Eucon Holding Limited
RCB REG NO: 200107762R

REPLY TO SGX QUERIES REGARDING FY2015 ANNUAL REPORT'S EMPHASIS OF MATTER AUDIT OPINION ISSUED

The Board of Directors of Eucon Holding Limited (the "Company" or together with its subsidiaries, the "Group") would like to respond to the query from the Singapore Exchange Securities Trading Limited (the "SGX-ST") in relation to the inclusion by the Company's independent auditors, Deloitte & Touche LLP, in its Independent Auditors' Report of an Emphasis of Matter in respect to the Group's and Company's ability to continue as a going concern on the following key management assumptions:

a) The Group's and Company's ability to generate sufficient cash flows from its future operations with an improvement in economic conditions,
b) The availability of continued credit facilities from the Group's lenders over the next twelve months or as and when required, and
c) The ability of the Group to dispose of its leasehold property in Singapore to raise funds when required.

SGX Query
For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on going concern issues, please provide the following information:-

(i) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and

(ii) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Eucon's Board:
In response to SGX's query:

(i) The Board is in view that the Company is able to generate sufficient operating cash flows in order to operate as going concerns and pay its debts when they fall due within the next 12 months based on the followings:

a) In terms of Group's and Company's ability to generate sufficient cash flows from its future operations, the Board had reviewed the 12 months Group Cashflow Forecast Report as at 31 December 2015 and is satisfied that Eucon Group will be able to pay its debt when they fall due. Eucon Group had set aside S$17.1 million of cash for debt repayment to a third party ("Hongta") when they fall due, via 2 instalments, in August and November 2016. This S$17.1 million of cash is ready and available, and is classified under the item "Structured Deposit" in the Statement of Financial Position. As at 31 December 2015, the Group has cash and bank balances of approximately S$6.4 million as well as undrawn credit facilities of approximately S$1.3 million which are secured by personal guarantees from Mr Wen Yao-Long and Ms Chan Hui-Chung.

Management is also evaluating various strategies to improve profitability and generate significant positive cash flows from the Group's current business activities.

b) In terms of the availability of continued credit facilities from the Group's lenders over the next twelve months or as and when required, all bank borrowings are secured by personal guarantees from Mr Wen Yao-Long and Ms Chan Hui-Chung, land use rights, and property, plant and equipment. The Board believes that renewal of credit facilities will be available if required. To-date, Group is currently not under any pressure from any banks to repay its loans.

c) The Group's leasehold property in Singapore is situated at a prime area where turnover time for property sales is fast. Management believes that, if required, the property can be sold easily.

d) Lastly, with reference to the Announcement made on the entry into a $94 million Subscription Agreement on 11 December 2015, the Subscription is a fund-raising initiative by the Company to raise fund to facilitate the Company's plans for investments and acquisitions of suitable assets to enhance shareholders' value.

(ii) The Board confirms that, to the best of its knowledge, based on the disclosures made by the Company on the SGX-ST (including the Previous Announcements and this Announcement), sufficient information is available for the market to continue trading in an orderly manner. The Board has reached this conclusion based on the fact that as at the date of this Announcement, all information required to be disclosed under Rule 703 of the Listing Manual of the SGX-ST has been so disclosed to the public.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman and CEO
12 April 2016