



PRESS RELEASE

Third Quarter FY2016 Results (for the three months ended 30 September 2016)

EUCON REPORTS NET LOSS OF \$5.9 MILLION FOR 3Q16

| (S\$' million) | YTD 3Q16 | YTD 3Q15 | Fav/ (Unfav) % | 3Q16 | 3Q15 | Fav/ (Unfav) % |
|----------------------|---------------|-------------|----------------------|--------------|-------|----------------------|
| Revenue | 33.5 | 41.5 | (19) | 14.2 | 11.5 | 23 |
| Gross (Loss) Profit | (2.0) | 2.6 | NM | (2.3) | (0.5) | NM |
| Loss from Operations | (11.8) | (5.3) | (123) | (5.6) | (3.8) | (47) |
| Finance Costs | (0.8) | (1.0) | 20 | (0.3) | (0.3) | - |
| Pre-tax Loss | (12.6) | (6.3) | (100) | (5.9) | (4.1) | (44) |
| Tax Expense | - | - | - | - | - | - |
| Net Loss | (12.6) | (6.3) | (100) | (5.9) | (4.1) | (44) |

**NM – Not meaningful*

Singapore, 7 November 2016 – Singapore Exchange (“SGX”) Mainboard-listed Eucon Holding Limited (“Eucon” or the “Group”), an integrated PCB solutions provider in China and Taiwan, today announced its results for the third quarter ended 30 September 2016 (“3Q16”).

For the nine months ended 30 September 2016 (“YTD3Q16”), the Group reported revenue of \$33.5 million, a decrease of 19% from \$41.5 million from the corresponding period in 2015 (“YTD3Q15”). It is a decrease across the board with PCB operation bearing the brunt. This is mainly due to low PCB market sentiments globally.

On the contrary, for the three months ended 30 September 2016 (“3Q16”), the Group reported revenue of \$14.2 million, an increase of 23% from \$11.5 million from the corresponding period in 2015 (“3Q15”). This improvement arises from PCB Operation where an increase in sales orders were received from 4 major customers. However, due to price competitiveness, profit margin of these sales orders was low.

PCB operations continue to be the major contributor accounting for 95% of our Group's revenue in YTD3Q16. Revenue from PCB operations decreased by 13% from \$36.6 million in YTD3Q15 to \$32.0 million YTD3Q16. Similarly, this decrease is mainly due to low PCB market sentiments globally.

On a quarterly basis, revenue from PCB operations increased by 43% from \$9.6 million in 3Q15 to \$13.7 million in 3Q16. This increase is due to an increase in sales orders were received from 4 major customers.

Revenue from Mechanical drilling and Routing segment decreased by 66% from \$4.5 million in YTD3Q15 to \$1.5 million in YTD3Q16. Mechanical drilling and routing segments are mainly made up of sub-contracted sales which are volatile to any fluctuations in market demands.

On a quarterly basis, revenue from Mechanical drilling and Routing decreased by 75% from \$1.6 million in 3Q15 to \$0.4 million in 3Q16.

China operations remained as the key contributor to Group's revenue in YTD3Q16 at 77% for both 2Q16 and 3Q16. Since the conversion of Taiwan subsidiary to PCB Operation in 2014, revenue from Taiwan had stabilised at a range of \$2 million to \$3 million per quarter for YTD3Q2016.

Gross profit decreased from a gross profit of \$2.6 million in YTD3Q15 to a gross loss of \$2.0 million in YTD3Q16. Mechanical drilling and Routing segment posted a gross loss of \$2.0 million while PCB Operation breaking even. In PCB Operation, stock obsolescence of \$0.7 million and compensation for faulty PCB board of \$1.6 million was provided.

On a quarterly basis, despite an increase in revenue, there is a gross loss of \$2.3 million in 3Q16 due to provision of stock obsolescence of \$0.7 million and provision for compensation for faulty PCB board of \$1.6 million.

The Group reported a net loss of \$5.9 million and \$4.1 million for 3Q16 and 3Q15 respectively.

Outlook in FY16

Subsequent to the \$45 million fund injection on 12 October 2016, the Group's focus will be on the removal from SGX watch-list via assets acquisition. In accordance with the Circular dated 27 September 2016, the Company shall consult the SGX-ST on any acquisitions entered into in the next 12 months following completion of the Proposed Subscription and the SGX-ST may require the Company to comply with one or more of the following conditions:

- (i) Target company to be profitable;
- (ii) Target company to be in healthy financial position;
- (iii) An independent valuation to be commissioned on the target company; and
- (iv) Moratorium of at least 6 months on the shareholdings of the controlling shareholders.

Shareholders are advised to exercise caution in trading their Shares. The Company will make the necessary announcements when there are further developments.

About Eucon Holding Limited

SGX Mainboard-listed Eucon Holding Limited (“Eucon” or “the Group”) is an integrated PCB service provider. Its suite of PCB solutions being mechanical drilling, routing and PCB manufacturing are provided through its six plants, 1 located in Taiwan and 5 in Shanghai, China.

In China, the Group has dedicated 2 of the plants in Shanghai to handle the entire process of PCB manufacturing. Shanghai Zhuo Kai Electronic Technology Co., Ltd (“Zhuo Kai”) handles outer-layer PCB manufacturing, while Shanghai Eu Ya Electronic Technology Co., Ltd (“Eu Ya”) focuses on mass lamination production. The rest of the Shanghai plants are equipped with mechanical drilling and routing machines to handle both in-house demand from PCB operations and external customers. They are Shanghai Zeng Kang Electronic Technology Co., Ltd, Shanghai Yaolong Electronic Technology Co., Ltd and Shanghai Lian Han Xin Electronic Technology Co., Ltd.

In Singapore, Eucon Investment Holding Pte Ltd (“Eucon Investment”) is a wholly owned subsidiary of the Group. Eucon Investment’s principal activities are investment holding and general wholesale trade (including general importers and exporters). In October 2016, via intra-group transfer exercise, all assets, debts, liabilities and obligations of any nature of the Company are transferred to Eucon Investment.

For further information, please contact:

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