

# **EUCON HOLDING LIMITED**

(Incorporated in Singapore)

(Company Registration Number 200107762R)

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## **PROPOSED RESTRUCTURING OF PRC SUBSIDIARIES**

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The Board of Directors of Eucon Holding Limited ("Eucon" or the "Company") wishes to announce that the Company has entered into an agreement dated 12 June 2007 (the "Agreement") with HongTa Innovation Partners Co. Ltd ("HongTa") to effect a corporate restructuring exercise (the "Restructuring Exercise") involving a number of the Company's PRC Subsidiaries (as defined and set out below).

The Restructuring Exercise is being implemented to facilitate an investment by Hong Ta and to streamline the structure of the PRC Subsidiaries, with a view to future fund raising exercises and a potential listing of Zhuo Kai (as defined below).

The Restructuring Exercise consists of a number of stages, each of which is subject to relevant governmental approvals in the PRC. The Restructuring Exercise will, when implemented, among other things, result in changes in the Company's interests in the registered capital of the PRC Subsidiaries, requiring announcements under Rule 704(15) and Rule 704(16) as well as under Chapter 10 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

As the Restructuring Exercise will be implemented in a number of stages, with each stage being subject to relevant governmental approvals in the PRC, the Company wishes to announce an overview of the Restructuring Exercise and will on the implementation of each stage, make an appropriate announcement in accordance with the requirements of the SGX-ST Listing Manual.

### **PRC Subsidiaries**

The Company has the following wholly-owned subsidiaries registered in the People's Republic China ("PRC"):

- Shanghai Zhuo Kai Electronic Technology Co., Ltd ("Zhuo Kai")
- Shanghai Zeng Kang Electronic Co., Ltd ("Zeng Kang")
- Shanghai Yaolong Electronic Technology Co., Ltd ("Yaolong")
- Shanghai Eu Ya Electronic Technology Co., Ltd ("Eu Ya")
- Shanghai Lian Han Xin Electronic Technology Co., Ltd ("Lian Han Xin").

(referred to collectively with the "PRC Subsidiaries"), and with the exception of Zhuo Kai (referred to collectively as the "Other Subsidiaries")

## **STAGE 1**

Subject to relevant government approvals in the PRC, HongTa and the Company will each concurrently invest RMB 50 million (approximately US\$6.7 million based on an exchange rate of US\$ 1 to RMB 7.5) and US\$714,225 respectively in Zhuo Kai. The investment by HongTa will comprise US\$3,139,680 applied towards registered capital and US\$3,560,320 applied towards share premium account. The investment by the Company will be applied towards registered capital. This will result in the registered capital of Zhuo Kai being increased from US\$14,146,095 to US\$18,000,000, and the Company's interest in the registered capital of Zhuo Kai being reduced from 100% to 82.56%.

## **STAGE 2**

Upon the completion of Stage 1, and subject to relevant government approvals in the PRC, Zhuo Kai will purchase and the Company will sell, for a cash consideration of US\$16,274,000 to be paid by Zhuo Kai to the Company ("Sale Consideration"), 55% of the Company's interest in the registered capital in the Other Subsidiaries (the "Sale"). The Company will continue to hold directly a 45% interest in the registered capital of the Other Subsidiaries. Concurrently, a sum of US\$8,434,619 out of the Sale Consideration will be further invested by the Company in Zhuo Kai ("Further Investment"). Of this amount, US\$7,117,440 will be applied towards registered capital and US\$1,317,179 will be applied towards share premium account. The amount of the Further Investment will be set-off against the Sale Consideration. The net effect of the Sale and the Further Investment will be to reduce the Company's effective interest in the registered capital of the Other Subsidiaries by 6.875% from 100% to 93.125% and to increase the Company's interest in the registered capital of Zhuo Kai from 82.56% to 87.5%.

## **OTHER MATERIAL TERMS**

Upon the implementation of the Restructuring Exercise as outlined above, HongTa will be granted the right to require Zhuo Kai or failing which, the Company, to purchase HongTa's registered capital in Zhuo Kai at a pre-determined price formula if Zhuo Kai does not achieve an initial public offering within 36 months of HongTa's investment and if Zhuo Kai fails to meet certain profit thresholds. The purchase price under the option will be based on the net asset value of Zhuo Kai at the relevant time or the investment amount plus a 15% annual rate of return.

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the transaction.

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office for 3 months from the date of this Announcement.

**BY ORDER OF THE BOARD**

Chow Yew Kee  
Secretary

14 June 2007