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)	YTD 3Q16	YTD 3Q15	Fav/ (Unfav) %		3Q16	3Q15	Fav/ (Unfav) %
Revenue	**33.5**	41.5	*(19)*		**14.2**	11.5	*23*
Gross (Loss) Profit	**(2.0)**	2.6	*NM*		**(2.3)**	(0.5)	*NM*
Loss from Operations	**(11.8)**	(5.3)	*(123)*		**(5.6)**	(3.8)	*(47)*
Finance Costs	**(0.8)**	(1.0)	*20*		**(0.3)**	(0.3)	-
Pre-tax Loss	**(12.6)**	(6.3)	*(100)*		**(5.9)**	(4.1)	*(44)*
Tax Expense	**-**	-	-		**-**	-	-
Net Loss	**(12.6)**	(6.3)	*(100)*		**(5.9)**	(4.1)	*(44)*

**NM – Not meaningful*

For the nine months ended 30 September 2016 ("YTD3Q16"), the Group reported revenue of $33.5 million, a decrease of 19% from $41.5 million from the corresponding period in 2015 ("YTD3Q15"). It is a decrease across the board with PCB operation bearing the brunt. This is mainly due to low PCB market sentiments globally.

On the contrary, for the three months ended 30 September 2016 ("3Q16"), the Group reported revenue of $14.2 million, an increase of 23% from $11.5 million from the corresponding period in 2015 ("3Q15"). This improvement arises from PCB Operation where an increase in sales orders were received from 4 major customers. However, due to price competitiveness, profit margin of these sales orders was low.

Gross profit decreased from a gross profit of $2.6 million in YTD3Q15 to a gross loss of $2.0 million in YTD3Q16. Mechanical drilling and Routing segment posted a gross loss of $2.0 million while PCB Operation breaking even. In PCB Operation, stock obsolescence of $0.7 million and compensation for faulty PCB board of $1.6 million was provided.

On a quarterly basis, despite an increase in revenue, there is a gross loss of $2.3 million in 3Q16 due to provision of stock obsolescence of $0.7 million and provision for compensation for faulty PCB board of $1.6 million.

The Group reported a net loss of $5.9 million and $4.1 million for 3Q16 and 3Q15 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.

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
7 November 2016