Eucon Holding Limited
RCB REG NO: 200107762R

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

Eucon Holding Limited (the "Company") 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

(S$' million)	FY16	FY15	Fav/ (Unfav) %		4Q16	4Q15	Fav/ (Unfav) %
Continued Operations							
Revenue	-	-	-		-	-	-
Gross Profit	-	-	-		-	-	-
Loss from Operations	-	-	-		-	-	-
Finance Costs	-	-	-		-	-	-
Pre-tax Loss	-	-	-		-	-	-
Tax Expense	-	-	-		-	-	-
Net Loss from continued operations	-	-	-		-	-	-
Discontinued Operations							
Loss (Profit) for the period from discontinued operations	(11.3)	(21.7)	*48*		1.2	(15.4)	*NM*
Loss (Profit) for the period	**(11.3)**	**(21.7)**	***48***		**1.2**	**(15.4)**	***NM***

**NM – Not meaningful*

On 28 December 2016, Eucon entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of BJ Vast Universe Culture Communication Co., Ltd.

On 30 December 2016, Eucon entered into a conditional sale and purchase agreement to dispose the entire issued and paid-up share capital of Eucon Investment Holding Pte. Ltd. to Mr Wen Yao-Long.

In compliance with Singapore Financial Reporting Standard (FRS 105 - Non-current Assets Held for Sale and Discontinued Operations), certain figures of the prior periods have been represented to show the discontinued operation separately from continuing operations. Discontinued operations refer to PCB operations, mechanical drilling and routing services. Continued operations will be made up of planning and organizing of conventions and exhibitions, planning and execution of brand and/or product promotion activities and provision of creative graphic design services.

The following income statement analysis was prepared based on discontinued operations.

(S$' million)	FY16	FY15	Fav/ (Unfav) %		4Q16	4Q15	Fav/ (Unfav) %
Revenue	**46.7**	52.5	*(11)*		**13.1**	11.0	*19*
Gross Profit	**2.7**	2.8	*(4)*		**4.8**	0.2	*NM*
(Loss) Profit from Operations	**(10.2)**	(20.4)	*50*		**1.5**	(15.1)	*NM*
Finance Costs	**(1.1)**	(1.3)	*15*		**(0.3)**	(0.3)	-
Pre-tax Loss	**(11.3)**	(21.7)	*48*		**1.2**	(15.4)	*NM*
Tax Expense	**-**	-	-		**-**	-	-
Net (Loss) Profit	**(11.3)**	(21.7)	*48*		**1.2**	(15.4)	*NM*

For the year ended 31 December 2016 ("FY16"), the Group reported revenue of $46.7 million, a decrease of 11% from $52.5 million from the corresponding year 2015 ("FY15"). It is a decrease across the board with mechanical drilling and routing bearing the brunt. This is mainly due to low PCB market sentiments globally.

On the contrary, for the three months ended 31 December 2016 ("4Q16"), the Group reported revenue of $13.1 million, an increase of 19% from $11.0 million from the corresponding period in 2015 ("4Q15"). This improvement is carried forward from 3rd quarter of 2016 where an increase in sales orders were received from 4 major customers under PCB Operations. However, due to price competitiveness, profit margin of these sales orders was low.

Gross profit decreased from a gross profit of $2.8 million in FY15 to $2.7 million in FY16. Mechanical drilling and Routing segment posted a gross loss of $0.8 million while PCB Operation made up with S$3.5 million gross profit.

On a quarterly basis, gross profit increased from $0.2 million in FY15 to $4.8 million in FY16. This improvement is due to part of cost restructuring through disposal of under-utilised mechanical drilling machineries in November 2016.

The Group reported a net profit of $1.2 million and a net loss of $15.4 million for 4Q16 and 4Q15 respectively.

Update on Future Direction

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.

Subsequent to the proposed acquisition of Beijing Vast Universe, the Group is still continuing to look out for potential and profitable target assets. The utmost priority for the Group is to be profitable in 2017 and exit the Watchlist.

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

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman and Chief Executive Officer
23 February 2017