

EUROPTRONIC GROUP LTD

(Company Registration Number 200009775K)

(Incorporated in the Republic of Singapore on 18 November 2000)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Europtronic Group Ltd (the “Group”) was placed on the watch-list pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) with effect from 5 March 2014.

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Board of Directors (the “Board”) of the Company wishes to provide the following updates:

Update on Financial Position

The Group recorded an unaudited net loss of USD4.57 million for the fourth quarters ended 31 December 2015 (“4QFY2015”) compared to a loss of USD8.36 million for the fourth quarters ended 31 December 2014 (“4QFY2014”). The loss was mainly due to the decrease in revenue as a result of constraints of working capital to fully meet customer demands on both Component Manufacturing Business Unit (“CMBU”) and Component Distribution Business Unit (“CDBU”).

Update on Future Direction

The Group has been placed on the watch-list of SGX on 5 March 2014. As the Group has failed to satisfy and meet Listing Rule 1314 within 24 months from 5 March 2014, the Exchange would delist the Company or suspend trading in the Company’s shares with a view to delisting the Company.

The Group had announced on 16 April 2015, the proposed disposal of its several non-performing and dormant subsidiaries to Mr. Tan Chee Kong (the “Purchaser”). On 29 September 2015, the parties to the Sale and Purchase Agreement have mutually agreed to extend the long stop date from 30 September 2015 to 31 March 2016. Upon completion of the said disposal, the Group will be able to reduce its operating overhead further and focus its resources on its component manufacturing business.

The Group had announced on 29 June 2015, to sell its land and building in Suzhou which has been recently redesignated by the local government in the People’s Republic of China for commercial uses. The Group will ensure that the sale of land and building in Suzhou will not be to the prejudice of the Group’s continued focus on its core business.

The Group had also announced on 25 January 2016, the Group and its subsidiary Europtronic (Suzhou) Co Ltd (“Europtronic Suzhou”) entered into a memorandum of understanding (“MOU”) with Nantong Jianghai Power Electronics Co Ltd (“Jianghai”) for the proposed sale by the Group of its entire equity interest in Europtronic Suzhou (the “Proposed Sales”). Jianghai will inform the Group whether it is satisfied with the results of the due diligence conducted on Europtronic Suzhou within 4 months from the date of the MOU and a Definitive Agreement will be signed. The Proposed Sales shall complete within 6 months from the date of the MOU. The Board wishes to emphasize that the Proposed Sale is subject to numerous conditions and there is no certainty or assurance as at the date of this update that the Company and Jianghai will in due course enter into the Definitive Agreement as contemplated under the MOU.

As at 31 December 2015, the controlling shareholders, who are also directors of the Group, has extended a total of US\$10.25 million loan to the Group as working capital. The controlling shareholders has undertake not to demand repayment and not to withdraw the current properties under pledge to the banks for the Group’s loan guarantees within 6 months from the date of Statutory Accounts or until such time the Company is able to pay its debts as and when they fall due, whichever is earlier. It should be noted that there will be no further financial support from the controlling shareholders to the Group.

In the immediate term, the Group remains focused on continuous cost cutting and turning around the Group’s existing business.

By Order of the Board
Of Europtronic Group Limited

Huang Shih An
Non-Executive Chairman
26 February 2016