities	(10,940)
Cash flows used in financing activities (dividends to NCI: nil)	(14)
Net decrease in cash and cash equivalents	(6,238)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

6 SUBSIDIARIES (CONTINUED)

	LCTH Corporation Berhad and its subsidiaries $'000
2013	
Revenue	81,692
Profit for the year	6,273
Other comprehensive income	–
Total comprehensive income	6,273
Attributable to NCI:	
– Profit for the year	1,842
– Other comprehensive income	–
– Total comprehensive income	1,842
Non-current assets	21,300
Current assets	57,562
Non-current liabilities	(323)
Current liabilities	(11,922)
Net assets	66,617
Net assets attributable to NCI	19,559
Cash flows from operating activities	9,198
Cash flows from investing activities	11,383
Cash flows used in financing activities (dividends to NCI: nil)	(14)
Net increase in cash and cash equivalents	20,567

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

7 JOINT VENTURE

The joint venture company Berry Plastics Malaysia Sdn. Bhd.'s principal activities are those of manufacturing and assembly of precision plastic moulded products for electrical, electronics, healthcare, food and petroleum industries. The accounting model applied is equity model.

Details of the joint venture are as follows:

Name of company	Country of incorporation/ Place of business	Effective equity interest held by the Group 2014 %	Effective equity interest held by the Group 2013 %
Berry Plastics Malaysia Sdn. Bhd. *	Malaysia	**28.26**	28.26

* Audited by PricewaterhouseCoopers, Malaysia.

The joint venture is held through its subsidiary LCTH Corporation Berhad which has a 40% equity ownership interests in the entity. Judgement is required in the determination of joint control whereby decisions about relevant activities require the unanimous consent of the parties sharing control.

Financial information of the joint venture, not adjusted for the percentage of ownership held by the Group, are as follows:

	2014 $'000	2013 $'000
Revenue	**5,433**	7,307
Profit after income tax #	**(1,013)**	919
Other comprehensive income	**–**	–
Total comprehensive income	**(1,013)**	919

\# Includes:
– depreciation of $1,275,000 (2013: $1,360,000)
– interest income of $24,000 (2013: $24,000)
– income tax credit of $40,000 (2013: expense of $198,000)

Assets and liabilities		
Non-current assets	**2,807**	5,177
Current assets ^	**5,986**	6,053
Non-current liabilities	**(441)**	(466)
Current liabilities	**(587)**	(605)
Net Assets	**7,765**	10,159

^ Includes cash and cash equivalents of $4,137,000 (2013: $4,030,000)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

7 JOINT VENTURE (CONTINUED)

	2014 $'000	2013 $'000
Group's interest in net assets of investee at beginning of the year	**4,064**	4,326
Share of total comprehensive income	**(405)**	368
Dividends from joint venture	**(496)**	(481)
Currency realignment	**(57)**	(149)
Carrying amount of interest in investee at end of the year	**3,106**	4,064

8 DEFERRED TAX ASSETS AND LIABILITIES

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1/1/2013 $'000	Recognised in profit or loss (Note 25) $'000	Exchange differences $'000	At 31/12/2013 $'000	Recognised in profit or loss (Note 25) $'000	Exchange differences $'000	At 31/12/2014 $'000
Group							
Deferred tax assets							
Property, plant and equipment	(213)	(531)	(2)	(746)	603	–	(143)
Employee benefits	(40)	11	–	(29)	–	–	(29)
Others	(9)	(5)	–	(14)	(157)	(5)	(176)
Tax loss carry-forward	(1,088)	(314)	(67)	(1,469)	(794)	71	(2,192)
	(1,350)	(839)	(69)	(2,258)	(348)	66	(2,540)
Deferred tax liabilities							
Property, plant and equipment	1,246	(78)	(11)	1,157	508	(35)	1,630
	1,246	(78)	(11)	1,157	508	(35)	1,630

	2014 $'000	2013 $'000
Company		
Deferred tax assets		
Employee benefits	**(29)**	(29)
Others	**–**	(13)
	(29)	(42)
Deferred tax liabilities		
Property, plant and equipment	**111**	851

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

8 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	**1,280**	2,216	**–**	–
Deferred tax liabilities	**370**	1,115	**82**	809

Based on the cash flows forecast prepared as described in note 4, deferred tax assets were recognised by certain subsidiaries to the extent that management considered it probable that future taxable profits would be available against which the unutilised tax losses carried forward can be utilised by the Group.

As at 31 December, deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profits would be available against which the Group can utilise the benefits there from:

	Group	
	2014	2013
	$'000	$'000
Unutilised capital allowances	**920**	1,372
Unutilised tax losses	**44,238**	60,346
Unutilised export and reinvestment allowances	**3,658**	3,671
Temporary differences	**3,975**	922
	52,791	66,311

Other than tax losses arising from China subsidiaries of $22,306,000 (2013: $32,569,000) which will expire between 2015 and 2019 (2013: 2014 and 2018) the remaining tax losses, capital allowances, export and reinvestment allowances and temporary differences do not expire under current tax legislation. Unutilised tax losses of $11 million (2013: $15 million) expired during the financial year.

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2014, a deferred tax liability of $205,000 (2013: $157,000) for temporary differences of $4,096,000 (2013: $3,147,000) related to undistributed earnings of certain subsidiaries of the Group were not recognised as the Group has determined that the undistributed profits of its overseas subsidiaries will not be remitted to Singapore in the next 12 months, but be retained for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

9 INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Raw materials	**8,065**	9,147	**1,315**	1,438
Work-in-progress	**963**	998	**55**	60
Finished goods	**8,092**	8,422	**872**	846
	17,120	18,567	**2,242**	2,344

Movements in the allowance for stock obsolescence are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	**1,900**	1,664	**66**	103
Allowance made	**188**	576	**–**	–
Allowance written-back	**(480)**	(71)	**(5)**	(37)
Allowance utilised	**(715)**	(277)	**–**	–
Currency realignment	**6**	8	**–**	–
At 31 December	**899**	1,900	**61**	66

During the year, the amount of inventories recognised as an expense for the Group and Company amounted to $223,360,000 (2013: $262,933,000) and $29,082,000 (2013: $25,353,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

10 TRADE AND OTHER RECEIVABLES

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade receivables		**76,479**	78,840	**9,239**	8,022
Allowance for impairment of doubtful receivables		**(7,893)**	(7,633)	**(5)**	(10)
Net trade receivables		**68,586**	71,207	**9,234**	8,012
Other receivables		**1,126**	1,937	**143**	489
Allowance for impairment of doubtful other receivables		**(16)**	(8)	**(8)**	–
Net other receivables		**1,110**	1,929	**135**	489
Amounts due from subsidiaries	11	**–**	–	**5,351**	36,480
Deposits		**1,472**	1,315	**475**	477
Loans and receivables		**71,168**	74,451	**15,195**	45,458
Prepayments and other receivables		**1,306**	808	**88**	65
Advances to suppliers		**971**	897	**108**	–
Amounts due from customers for contract work	12	**6,259**	2,038	**1,470**	1,459
		79,704	78,194	**16,861**	46,982

Trade receivables of a subsidiary were pledged as security for bank facilities (see note 18). The amount that is subject to the pledge is $1,701,000 (2013: $4,139,000) as of year end.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 28.

11 AMOUNTS DUE FROM SUBSIDIARIES

	Note	Company 2014 $'000	Company 2013 $'000
Amounts due from subsidiaries			
– trade		**70**	81
– non-trade		**5,281**	44,302
		5,351	44,383
Allowance for impairment of doubtful receivables		**–**	(7,903)
	10	**5,351**	36,480

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

11 AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

The trade and non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. Management assesses recoverability of amounts due from individual subsidiaries together with investments in those subsidiaries based on cash flows forecasts prepared for these subsidiaries, as described in note 6. If any of the subsidiaries is not able to achieve the forecasted results, the Company would be required to record additional impairment loss.

The movements in the allowance for impairment of doubtful receivables in respect of amounts due from subsidiaries during the year are as follows:

	Note	Company	
		2014	**2013**
		$'000	**$'000**
At 1 January		**7,903**	10,714
Allowance written-back		**–**	(2,811)
Transferred to quasi-equity investments	6	**(7,903)**	–
At 31 December		**–**	7,903

12 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	Note	Group		Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Contract costs incurred to date		**22,452**	7,960	**7,602**	6,920
Recognised profits less recognised losses to date		**4,471**	573	**228**	7
		26,923	8,533	**7,830**	6,927
Progress billings		**(21,294)**	(7,501)	**(6,455)**	(5,618)
Amounts due from customers, net		**5,629**	1,032	**1,375**	1,309
Gross amounts due from customers for contract work	10	**6,259**	2,038	**1,470**	1,459
Gross amounts due to customers for contract work	19	**(630)**	(1,006)	**(95)**	(150)
		5,629	1,032	**1,375**	1,309

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
		Restated*		
Cash at bank and in hand	**43,441**	36,327	**5,201**	5,147
Deposits with banks	**39,888**	36,862	**12,850**	6,325
Cash and cash equivalents	**83,329**	73,189	**18,051**	11,472
Deposits pledged	**(3,408)**	(4,074)		
Cash and cash equivalents in the consolidated statement of cash flows	**79,921**	69,115		

Fixed deposits of $3,408,000 (2013: $4,074,000) is pledged for bank guarantee purposes in the normal course of business.

Fixed deposits with financial institutions mature on varying periods within 12 months (2013: 12 months) from the financial year end. Effective interest rates range from 0.23% to 4.05% (2013: 0.12% to 3.5%) per annum.

Cash and bank balances totalling the equivalent of $32,113,000 (2013: $21,338,000) are held in a country which operates foreign exchange controls.

* See note 31

14 SHORT TERM INVESTMENTS

The short term investments refer to funds deposited with quoted trust fund and money market funds. The investments are designated at fair value and is categorised as level 1 under the fair value hierarchy.

15 SHARE CAPITAL

	2014	2013
	No. of shares	
Fully paid ordinary shares, with no par value:		
On issue at 1 January	**732,834,775**	731,834,775
Exercise of share options	**20,160,000**	1,000,000
On issue at 31 December	**752,994,775**	732,834,775

During the year ended 31 December 2014, ordinary shares of 20,160,000 (2013: 1,000,000) were issued as a result of the exercise of vested share options arising from the Fu Yu Employees Share Option Scheme granted on 5 October 2008. Options were exercised at an exercise price of $0.09 per share. All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

15 SHARE CAPITAL (CONTINUED)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group's policy is to maintain adequate capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and reserves of the Group.

Management monitors capital and externally imposed capital requirements based on the following bases (for the Group and the Company) and will report to the Board on any exceptions noted:

– Total equity attributable to equity holders of the Company, excluding revaluation reserve and foreign currency translation reserve ("net equity"); and

– Gearing ratio

Net equity is calculated as the sum of share capital, capital reserve, statutory reserve, share option reserve and retained earnings. Gearing ratio is calculated as total liabilities (including contingent liabilities) divided by net equity.

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Net equity	**180,643**	168,878	**107,076**	105,103
Gearing ratio	**37.0%**	44.0%	**10.6%**	11.3%

The Group and the Company have complied with the externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

In addition, as disclosed in note 16, subsidiaries in People's Republic of China ("PRC") are required by the laws and regulations of the PRC to contribute to and to maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by relevant PRC authorities. This externally imposed capital requirement has been complied with by the PRC subsidiaries for the financial years ended 31 December 2014 and 2013.

The Board of Directors monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16 RESERVES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Capital reserve	**140**	140	**–**	–
Statutory reserve	**6,073**	9,891	**–**	–
Revaluation reserve	**789**	789	**789**	789
Share option reserve	**1,627**	1,627	**1,153**	1,153
Foreign currency translation reserve	**(6,516)**	(6,534)	**–**	–
Retained earnings/(accumulated losses)	**51,627**	37,858	**(15,253)**	(15,412)
	53,740	43,771	**(13,311)**	(13,470)

The capital reserve comprises negative goodwill arising from acquisition of remaining interest in a subsidiary from non-controlling interests written off against shareholder's equity.

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to statutory reserve fund (SRF). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

The revaluation reserve represents increase in the fair value of certain properties that were subject to one-off revaluation exercise conducted in 1994. When the property is sold, the related amount in the revaluation reserve is transferred to retained earning.

The share option reserve comprises the cumulative value of services received from directors and employees for the issue of the share options.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

17 SHARE-BASED PAYMENT ARRANGEMENT

The Fu Yu Employees Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting on 29 April 2008. The Scheme is administered by a committee comprising all executive directors.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

17 SHARE-BASED PAYMENT ARRANGEMENT (CONTINUED)

The Scheme was further ratified at an Extraordinary General Meeting on 16 October 2014 whereby the exercise period of the employee options was extended to 31 December 2014. In respect of 3,000,000 share options previously granted to Non-Executive Directors, new share options were issued as replacement options due to legal restrictions pertaining to extension of exercise period. The new share options were granted on the same terms as the options with no vesting period.

Information regarding the Scheme is as follows:

- The exercise price of the options is determined as the average of the closing prices of the Company's ordinary shares as quoted on Singapore Exchange for five consecutive market days immediately preceding the date of the grant.
- The options can be exercised 1 year after the date of grant.
- The options granted expire on 31 December 2014.
- All options are settled by delivery of shares.
- No options are granted at a discount to the prevailing market price of share.

Movements in the number of share options and their related weighted average exercise prices are as follows:

	2014		2013	
	Weighted average exercise price $	No. of options	Weighted average exercise price $	No. of options
At 1 January	**0.09**	**34,060,000**	0.09	53,040,000
Forfeited during the year	**0.09**	**(13,900,000)**	0.09	(17,980,000)
Exercised during the year	**0.09**	**(20,160,000)**	0.09	(1,000,000)
At 31 December	**0.09**	**–**	0.09	34,060,000

The weighted average share price at the date of exercise for share options exercised in 2014 was $0.09 (2013: $0.08).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options. The estimate of the fair value of the services received is measured based on the Black-Scholes-Merton model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

17 SHARE-BASED PAYMENT ARRANGEMENT (CONTINUED)

Fair value of share options and assumptions are set out below:

Date of grant of options	5 October 2008	16 October 2014
Fair value at measurement date/modification date	$0.020	**$0.003**
Share price	$0.09	**$0.09**
Exercise price	$0.09	**$0.09**
Expected volatility	19%	**5%**
Expected option life	5 years	**3 months**
Expected dividend rate	Nil	**Nil**
Risk-free interest rate	2.25%	**0.4%**

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market and non-market performance conditions associated with the share options granted. Service condition is not taken into account in the measurement of the fair value of the services to be received at the grant date.

18 FINANCIAL LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current liabilities				
Finance lease liabilities	**12**	85	–	69
Current liabilities				
Secured bank loans	**1,361**	3,188	–	–
Finance lease liabilities	**4**	52	–	38
	1,365	3,240	–	38
	1,377	3,325	–	107

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

18 FINANCIAL LIABILITIES (CONTINUED)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			2014		2013	
Group	**Nominal interest rate**	**Year of maturity**	**Face value $'000**	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
Secured bank loans	4.7%	2015	**1,361**	**1,361**	–	–
Secured bank loans	4.5%	2014	–	–	3,188	3,188
Finance lease liabilities	1.88% to 2.28%	2014 to 2018	–	–	107	107
Finance lease liabilities	2.30% to 2.55%	2014 to 2019	**16**	**16**	30	30
			1,377	**1,377**	3,325	3,325
Company						
Finance lease liabilities	1.88% to 2.28%	2014 to 2018	–	–	107	107

Secured bank loans

The secured bank loans are secured by pledges over the Company's subsidiary, Fu Yu Moulding & Tooling (Chongqing) Co., Ltd's trade receivables.

Finance lease liabilities

At 31 December, the Group and the Company have obligations under finance leases as follows:

	2014			2013		
	Principal $'000	**Interest $'000**	**Payments $'000**	**Principal $'000**	**Interest $'000**	**Payments $'000**
Group						
Payable:						
Within 1 year	**4**	*	**4**	52	4	56
After 1 year but within 5 years	**12**	**1**	**13**	85	6	91
	16	**1**	**17**	137	10	147
Company						
Payable:						
Within 1 year	–	–	–	38	4	42
After 1 year but within 5 years	–	–	–	69	4	73
	–	–	–	107	8	115

The finance lease liabilities are secured by the leased assets.

* less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

19 TRADE AND OTHER PAYABLES

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade payables		**33,853**	38,527	**3,299**	2,626
Accrued expenses		**10,192**	9,939	**1,876**	3,597
Amounts payable for purchase of property, plant and equipment		**894**	704	**225**	48
Other payables		**13,510**	15,487	**2,328**	1,703
Amounts due to subsidiaries					
– trade		**–**	–	**1,796**	513
– non-trade		**–**	–	**1,117**	1,855
Deposits		**2,277**	1,583	**399**	407
Financial liabilities measured at amortised cost		**60,726**	66,240	**11,040**	10,749
Advance billings		**1,816**	1,468	**158**	84
Amounts due to customers for contract work	12	**630**	1,006	**95**	150
		63,172	68,714	**11,293**	10,983
Non-current		**787**	563	**787**	563
Current		**62,385**	68,151	**10,506**	10,420
		63,172	68,714	**11,293**	10,983

The trade and non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Included in other payables are payables arising from non-inventorised purchases.

20 REVENUE

	Group 2014 $'000	Group 2013 $'000
Sale of goods	**228,151**	262,429
Revenue from tooling contracts	**26,283**	20,968
	254,434	283,397

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

21 OTHER INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income	**1,352**	732
Rental income	**2,026**	1,746
Gain on disposal of property, plant and equipment	**821**	1,008
Sale of scrap and raw materials	**1,286**	1,476
Foreign exchange gain (net)	**2,536**	2,525
Gain on disposal of assets held for sale	**–**	6,712
Write-back of accruals	**–**	120
Reversal of impairment loss of property, plant and equipment	**–**	5,616
Government grants	**1,762**	838
Others	**486**	235
	10,269	21,008

Government grants

The grant compensates a subsidiary of the Group for expenses incurred and is recognised directly in profit or loss. The grant was conditional that the subsidiary operates in specific industries designated by local government.

22 OTHER OPERATING EXPENSES

	Group	
	2014	2013
	$'000	$'000
Property, plant and equipment written off	**279**	264
Allowance made for doubtful receivables	**267**	22
Bad debts written off	**–**	3
Impairment loss of property, plant and equipment	**500**	–
	1,046	289

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

23 FINANCE COSTS

	Group	
	2014	**2013**
	$'000	**$'000**
Interest expense		
– bank loans	**152**	52
– finance leases	**1**	7
	153	59

24 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Group	
	2014	**2013**
	$'000	**$'000**
Directors of the Company		
– fees	**343**	306
– salaries, bonuses and other costs	**3,135**	2,651
– contributions to defined contribution plans	**74**	60
Directors of subsidiaries		
– fees	**93**	77
– salaries, bonuses and other costs	**11**	8
Audit fees paid or payable to		
– auditors of the Company	**154**	149
– other auditors	**405**	376
Non-audit fees paid or payable to other auditors	**49**	58
Staff costs, excluding directors of the Company and subsidiaries		
– salaries, bonuses and other costs	**48,783**	55,434
– contributions to defined contribution plans	**4,978**	5,717
Operating lease expenses#	**2,183**	5,071
Operating expenses incurred in relation to investment property	**277**	280

Include sublease payments of $2,872,000 (2013: $914,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

25 TAX EXPENSE

	Group	
	2014	2013
	$'000	$'000
Current tax expense		
Current year	**2,234**	1,623
(Over)/under provision of prior years	**(215)**	295
	2,019	1,918
Deferred tax expense/(credit)		
Movements in temporary differences	**572**	(404)
Overprovision in prior years	**(412)**	(513)
	160	(917)
Tax expense	**2,179**	1,001

	Group	
	2014	2013
Reconciliation of effective tax rate	$'000	$'000
Profit before income tax	**13,417**	9,744
Tax calculated using Singapore tax rate of 17% (2013: 17%)	**2,281**	1,656
Effect of different tax rates in foreign jurisdictions	**(204)**	548
Income not subject to tax	**(1,386)**	(3,021)
Expenses not deductible for tax purposes	**724**	1,741
Tax effect of debt forgiveness treated as income for tax purposes	**2,263**	–
Utilisation of capital allowances, reinvestment allowances and tax losses previously not recognised	**(2,847)**	(1,528)
Overprovision in prior years	**(522)**	(218)
Deferred tax assets not recognised	**2,002**	1,846
Others	**(132)**	(23)
	2,179	1,001

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS
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25 TAX EXPENSE (CONTINUED)

Income tax for the subsidiaries in Malaysia is calculated at the statutory rate of 25% during the year. The statutory tax rate would be reduced to 24% effective for year 2016.

One of the subsidiaries in China was accredited as a "High and New Technology Enterprise" in 2013 and was entitled to a preferential tax rate of 15% for a period of three years from 2013 to 2015 which is subject to the subsidiary's compliance with the conditions imposed by the tax authority. Another subsidiary operates in western China of which the industry it operates in enjoys preferential tax rate of 15%.

26 EARNINGS PER SHARE

	Group	
	2014	**2013**
	$'000	**$'000**
Basic and diluted earnings per share is based on:		
Net earnings attributable to ordinary shareholders	**9,951**	6,640

	Number of shares 2014	**Number of shares 2013**
Issued ordinary shares at 1 January	**732,834,775**	731,834,775
Effect of shares issued during the year	**1,782,055**	32,877
Weighted average number of ordinary shares (basic)	**734,616,830**	731,867,652
Effect of share options on issue	**–**	–
Weighted average number of ordinary shares (diluted)	**734,616,830**	731,867,652
Basic earnings per share (cents)	**1.35**	0.91
Diluted earnings per share (cents)	**1.35**	0.91

There is no diluted earnings per share for 2014 as the Employees Share Options Scheme expired on 31 December 2014.

There is no difference between the basic and diluted earnings per share for 2013 as the Company has no potential dilutive securities as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

27 OPERATING SEGMENTS

The Group has three reportable segments which are geographical segments and are based on the location of assets, namely Singapore, Malaysia and China. These geographical segments are managed separately because they require different marketing strategies and bear different financial and business risks. The location of the Group's customers is not significantly different from the location of the Group's assets. In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Performance is measured based on profit before income tax, depreciation of property, plant and equipment and investment property, (impairment loss)/reversal of impairment loss for property, plant and equipment, gain on disposal of non-current assets held for sale, finance cost and net foreign exchange gain as included in internal management reports that are reviewed by the Group's chief operating decision maker. Such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the Group's Industry. Inter-segment pricing is based on the terms agreed by the counterparties.

Concentration of revenue

Revenues of approximately $93,811,000 (2013: $96,911,000) relate to three (2013: two) external customers with revenue in excess of 10% of Group revenue. This revenue relates to Singapore, Malaysia and China segments.

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Year ended 31 December 2014

27 OPERATING SEGMENTS (CONTINUED)

Geographical segments

	Singapore		China		Malaysia		Total operations before adjustment		Group adjustment and elimination		Consolidated	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Revenue and expenses												
Total external revenue	**42,841**	36,883	**164,713**	165,221	**46,880**	81,293	**254,434**	283,397	**–**	–	**254,434**	283,397
Inter-segment revenue	**113**	232	**–**	–	**1,931**	395	**2,044**	627	**(2,044)**	(627)	**–**	–
Profit/(loss) before income tax*	**4,893**	(595)	**18,555**	6,574	**6,388**	2,172	**29,836**	8,151	**33**	(40)	**29,869**	8,111
Depreciation of property, plant and equipment and investment property	**(3,422)**	(1,995)	**(12,750)**	(9,671)	**(1,665)**	(2,127)	**(17,837)**	(13,793)	**(93)**	264	**(17,930)**	(13,529)
Net (impairment loss)/ reversal of property, plant and equipment	**(721)**	2,212	**204**	3,929	**17**	(525)	**(500)**	5,616	**–**	–	**(500)**	5,616
Gain on disposal of non-current assets held for sale	**–**	–	**–**	–	**–**	6,712	**–**	6,712	**–**	–	**–**	6,712
Finance cost	**(8)**	(7)	**(144)**	(50)	**(1)**	(2)	**(153)**	(59)	**–**	–	**(153)**	(59)
Foreign exchange gain (net)	**1,875**	1,567	**410**	1,149	**473**	214	**2,758**	2,930	**(222)**	(405)	**2,536**	2,525
	2,617	1,182	**6,275**	1,931	**5,212**	6,444	**14,104**	9,557	**(282)**	(181)	**13,822**	9,376
Share of (loss)/profit of equity-accounted investee (net of tax)	**–**	–	**–**	–	**(405)**	368	**(405)**	368	**–**	–	**(405)**	368
Profit before income tax											**13,417**	9,744
Tax expense											**(2,179)**	(1,001)
Net profit for the year											**11,238**	8,743
Other segment information												
Non-current assets	**79,341**	56,691	**30,954**	41,453	**28,368**	19,726	**138,663**	117,870	**(64,078)**	(37,273)	**74,585**	80,597
Unallocated Assets											**1,280**	2,216
											75,865	82,813
Capital expenditure	**1,846**	1,188	**2,638**	5,066	**10,277**	985	**14,761**	7,239	**–**	–	**14,761**	7,239
Interest income	**59**	21	**279**	150	**1,014**	561	**1,352**	732	**–**	–	**1,353**	732
Segment reporting assets	**121,989**	120,601	**129,326**	132,004	**81,709**	77,288	**333,024**	329,893	**(72,229)**	(75,317)	**260,795**	254,576
Unallocated assets											**1,280**	2,216
											262,075	256,792
Segment reporting liabilities	**10,121**	10,676	**51,012**	87,858	**11,768**	11,610	**72,901**	110,144	**(8,352)**	(38,105)	**64,549**	72,039
Unallocated liabilities											**2,366**	2,252
											66,915	74,291

* After excluding the share of results of equity-accounted investee, finance cost, foreign exchange gain (net), gain on disposal of non-current assets held for sale, depreciation and impairment of property, plant and equipment.

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28 FINANCIAL RISK MANAGEMENT

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there is a concentration of credit risk to in the following geographical areas:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**9,506**	7,944	**8,583**	10,207
China	**43,163**	49,799	**1,576**	14,715
Malaysia	**9,835**	9,155	**637**	1,855
United States	**1,435**	1,849	**297**	388
Hong Kong	**740**	845	**1,525**	15,901
Others	**6,489**	4,859	**2,577**	2,392
	71,168	74,451	**15,195**	45,458

At the balance sheet date, there is a concentration of credit risk relating to three (2013: two) major customers with outstanding receivable balance of approximately $29,242,000 (2013: $27,786,000). These customers relate to Singapore, Malaysia and China segments.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The ageing analysis of loans and receivables is as follows:

	2014		2013	
	Gross	**Impairment loss**	**Gross**	**Impairment loss**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Not past due	**54,285**	**–**	53,567	–
Past due 1 to 30 days	**13,127**	**–**	10,480	–
Past due 31 to 90 days	**1,266**	**9**	5,633	5
Past due more than 90 days	**8,927**	**7,900**	10,587	7,636
No credit terms	**1,472**	**–**	1,825	–
	79,077	**7,909**	82,092	7,641

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

***Credit risk** (Continued)*

	2014		2013	
	Gross	Impairment loss	Gross	Impairment loss
	$'000	$'000	$'000	$'000
Company				
Not past due	**6,841**	**–**	20,479	–
Past due 1 to 30 days	**2,159**	**–**	2,819	–
Past due 31 to 90 days	**841**	**–**	460	–
Past due more than 90 days	**4,892**	**13**	21,233	10
No credit terms	**475**	**–**	477	–
	15,208	**13**	45,468	10

Movements in the allowance for impairment loss in respect of trade receivables during the year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	**7,633**	7,220	**10**	27
Allowance made/(written back)	**259**	22	**(5)**	(17)
Allowance utilised	**(148)**	(71)	**–**	–
Currency realignment	**149**	462	**–**	–
At 31 December	**7,893**	7,633	**5**	10

Movements in the allowance for impairment loss in respect of other receivables during the year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	**8**	79	**–**	71
Allowance made	**8**	–	**8**	–
Allowance utilised	**–**	(71)	**–**	(71)
At 31 December	**16**	8	**8**	–

The Group follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* in determining when a financial asset is impaired. This determination requires significant judgment. The Group evaluates among other factors, the financial health, repayment history and near-term business outlook of the financial assets, including factors such as industry and sector performance. The Group believes that no additional impairment allowance, other than those specially identified, is necessary in respect of trade and other receivables. These receivables are mainly arising from customers that have a good record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group					
2014					
Non-derivative financial liabilities					
Trade and other payables[1]	**60,726**	**60,726**	**59,939**	**787**	**–**
Financial liabilities					
– Finance lease liabilities	**16**	**17**	**4**	**13**	**–**
– Secured bank loans	**1,361**	**1,367**	**1,367**	**–**	**–**
	62,103	**62,110**	**61,310**	**800**	**–**
2013					
Non-derivative financial liabilities					
Trade and other payables[1]	66,240	66,240	65,677	563	–
Financial liabilities					
– Finance lease liabilities	137	147	56	91	–
– Secured bank loans	3,188	3,205	3,205	–	–
	69,565	69,592	68,938	654	–
Company					
2014					
Non-derivative financial liabilities					
Trade and other payables[1]	**11,040**	**11,040**	**10,253**	**787**	**–**
2013					
Non-derivative financial liabilities					
Trade and other payables[1]	10,749	10,749	10,186	563	–
Financial liabilities					
– Finance lease liabilities	107	115	42	73	–
	10,856	10,864	10,228	636	–

(1) Excludes advance billings and amounts due to customers for contract work

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk *(Continued)*

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

At the reporting date, the interest rate profiles of the Group's interest-bearing financial instruments were as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial assets	**39,888**	36,862	**12,850**	6,325
Financial liabilities	**(16)**	(137)	**–**	(107)
	39,872	36,725	**12,850**	6,218
Variable rate instruments				
Financial liabilities	**1,361**	**3,188**	**–**	**–**

The Group's interest-bearing financial assets comprise fixed deposits placed with banks. The deposits were rolled over during the financial year at market interest rates upon maturity.

Financial liabilities comprise variable-rate borrowings and fixed-rate finance leases.

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased profit for the year by $385,000 (2013: $335,000) and $129,000 (2013: 62,000) for Group and Company respectively. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

A decrease of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2013.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in currencies other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily the United States dollar.

The Group's and Company's exposures to foreign currency risk (before elimination of inter-company balances) are as follows:

	Group		Company	
	2014	2013	2014	2013
	US dollar	US dollar	US dollar	US dollar
	$'000	$'000	$'000	$'000
Trade and other receivables	**137,221**	149,545	**10,280**	27,646
Cash and cash equivalents	**19,015**	17,119	**7,474**	7,414
Trade and other payables	**(96,222)**	(109,285)	**(4,593)**	(4,364)
Financial liabilities	**(1,361)**	(3,188)	**–**	–
	58,653	54,191	**13,161**	30,696

Sensitivity analysis

A one percentage point strengthening of the Singapore dollar against the US dollar at the balance sheet date would decrease the Group's profit before income tax by approximately $587,000 (2013: $542,000) and decrease the Company's profit before income tax by approximately $132,000 (2013: $307,000). This analysis assumes that all other variables in particular interest rates, remain constant.

A one percentage point weakening of the Singapore dollar against the US dollar at the balance sheet date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The analysis is performed on the same basis for 2013.

Accounting classification and fair values

The carrying amounts of financial assets and liabilities (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) carried at cost or amortised cost are assumed to approximate their fair values as at 31 December 2014 and 31 December 2013 given the short period to maturity or re-pricing.

Fair value of other long term liabilities is calculated based on the present value of future principal cash flows, discounted at the market rate of interest at the measurement date. The fair value measurement of the long term liabilities is categorised under level 3. Key inputs correspond to variability of cash outflows and the prime lending rate adjusted for credit spread.

Financial liabilities are mainly classified as current liabilities and the impact of discounting arising from the non-current liabilities is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values *(Continued)*

	Designated at fair value $'000	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Group				
31 December 2014				
Trade and other receivables+	**–**	**71,168**	**–**	**71,168**
Cash and cash equivalents	**–**	**83,329**	**–**	**83,329**
Short term investments	**6,052**	**–**	**–**	**6,052**
Trade and other payables#	**–**	**–**	**(60,726)**	**(60,726)**
Financial liabilities	**–**	**–**	**(1,377)**	**(1,377)**
	6,052	**154,497**	**(62,103)**	**98,446**
31 December 2013				
Trade and other receivables+	–	74,451	–	74,451
Cash and cash equivalents, as restated*	–	73,189	–	73,189
Short term investments	3,881	–	–	3,881
Trade and other payables#	–	–	(66,240)	(66,240)
Financial liabilities	–	–	(3,325)	(3,325)
	3,881	147,640	(69,565)	81,956

\+ Excludes prepayments and other receivable, advances to suppliers and amounts due from customers for contract work

\# Excludes advance billings and amounts due to customers for contract work

* See note 31

	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
Company			
31 December 2014			
Trade and other receivables+	**15,195**	**–**	**15,195**
Cash and cash equivalents	**18,051**	**–**	**18,051**
Trade and other payables#	**–**	**(11,040)**	**(11,040)**
	33,246	**(11,040)**	**22,206**
31 December 2013			
Trade and other receivables+	45,458	–	45,458
Cash and cash equivalents	11,472	–	11,472
Trade and other payables#	–	(10,749)	(10,749)
Financial liabilities	–	(107)	(107)
	56,930	(10,856)	46,074

\+ Excludes prepayments and other receivable, advances to suppliers and amounts due from customers for contract work

\# Excludes advance billings and amounts due to customers for contract work

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

29 COMMITMENTS

Capital expenditure commitments

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Capital expenditure contracted for as at balance sheet date but not recognised in the financial statements	**2,449**	9,480	**711**	867

Operating lease commitments

Leases as lessee

As at 31 December 2014, the Group and the Company lease certain properties and land under lease arrangements that are non-cancellable within one year. Other leases, which include the renewal options, expire at various dates till 2044 and contain provisions for rental adjustments and restrictions to further sub-lease certain properties. Since the previous financial year, one of the leased properties has been sublet by the Group to a third party. Sublease payments of $2,660,000 are expected to be received during 2015. The subsequent payments of $13,154,000 and $1,100,000 will be received within 5 years and after 5 years respectively.

At 31 December, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Payable:				
Within 1 year	**4,937**	5,034	**782**	776
After 1 year but within 5 years	**15,613**	15,839	**2,412**	2,248
After 5 years	**6,815**	10,489	**5,715**	6,003
	27,365	31,362	**8,909**	9,027

Leases as lessor

At 31 December 2014, the Group entered into cancellable and non-cancellable commercial property leases to lease out its surplus space. The cancellable commercial property leases can be cancelled by way of the lessees giving notice in advance to the Group and vice versa. The non-cancellable leases have remaining non-cancellable lease terms of between 2 to 7 years as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Receivable:				
Within 1 year	**1,633**	1,952	**1,391**	1,347
After 1 year but within 5 years	**595**	2,178	**941**	1,333
	2,228	4,130	**2,332**	2,680

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

30 RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and key executives are considered as key management personnel of the Group and Company.

Key management personnel compensation comprises:

	Group	
	2014	**2013**
	$'000	**$'000**
Directors' fees	**343**	306
Short term employee benefits	**3,943**	3,422
Contributions to defined contribution plans	**104**	92
	4,390	3,820
Comprise amounts paid/payable to:		
– directors of the Company	**3,552**	3,016
– key executives	**838**	804
	4,390	3,820

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Rental income from a joint venture	**497**	507
Dividend from a joint venture	**496**	481

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

31 COMPARATIVE INFORMATION

Certain changes have been made to the comparative information in the statement of financial position and statement of cash flows as follows. These changes arise from subsidiaries in Malaysia.

(i) A reclassification has been made in respect of short term investments held by subsidiaries of $3,881,000 to better reflect the nature of the transactions.

	Group	
	2013	2013
	$'000	$'000
	As previously stated	Restated
Statements of financial position		
Cash and cash equivalents	77,070	73,189
– Cash at bank and in hand	36,327	36,327
– Deposit with banks	36,862	36,862
– Short term investments	3,881	–
Short term investments	–	3,881
Consolidated statement of Cash flows		
Placement of short term investments	–	(496)
Net increase in cash and cash equivalents	26,829	26,333
Cash and cash equivalent at 1 January	46,067	42,545
Effect of exchange rate fluctuations on cash held	100	237
Cash and cash equivalents at 31 December	72,996	69,115

(ii) A portion of long term leasehold land amounting to $1,488,000 has been reclassified to investment property as the land is held to earn rental income.

	Group	
	2013	2013
	$'000	$'000
	As previously stated	Restated
Property, plant and equipment	67,508	66,020
Investment property	9,025	10,513

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

31 COMPARATIVE INFORMATION (CONTINUED)

(iii) With the adoption of FRS 111, investment in associate amounting to $4,064,000 has been reclassified to investment in joint venture as the decision about the relevant activities of the investment requires the unanimous consent of the parties sharing control (see note 2.5(ii)).

	Group	
	2013	2013
	$'000	$'000
	As previously stated	Restated
Associate	4,064	–
Joint venture	–	4,064

ADDITIONAL INFORMATION
REQUIRED BY THE LISTING MANUAL

Risk Management (Listing Rule 1207(4) (b)(iv))

The Group faces internal and external risks that are categorized as environmental and operational risks.

Operational risk is the risk of loss arising from external events, or from inadequate or failed internal processes, people or systems.

The main risks arising from the Group's financial assets and liabilities are credit risk, liquidity risk, market risk, interest rate risk and foreign exchange risk. The Board reviews and agrees on policies to manage its exposure to financial risks. Details of the various financial risk factors are outlined in Note 28 to the Financial Statements on pages 92 to 97.

Material Contracts (Listing Rule 1207(8))

There were no material contracts entered into by the Company and/or its subsidiaries with the directors or chief executive officer or controlling shareholders of the Company which were still subsisting at the end of the financial year under review, or if not subsisting, entered into since the end of the previous financial year.

Interested Person Transactions (Listing Rule 1207(17))

The Singapore Exchange Securities Trading Limited ("SGX-ST") requires listed company to comply with Chapter 9 of the Listing Manual of SGX-ST on interested person transactions.

There were no interested person transactions for the year ended 31 December 2014.

Dealings with Company's Securities (Listing Rule 1207(19))

The Company has adopted an internal code to provide guidance to its officers with regard to dealings in the Company's securities by directors and employees. The code states officers of the Company should not deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. The Company also provides guidance to its officers with regards to no dealing in the Company's securities on short-term considerations.

ADDITIONAL INFORMATION

REQUIRED BY THE LISTING MANUAL

Land and Buildings (Listing Rule 1207 (11))

No	Company Name	Location of the properties	Existing Use	Year of acquisition	Land Area/ Built-up Area	Percentage interest in property	Tenure
1	Fu Yu Corporation Limited	5 Tuas Drive 1 Singapore 638672	Warehouse, factory and office	1981	Land: 4,756 sq m Building: 5,179 sq m	100%	Leasehold for 60 years expiring on 15 Nov 2041
		7 Tuas Drive 1 Singapore 638674	Warehouse, factory and office	1981	Land: 4,756 sq m Building: 2,646 sq m	100%	Leasehold for 40 years expiring on 15 Nov 2021
		8 Tuas Drive 1 Singapore 638675	Warehouse, factory and office	1988	Land: 5,000 sq m Building: 3,606 sq m	100%	Leasehold for 56 years expiring on 31 Oct 2044
		9 Tuas Drive 1 Singapore 638676	Warehouse, factory and office	1981	Land: 4,755 sq m Building: 2,572 sq m	100%	Leasehold for 40 years expiring on 15 Nov 2021
		10 Tuas Drive 1 Singapore 638677	Warehouse, factory and office	1988	Land: 3,366 sq m Building: 3,334 sq m	100%	Leasehold for 56 years expiring on 31 Oct 2044
		43 Senoko Drive Singapore 758227	Warehouse, factory and office	1982	Land: 6,445 sq m Building: 6,961 sq m	100%	Leasehold for 38 years expiring on 15 Sep 2020
2	Classic Advantage Sdn Bhd	21, Jalan Tecknologi 4 Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim, Malaysia	Warehouse, factory and office	2004	Land: 54,054 sq m Building: 12,728 sq m Investment properties: 15,700 sq m	100%	Leasehold for 60 years expiring on 31 Mar 2066
3	Fu Hao Manufacturing (M) Sdn Bhd	Plot 562 Mukim 1 Jalan Perusahaan Baru 1, Perai III Perai Industrial Estate 13600 Perai, Penang, Malaysia	Warehouse, factory and office	1995	Land: 5,807 sq m Building: 4,865 sq m	100%	Leasehold for 60 years expiring on 11 Dec 2050
4	Fu Yu Moulding & Tooling (Suzhou) Co., Ltd	89 Xing Nan Road Wuzhong Economic Skill Development Zone Suzhou, China 215128	Warehouse, factory and office	2006	Land: 58,847 sq m Building: 47,800 sq m	100%	Leasehold for 50 years expiring on 18 Mar 2054
5	Fu Yu Moulding & Tooling (Dongguan) Co., Ltd	Jing Fu Road, Xin Cheng Industry Area Heng Li Town, Dongguan, Guangdong, China 523477	Warehouse, factory and office	1997	Land: 15,000 sq m Building: 21,110 sq m	100%	Leasehold for 50 years expiring on 14 Dec 2047
				2001	Land: 10,000 sq m Building: 18,890 sq m	100%	Leasehold for 50 years expiring on 17 May 2051

STATISTICS OF SHAREHOLDINGS

As at 23 March 2015

Class of equity securities	:	Ordinary Shares
Number of equity securities	:	752,994,775 ordinary shares
Voting rights	:	one vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	23	0.39	409	0.00
100 – 1,000	329	5.56	161,593	0.02
1,001 – 10,000	3,127	52.88	15,046,875	2.00
10,001 – 1,000,000	2,401	40.61	131,402,056	17.45
1,000,001 AND ABOVE	33	0.56	606,383,842	80.53
TOTAL	5,913	100.00	752,994,775	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2015

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Ng Hock Ching	829,000	0.11	106,993,475	14.21
Ho Nee Kit	96,999,225	12.88	–	0.00
Tam Wai	96,715,475	12.84	300,000	0.04
Ching Heng Yang	88,965,475	11.81	–	0.00

Note:

1 Mr Tam Wai is deemed to be interested in the 300,000 shares held in the name of his spouse.

2 Mr Ng Hock Ching is deemed to be interested in the 106,993,475 shares held in the names of (a) Citibank Nominees Singapore Pte Ltd: 24,036,000; (b) DBS Nominees Pte Ltd: 28,958,000; and (c) Philip Securities Pte Ltd: 53,999,475.

STATISTICS OF SHAREHOLDINGS

As at 23 March 2015

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HO NEE KIT	96,999,225	12.88
2	TAM WAI	96,715,475	12.84
3	CHING HENG YANG	88,965,475	11.81
4	PHILLIP SECURITIES PTE LTD	67,871,175	9.01
5	RAFFLES NOMINEES (PTE) LIMITED	58,402,100	7.76
6	DBS NOMINEES (PRIVATE) LIMITED	51,534,050	6.84
7	CITIBANK NOMINEES SINGAPORE PTE LTD	37,414,600	4.97
8	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	16,763,029	2.23
9	LIM & TAN SECURITIES PTE LTD	12,594,000	1.67
10	UOB KAY HIAN PRIVATE LIMITED	8,518,500	1.13
11	HEW LIEN LEE	8,100,000	1.08
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,945,514	0.92
13	HONG LEONG FINANCE NOMINEES PTE LTD	6,674,900	0.89
14	NG CHUNG MING	5,797,000	0.77
15	OCBC SECURITIES PRIVATE LIMITED	5,568,539	0.74
16	HO KANG PENG	3,630,000	0.48
17	CITIBANK CONSUMER NOMINEES PTE LTD	3,500,500	0.46
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,405,760	0.45
19	TAN YEW BENG	2,562,500	0.34
20	LOW EE HWEE	2,500,000	0.33
	TOTAL	584,462,342	77.60

As at 23 March 2015, 46.55% of the issued share capital of the Company were held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "AGM") of Fu Yu Corporation Limited ("the Company") will be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 30 April 2015 at 9.30 a.m. for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 91 of the Articles of Association of the Company:

   (a) Mr Ching Heng Yang **(Resolution 2)**
   [see explanatory note (i)]

   (b) Mr Tan Yew Beng **(Resolution 3)**
   [see explanatory note (i)]

   (Mr Tan Yew Beng, upon re-election as a Director of the Company, remains as Chairman of the Remuneration Committee; and a member of the Audit and Nominating Committees. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.)

   (c) Mr Hew Lien Lee **(Resolution 4)**
   [see explanatory note (i)]

3. To approve the payment of Directors' fees of S$258,000 for the financial year ending 31 December 2015, payable quarterly in arrears (2014: S$262,682). **(Resolution 5)**

4. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution, with or without any modifications:

6. **Authority to issue shares**

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued Shares excluding treasury shares is based on the Company's total number of issued Shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
[see explanatory note (ii)]

(Resolution 7)

By Order of the Board

Low Siew Tian
Chan Lai Yin
Joint Company Secretaries

Singapore
Dated: 15 April 2015

Explanatory Notes:

(i) The detailed information of Mr Ching Heng Yang, Mr Tan Yew Beng and Mr Hew Lien Lee can be found under the section entitled 'Board of Directors' on pages 8 to 9 of the Annual Report. There are no relationships (including immediate family relationships) between these Directors and the other Directors and the Company.

(ii) **Ordinary Resolution 7** proposed under Agenda 6 above, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next AGM to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Notes:

1. A Member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Tuas Drive 1, Singapore 638675 not less than forty-eight (48) hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Member (i) consents to the collection, use and disclosure of the Member's personal data by the Company (and its agents) for the purpose of the processing and administration by the Company (and its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Member's proxy(ies)and/or representative(s) to the Company (and its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and its agents) of the personal data of such proxy(ies)and/or representative(s) for the Purposes, and (iii) agrees that the Member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's breach of warranty.

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FU YU CORPORATION LIMITED

Company Registration No. 198004601C
(Incorporated In The Republic of Singapore)

Personal data privacy
By submitting an instrument appointing a proxy and/or representative, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2015.

IMPORTANT:
1. For investors who have used their CPF monies to buy Fu Yu Corporation Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Fu Yu Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Bridge Rooms, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Thursday, 30 April 2015 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your number of votes "For" or "Against" within the box provided.)

No.	Resolutions relating to:	No. of votes For*	No. of votes Against*
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2014		
2	Re-election of Mr Ching Heng Yang as a Director		
3	Re-election of Mr Tan Yew Beng as a Director		
4	Re-election of Mr Hew Lien Lee as a Director		
5	Approval of Directors' fees of S$258,000 for the financial year ending 31 December 2015, payable quarterly in arrears		
6	Re-appointment of Messrs KPMG LLP as Auditors		
7	Authority to issue new shares		

* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate the number of votes.

Dated this ____________ day of ____________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Tuas Drive 1, Singapore 638675 not less than forty-eight (48) hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

FU YU CORPORATION LIMITED
Co. Reg. No. 198004601C
8 Tuas Drive 1, Singapore 638675

T: (65) 6578 7338   F: (65) 6578 7347
www.fuyucorp.com