

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 results for the first quarter ended 31 March 2015 (“1Q 2015”) was prepared on the basis that the disposal of the Group’s non-performing electronic component distribution business (the “Proposed Disposal”), comprising nine subsidiaries, had taken place with effect from 1 January 2015. The Proposal Disposal was first announced on 9 March 2015 and updated on 16 April 2015, and is subject to shareholders’ approval at an Extraordinary General Meeting (EGM) to be convened. Shareholders will be informed of the date of the EGM once the circular has been approved by SGX.

The Group recorded an unaudited net profit of USD4.75 million for 1Q 2015 compared to a loss of USD1.61 million for the first quarter ended 31 March 2014 (“1Q 2014”). The profit was mainly due to (i) the Proposed Disposal which would enable the Group to reduce its operating costs and improve its operational efficiencies; and (ii) the profit generated from the Group’s component manufacturing business.

The Group registered a net operating profit of US\$0.22 million in 1Q 2015 and this is contributed mainly by its core electronic component manufacturing business. This is the first quarter for the past 4 years that the Group was able to register a profit.

Update on Future Direction

As announced on 7 May 2015, the non-binding term sheet dated 7 February 2015 (the “Term Sheet”) entered into between the Company and Mr. Charles Ampofo in respect of the proposed acquisition by the Company of a 100% interest in Kampac Oil Middle East FZCO (the “Proposed Transaction”) had expired on 6 May 2015 without any definitive sale and purchase agreement being executed in respect of the Proposed Transaction. Accordingly, in accordance with the terms of the Term Sheet, the Term Sheet has *ipso facto* ceased and determined with effect from 7 May 2015.

The Group has also announced on 16 April 2015, the proposed disposal of several non-performing and dormant subsidiaries to Mr. Tan Chee Kong (“the Purchaser”). 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 saw improvements in its component manufacturing business, especially from the industrial segment, particularly those dealing with the electric vehicles and new energy markets. With the recent placement of shares to raise new funds for working capital to fund this growth, the Group will be focusing on turning its core business around. The Group expects the performance of its component manufacturing business to improve, barring unforeseen circumstances.

On a longer term basis, the Group is concurrently exploring options for its land in Suzhou which has been recently redesignated by the local government in the People’s Republic of China for commercial uses. One option which the Group is exploring is to undertake the development of the land itself. The Group will make further announcements once the plans are finalized. The Group will ensure that any such plans will not be to the prejudice of the Group’s continued focus on its core business.

In the immediate term, the Group remains focused on growing the profitability of the Group’s existing business. Where appropriate and only if it would enhance the Group’s profitability in the current financial year, the Group may undertake investments into new businesses.

The Group is committed towards meeting the requirements of Rule 1314 of the Listing Manual (the “Listing Manual”) of the SGX-ST and exiting the SGX-ST’s watch-list.

The Group would like to reassure its shareholders that it has and will continue to take active steps with a view to seek an exit from the SGX-ST’s watch-list according to Rule 1314 of the Listing Manual. The Group may seek to transfer to the Catalist if the Group is able to achieve a pre-tax profit for FY 2015 but unable to meet the S\$40 million market capitalization requirement under Rule 1314, subject to the approval of the SGX.

By Order of the Board
Of Eurotronic Group Limited

Huang Shih An
Non-Executive Chairman
13 May 2015