



**Eucon Holding Limited**  
RCB REG NO: 200107762R

**Clarification on Q2 Financial Statement and Dividend Announcement released on 4 August 2009 regarding the ability of the Group to remain as a going concern following request from the Singapore Exchange Securities Trading Limited ("SGX-ST")**

The Group released its 2Q financial results on 4 August 2009. The announcement included a section in paragraph 10 which reads:

"The continuing credit tightness remained a risk to our Group. In particular, in view of the substantial losses incurred in 1H09 and the poor business prospect discussed above, the Board thinks it is appropriate to upgrade its caution to shareholders and investors that the ability of the Group to remain as a going concern is uncertain as it will continue to depend heavily on its continued ability to rely on banking loans and facilities in the foreseeable future."

The SGX-ST has requested the Board to confirm that the Group is still a going concern. Accordingly, the Board of Directors of Eucon Holding Limited wishes to make the following clarification:

1. Since the advent of the global financial crisis in 2008, the Board has instituted closer monitoring of the risks arising from the financial crisis and credit tightness to the Group's operations. As part of this endeavour, the Audit Committee began weekly cashflow review and discussion with the management since 7 November 2008. Further, since the 3Q08 quarterly financial results announcement, the Board

had drawn specific attention to the risk that the business operations of the Group depended heavily on its continued ability to rely on banking loans and facilities in the foreseeable future and had cautioned shareholders and investors in this regard.

2. The Board continued to sound the caution in its subsequent quarterly announcement as in its opinion the risk remained pertinent.
3. In the recent Audit Committee Meeting held on 4 August 2009, the external auditors (as part of their routine discussion with the Audit Committee) presented, inter alia, the factors they will consider in their evaluation of the application of the going-concern assumption for the coming 2009 year-end audit report. In this regard, the Board considered in particular the following:
  - a. The loss incurred in 2Q09 was \$6m. This was an increase as compared to 1Q09 of \$4.9m
  - b. The cash flow from operations for 1Q09 was \$7.1m. However, the Group has net cash outflow from operations of \$2.4m in 2Q09. Cash and bank balances reduced from \$23.2m as at 31 December 2008 to \$20.1m in 1Q09 and \$15.2m in 2Q09.
  - c. The continued dependence on bank borrowings and facilities.

In view of the above, the Board felt that it was appropriate to upgrade the caution it had previously issued to highlight *the risk* concerning the ability of the Group to remain as a going concern and that this will be heavily dependent on banking loans and facilities in the foreseeable future. The adoption of the phrase "the ability of the Group to remain as a going concern is *uncertain*" was therefore intended to convey the heightened risk assessment.

4. The Board would therefore like to clarify that the relevant statement made concerning the going-concern risk should be read in the context of its continued effort to apprise shareholders of the financial and credit risk faced by the Group.
  
5. Thus, in response to SGX-ST's request, the Board confirms that in its opinion, the Group presently remains a going-concern as it believes that the Group will be able to meet its liabilities as and when they fall due in the next 12 months, in view of the following:
  - a. The Group believes it will continue to generate positive cash flow from its operations;
  
  - b. The Group believes that it will continue to be able to obtain banking facilities as it has been meeting its repayment obligations without any default and todate nothing has come to management's attention that any loans or facilities may not be renewed or will be prematurely terminated;
  
  - c. The Group has positive equity indicating that the Group has sufficient assets to settle all its liabilities.
  
6. The Board will remain vigilant and will endeavour to provide shareholders and investors with relevant and timely update.

By Order of the Board

Mr. Wen Yao Long  
Executive Chairman & CEO  
7 August 2009

### **About Eucon Holding Limited**

Listed on the Mainboard of the Singapore Exchange, Eucon Holding Limited is an integrated PCB solution provider for PCB manufacturers in China and Taiwan. Through its six subsidiaries (five in Shanghai, China and one in Taiwan), it offers four outsourcing services, namely, PCB operations, Laser drilling, Mechanical drilling and Routing.

In Taiwan, laser drilling services are delivered through its subsidiary Taiwan LGANG - the pioneering and the largest company to offer outsourced laser drilling services for PCBs that require more precise and accurate drilling.

In Shanghai, the Group provides laser and mechanical drilling and routing services through three plants – Shanghai Zeng Kang, Shanghai Yaolong and Shanghai Lian Han Xin. The Group is one of the largest PCB drilling service providers in the Shanghai-Jiangsu region. Two other Shanghai plants specialize in PCB manufacturing - Shanghai Zhuo Kai handles outer-layer PCB manufacturing, while Shanghai Eu Ya focuses on mass lamination production.

---

***For further information, please contact:***

<p><b>Eucon Holding Limited</b> Ms Tay Ai Li Group Accountant Tel: 65-63456078 Fax: 65-63456079 Email: <a href="mailto:tal@euconholding.com">tal@euconholding.com</a></p>
---