Eucon Holding Limited
RCB REG NO: 200107762R

CESSATION OF LASER DRILLING OPERATION AND DISPOSAL OF LASER DRILLING MACHINERIES

The Board of Directors of Eucon Holding Limited (the "Company" or together with its subsidiaries, the "Group") wishes to announce the cessation of its laser drilling operation (the “Cessation”) and disposal of its laser drilling machines (the “Disposal”). The Company’s subsidiary, LGANG Optronics Technology Co., Ltd (“LGANG”) had entered into a Sale and Purchase Agreement (“the Agreement”) with Orix Taiwan Corporation (“the Purchaser”) to dispose 11 laser drilling machines (out of 43 laser drilling machines) for a consideration of approximately S$2.1 million on 26th December 2013.

Rationale for Cessation of Laser Drilling Operation

The Board is of the view that with increased competition in the laser drilling industry over the years the outlook for this segment is not positive for the Group. The Group’s laser drilling operation orders are based on sub-contracts and there has been a decline in orders received over the years. The laser drilling operation has been loss-making since financial year 2012. As of 30 September 2013, loss from laser drilling operation amounted to S$0.3 million.

The Group had, in its press release in 1st quarter 2012 announced that it would focus on the manufacturing of memory modules with embedded resistors technology ("embedded PCB manufacturing"), especially for Double Data Rate Synchronous Dynamic Random Access Memory ("DDR SDRAM"). With the cessation of laser drilling operation, Management is able to better focus on embedded PCB manufacturing, LGANG is able to free up its unutilized capacity for embedded PCB manufacturing.

Given the factors above, the Board is in the view the Group is able to better focus on embedded PCB manufacturing with the Cessation of laser drilling operation.

LGANG would sell the remaining laser drilling machines as and when the opportunity arises.

Information on Sale and Purchase Agreement

The total consideration amounted to approximately S$2.1 million (“Consideration”). The Consideration was arrived on a willing buyer and willing seller basis after arm’s length negotiations between LGANG and the Purchaser. The Consideration will be satisfied in cash and the proceeds will be used for the Group’s operational cashflow.

Computation of Rule 1006 of SGX-ST Listing Manual

The relative figures of Rule 1006 of the SGX-ST Listing Manual based on the unaudited financials of laser drilling operation and Eucon Group’s consolidated financial statements for the nine months ended 30 September 2013 are as follows:

Rule	Bases	Relative Figures
1006(a)	The Net Asset Value (“NAV”) of the machineries to be disposed of is S$525,135, compared to the Group’s latest announced consolidated net asset value excluding goodwill, of S$30,444,000 as at 30 September 2013.	1.7%

1006(b)	The net loss (before income tax, minority interests and extraordinary items) attributable to laser drilling business to be disposed of is S$342,001, compared to the Group's latest announced consolidated net loss of S$7,399,718 as at 30 September 2013.[(i)]	4.6%.
1006(c)	The value of the consideration to be received is S$2,134,607, compared with the Eucon Group's market capitalization of S$15,960,000 (based on the weighted average price of the Group's shares transacted on the market day preceding the date of the Agreement).	13.4%
1006(d)	Not applicable	Not applicable

(i) Had the disposal gain of laser drilling machines of S$1.6 million been factored in, the net profit (before income tax, minority interests and extraordinary items) attributable to laser drilling business to be disposed of compared to the Group's latest announced consolidated net loss would be -17.1%.

No director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests.

As the computation under 1006(c) exceed 5% but do not exceed 20%, the Disposal is a discloseable transaction but not a major transaction within the meaning of Chapter 10 of the SGX-ST Listing Manual. Therefore, the Company is not required to seek shareholders' approval for the Disposal.

Financial Effect on Cessation

Based on the un-audited financials of laser drilling business, the net book value attributable to laser drilling business operation is S$525,135. LGANG is expected to record a gain of S$1,609,473 from the Disposal.

For illustration purpose only, assuming (as per Rule 1010(8) of the SGX Listing Manual) that the Disposal had been effected as at 31 December 2012 and based on the audited accounts of the Group for the year ended 31 December 2012 ("FY2012"), the Disposal would have no impact on the net asset value per share of the Group of 6.33 cents.

For illustration purpose only, assuming (as per Rule 1010(9) of the SGX Listing Manual) that the Disposal had been effected as at 1 January 2012 and based on FY2012 audited accounts of the Group, the Disposal would have no impact on the loss per share of the Group of 4.17 cents.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman and CEO
3 January 2014